

CIS AND CENTRAL EUROPE LEGAL NEWSWIRE

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RUSSIA

Russia Plans Further Restrictions on NGOs

The Russian authorities have moved to the next stage of preparation for the electoral campaigns for the State Duma in 2007 and for the presidency in 2008; regulations affecting all types of civil society and social organizations that may engage in political activity have been tightened. These organizations currently exist in the form of either non-governmental “social unions” (“SU”) or “noncommercial organizations” (“NCO”).

On November 23, 2005, the State Duma passed a bill in the first reading (the “Draft Law”) aimed at amending Federal Law No. 82-FZ “On Social Unions,” dated May 19, 1995, as amended (the “SU Law”) and Federal Law No. 7-FZ “On Noncommercial Organizations,” dated January 12, 1996, as amended (the “NCO Law”).

The Draft Law has faced harsh criticism both around the world and in Russia as it affects all aspects of activity by SUs and NCOs, with restrictive requirements for the state registration of

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UKRAINE

Ukraine Central Bank Clarifies Settlement Procedures for Foreign Investments

The National Bank of Ukraine (“NBU”) has issued a new regulation addressing the issue of payments in connection with foreign investment in Ukraine. The regulation “On the Regulation of Issues of Foreign Investments in Ukraine,” and adopted by the Decree No. 280 of the NBU of August 10, 2005 (the “Regulation”), came into effect on September 9, 2005.

The Regulation supersedes an earlier regulation that, despite clear statutory provisions to the contrary in other laws, required all foreign investments to be made in hryvnias (“UAH”). That regulation was challenged in court, suspended and ultimately repealed.

At the same time, the new Regulation appears to retain the rule from the earlier regulation that settlements may only be made through Ukrainian banks. The Regulation does not apply to payments for Ukrainian securities traded on foreign markets with the permission of the Ukrainian Securities Commission. The new Regulation also confirms that foreign investment settlements are not subject to licensing by the NBU.

Types of Investment

For settlement purposes, the Regulation divides all foreign investment into three categories: direct investments, portfolio investments, and investment deposits. Direct investments

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¹ In Ukrainian, the word which translates as “court” in English is also used to describe these newly created entities. Since these new entities are extra-judicial and private, we have used the word “tribunal,” an accepted designation of such panels in other jurisdictions, to avoid confusion with Ukraine’s state judicial system.

these entities, including rather questionable grounds for their liquidation and allowing Russian state officials more control over the day-to-day activities of these organizations.

The draft law specifies the following grounds for the refusal to grant state registration to a newly established SU/NCO:

- if the “aims, tasks and forms of activity” of an organization’s founder contradict the Russian Constitution, Russian regional constitutions and federal laws; or
- if the activity of the founder of such an organization is “aimed at undertaking extremist activity” or facilitates money laundering.

The draft law specifies the following additional grounds for the refusal to grant state registration to a newly established NCO:

- the name of the NCO “insults the public moral, national and religious feelings of citizens”; or
- a foreign citizen acting as the founder of an NCO is declared a persona non-grata.

It is likewise understood that if any of the above grounds are found in an existing SU/NCO, it will be denied mandatory re-registration or be liquidated.

According to the draft law, both SUs and NCOs may be founded by foreign citizens only if such foreign citizens “permanently and on lawful grounds reside within the Russian Federation.” This means that, according to the current draft law, no SU/NCO will be registered with the participation of foreign citizens who are unable to produce a local residence certificate (“registratsia”) issued by the Ministry of Interior.

Neither representative nor affiliated offices of foreign non-governmental organizations may be registered according to the draft law, because they all must be established as Russian local “social organizations.” This also means that all existing representations of foreign SU/NCOs will need to be re-registered with the Russian authorities as “social organizations” within one year of the draft law’s enactment. Otherwise such offices will be closed.

One of the most troubling provisions of the draft law for SU/NCOs is the Russian government’s right to “examine” the financial documents of every SU/NCO once a year. The purpose of such an “examination” would be to establish whether the organization’s actual activity corresponds to its

“aims and tasks” as declared in the organization’s charter, as well as to control the sources of SU/NCO’s funding. Any discovered discrepancies may trigger disciplinary action in the form of an “official warning.” If any of these organizations “repeatedly fails” to provide the requested financial documents or does not react to the “official warning,” the state authorities may initiate its liquidation by filing an application to the court.

The draft law is currently planned for enactment as of January 1, 2006, and the chances are high that both the State Duma and Federation Council will pass this law with very few changes in December 2005. / *S. Volfson*

Interested Party Transactions and Minority Squeeze Out: Draft Laws Amending JSC Law

Amendments to Federal Law No. 208-FZ “On Joint Stock Companies” dated December 26, 1995 (as amended) (the “JSC Law”), have been considered recently in the State Duma. These are Draft No. 395087-3 (“Interested Party Draft”) on expanding the list of the transactions which should not be deemed interested party transactions and Draft No. 67304-4 (“Consolidation Draft”) on establishing a consolidation procedure to squeeze out minority shareholders.

