

# Court Favors Investors in Yukos Suit

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Yukos' former offices in Moscow. Spanish investors who suffered losses in the downfall of the oil major are now seeking compensation. **Denis Grishkin**

An international tribunal ordered the Russian government to compensate a group of Spanish investors who suffered losses in the downfall of Yukos oil company, a law firm said Thursday.

Covington & Burling, the law firm that represented the investors, didn't provide the amount of the compensation or say who was to receive the money awarded by the tribunal of the Stockholm Chamber of Commerce.

In the middle of the last decade, the government hit Yukos with back-tax bills, sold its assets and indicted its chief, Mikhail Khodorkovsky, who is now serving prison time for a fraud conviction.

"This case stands for an important principle: If Russia violates its treaty obligations and harms investors, there will be consequences," Marney Cheek, a partner at Covington & Burling, said in a statement. "This ruling vindicates the rights of Spanish investors and,

indeed, all investors in Yukos," Cheek said.

The Spanish investors sought compensation under the bilateral investment treaty between Spain and the Russian Federation.

The panel ruled that when the Russian government issued illegitimate tax bills, it was seeking a pretext for seizing Yukos assets and transferring them to state-controlled companies, the law firm said in the statement.

Rosneft and Gazprom received the vast majority of Yukos assets. The tribunal valued Yukos at more than \$60 billion at the time the company was nationalized.

The arbitration proceeding, Quasar de Valores SICAV and others versus Russia, was filed in March 2007.

Thousands of investors worldwide owned shares in Yukos, and this is the second case in which an international tribunal ruled that these investors are entitled to compensation.

An investor from the United Kingdom prevailed in a similar proceeding in September 2010.

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