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# Hughes Hubbard & Reed

## Major Victory in Crimea Arbitrations Upheld

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**January 10, 2020** — In a major victory, Switzerland's top court dismissed the Russian Federation's application to set aside two arbitration awards issued in 2019 in favor of Ukrainian oil and gas companies represented by Hughes Hubbard.

In 2015, the firm commenced two arbitrations on behalf of Ukrainian owners of petrol station chains and related assets in Crimea that Russia had seized after its occupation of the territory in 2014. One of the owners is PJSC Ukrnafta, a major Ukrainian oil and gas company that is 51% owned by Naftogaz, a state-owned energy company. The other owners are a group of companies, led by Stabil LLC, in which Ihor Kolomoisky, a leading Ukrainian businessman, has an interest. Kolomoisky also owns a minority interest in Ukrnafta.

On March 20, 2017, after extensive proceedings and a hearing, a Geneva-seated arbitral tribunal - composed of Professor Gabrielle Kaufmann-Kohler, an eminent Swiss arbitrator; Daniel Price, a leading American arbitrator; and Professor Brigitte Stern, a well-known French arbitrator - issued jurisdiction decisions in both the Ukrnafta and Stabil cases.

The Swiss Federal Supreme Court rejected Russia's challenge to the jurisdiction decisions at a rare "public deliberation" on Oct. 16, 2018.

On April 12 of the following year, after the tribunal held further proceedings on the merits, the tribunal issued a Final Award ordering Russia to pay nearly \$100 million, including pre-award interest and legal costs: about \$53.7 million in compensation for Ukrnafta, and \$43.5 million for Stabil and its group of companies.

Russia filed applications in May 2019 to the Swiss Federal Supreme Court to set aside both awards. HHR worked with the Swiss law firm Lalive, led by partner Marc Veit, to file two rounds of briefing opposing the applications.

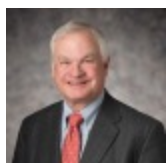
On Dec. 12, 2019, two months after ordering the proceedings closed, the court issued its judgments dismissing Russia's applications, ordering it to bear all court expenses and \$290,000 of Ukrnafta and Stabil's legal costs.

The court is expected to issue written opinions early this year explaining its decision - which made headlines in Global Arbitration Review, Investment Arbitration Reporter and other news sources.

The Dec. 12 judgments are the first final judgments by the highest court of a state to confirm that the Ukraine-Russia Bilateral Investment Treaty (BIT) applies to Russia's treatment of Ukrainian investors in Crimea, and that Russia breached that treaty by expropriating Ukrnafta and Stabil's investments.

The HHR team is led by John Townsend and Jim Boykin, and includes Vitaly Morozov, Leon Ioannou, Eleanor Erney, Alex Bedrosyan, Malik Havalic, Marina Drapey, former HHR International Specialist Stijn Winters, and paralegals Svitlana Stegny and Lauryn Hardy.

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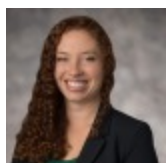
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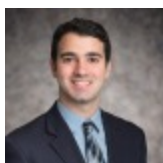
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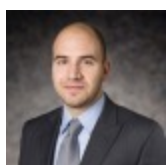
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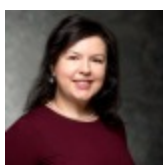
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