Interested Party Transactions

According to the JSC Law, a transaction would be deemed an interested party transaction under the following circumstances: a member of the Board of Directors or a managing body of a company, their spouses, relatives or affiliates; shareholders holding 20 percent or more of the voting shares of the company independently or jointly with their affiliates, are a party, the representative or an intermediary to this transaction; they hold 20 percent or more of shares, or are members of governing bodies in the party to the transaction. In this case, a special procedure for approving such a transaction is required.

In practice, there are situations where a party must execute a

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transaction and simultaneously effect the special procedure for approving an interested party transaction. However, pursuant to the Interested Party Draft, transactions would not be considered interested party transactions if, according to a Federal Law, they are mandatory for the company and payment is at fixed prices and rates set by state agencies.

Consolidation

The Consolidation Draft provides for the right of a shareholder owning (independently or together with its affiliates) 90 percent of the ordinary shares plus one share to redeem all of the shares owned by the other shareholders at a "market price" confirmed by an independent appraiser.

To balance the interests of minority and majority shareholders, the draft stipulates that decisions on the redemption of shares, the form of the demand, and decisions on appointing an independent appraiser must be approved by the General Shareholders Meeting. The scope for abuse of this position is considerable and minority shareholders should be vigilant to protect their interests. However, currently it seems unlikely that this draft will be passed in its current form. /C. Owen, V. Modina

Franchise Agreements

On August 12, 2005, the Ministry of Finance signed Order No. 105n "Concerning the Registration of Franchise (Sub Franchise) Agreements" (the "Order"). The Order establishes a new procedure for the state registration of franchise and sub franchise agreements with the government in addition to establishing a new procedure for amending and terminating such agreements.

The Order maintains the requirement that those agreements must be registered either at the site of the franchisor or, in the event that the franchisor is a foreign legal entity, at the site of the franchisee. Franchise and sub franchise agreements must be registered with the tax authorities within five business days of execution. /T. Sharipov

Electric Power Sector Reform in Russia: Where are We Now?

Reform in the electric power sector ("Power Reform") has been a major work in progress for years. According to an article published in "Vedomosti" on November 22, 2005, power reform seems to be shifting in a new direction. Under the most recent plan, RAO "UES of Russia" should itself be phased out at the end of 2006. But, according to the internal materials of RAO "UES of Russia," this is unlikely to happen earlier than 2008. This note looks at the progress to date and what we can expect in the short and medium term.

Legal Framework

The basic principles for Power Reform were legislated during 2001-2003. In July 2001, these principles were defined in the Decree on Restructuring the Electric Power Industry of the Russian Federation ("Restructuring Decree"). In mid-2003, a series of laws came into force, including the Law on the Electric Power Industry. In connection with this decree and these laws, several regulations were adopted, in particular the Rules of the Wholesale Electric Power Market (Capacity) During the Transitional Period. Rules on the operation of the electric power retail market should be adopted shortly.

Power Reform Objectives

Power Reform envisages restructuring formerly vertically integrated companies that combined all industry functions, by splitting them into a separate monopoly sector (electric power transmission and operational dispatcher control) and a competitive sector (electric power generation, sales, repairs and related services).

Wholesale Electric Power (Capacity) Market

("Wholesale Market"). The end goal of Power Reform is a fully competitive wholesale market. However, a prerequisite for

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¹An observation procedure is the first step in bankruptcy and is aimed at discovering all of the debtor's creditors, accounting and registering debtors' claims, and holding a meeting of creditors in which votes are assigned in proportion to the amount of the debtors' claims.

such a market to develop is the full demonopolization of the electric power sector.

Electric power sale-purchases during the transitional period are to be made through two sectors: the free sector, launched on November 1, 2003, and the regulated sector (within the regulated sector there is also a trade in differential between the actual and requested capacity of electric power production or consumption).

To be eligible to engage in electric power sale and purchase transactions, the Administrator of the Trading System ("ATS") must give a participant the status of a wholesale market participant, followed by subsequent registration with ATS. In addition, a participant must execute a standard agreement with ATS for access to the wholesale market trading system.

According to the Law on the Electric Power Industry, the functioning of the wholesale market depends on freedom for the participants in the wholesale market to choose the procedure for the sale and purchase of electric power through the formation of market prices, and the selection of offers of

purchasers and sellers proceeding from minimum prices for electric power existing in specific price sectors of the wholesale market, or through the conclusion of bilateral agreements for the sale and purchase of electric power. For additional information, please refer to the graph below.

