



## **Russian Federation welcomes decision by the District Court of The Hague to strike down Yukos 'shareholders' \$50bn awards**

- **Court ruled that *'the Tribunal wrongly declared itself competent in the Arbitration to take cognizance of the claims and issue the ensuing award'***
- ***Paragraph 5.95 states "The Russian Federation never made an unconditional offer for arbitration...and as a result the "notice of arbitration" did not form a valid arbitration agreement"***
- **Judgement protects the Russian people from the unfounded claims of the Yukos shareholders**

(Moscow, 20<sup>th</sup> April 2016): The Russian Federation applauds the decision by the District Court of The Hague to reject the decision of the Arbitral Tribunal to award \$50 billion to the former 'shareholders' of Yukos Oil Company ("Yukos").

The decision is a vindication of the rule of law and the Russian Federation's long-stated position that the Yukos 'shareholders' are not entitled to any amounts. The Yukos 'shareholders' who brought the claim are Russian private individuals and oligarchs who obtained their shares in Yukos through fraud and deception and then held senior management roles when Yukos was engaged in tax evasion on a vast scale. Many of these individuals are still fugitives from Russian justice in related cases.

In its decision the District Court stated that: *"With its opinion, the Tribunal failed to answer the question formulated in 5.66 within the correct assessment framework. The question whether the arbitration clause could be applied provisionally without ratification must be primarily answered, as the Russian Federation rightly argued, based on the provisions of the 1993 Russian Constitution."*

*"The foregoing considerations lead to the conclusion that the court accepts the Russian Federation's supported interpretation of Article 45 ECT. This means that the Russian Federation was only bound by the treaty provisions reconcilable with Russian law."*

In summary- the Court has ruled that the Arbitration Tribunal was WRONG to consider itself competent to hear the case. And as such, the District Court has thrown out the award in its entirety.

The District Court has awarded the Russian Federation costs.

This annulment decision will prevent the former Yukos oligarchs from pursuing their wrongful enforcement claims in the various jurisdictions where they are attempting to seize Russian government assets. As the slate of recent rulings in France showed, they have anyway met problem after problem in doing so.

Andrey Kondakov, the Director General of the International Centre for Legal Protection, which was formed by the Russian government to fight this case, said:

*"We are grateful to the District Court of The Hague for its sensible decision to reject the flawed arbitration award. Justice has been done."*

*“In terms of the scale and complexity of fraud employed by management, Yukos was Russia’s Enron - or worse. Anything paid to the oligarchs would have meant them committing further theft on Russian taxpayers.*

*“If these men continue to try to exploit the international courts to take money from the Russian people we will show Yukos engaged in massive tax fraud throughout its existence, and fight them in every court and every jurisdiction, knowing we have the facts, the rule of law, justice and now this decision on our side.”*

The Russian Federation was represented by Professor Albert Jan van den Berg of the law firm Hanotiau & van den Berg, Brussels, assisted by HouthoffBuruma, Rotterdam.

#### **MEDIA CALL:**

**Russia's International Centre for Legal Protection (ICLP) will host a call for media following the Dutch Court's Ruling at 0930hrs UK time (1030hrs Paris, 1130hrs Moscow) today.**

**Andrey Kondakov, Director General of the ICLP will host the call.**

**Participant PIN code           73108045#**

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