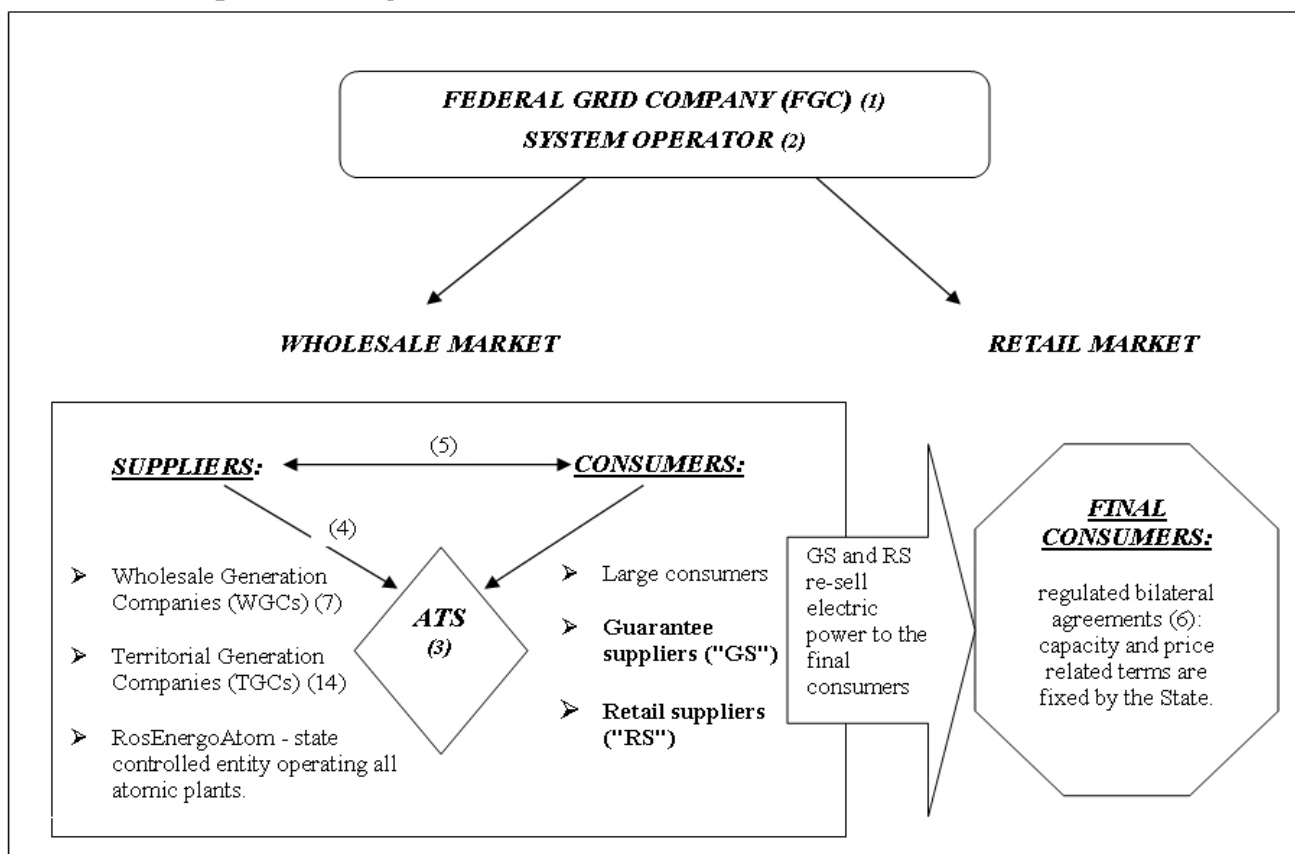
Functions Of The Sector's Key Institutions:

- (1) The Federal Grid Company administers the unified national electric power grid.
- (2) The System Operator ("SO"):
 - secures the sustainable operation and development of the unified electric power system;
 - provides technological grid connection of power equipment held by any legal entity or individuals pursuant to their ownership or other rights; and
 - offers electric power transmission services.

Note: under the targeted model, over 75 percent of FGC and SO will be state owned.

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Chart: Targeted Model of the Russian Electric Power Sector



(3) ATS organizes electric power sale-purchases in the wholesale market. For example:

- ATS, together with the SO, enters into an agreement with a new member of the wholesale market regarding the terms and conditions of access to the trading system of that market; and
- ATS registers electric power sale-purchase agreements between the supplier and consumer.

Price Setting

Wholesale market: The parties are free to determine the price based on a so-called equilibrium price, which is formed by supply and demand as a result of comparing the bids of electric power providers with the selection process done by ATS (4), or they can fix the contract price at their own discretion by means of a two-party agreement (5).

Retail Market: To ensure stable power supply conditions and to prevent price escalations, the State introduced regulated bilateral agreements, in which capacity and price related terms are defined directly by the State (6).

At present, over 30 Regional Generation Companies ("AO-Energos") are privatized. All seven Wholesale Generation Companies ("WGCs") have been established, and the majority of 14 Territorial Generation Companies ("TGCs") have completed their state registration. By 2008, RAO "UES of Russia" is intended to be phased out. Following the end of the transitional period, the majority of shares in WGCs and TGCs will be privately owned.

According to information available on the web-site of RAO "UES of Russia," the shares of the new companies will be proportionally distributed among the shareholders of respective AO-Energos.

Retail Electric Power (Capacity) Market (the "retail market"): For political reasons, the State has been taking very gradual steps to exit this market. A transitional retail market, where part of the electric power supplied will be at competitive prices, is scheduled for 2006. However, the State will keep control over prices for individual consumers even when the transitional retail market is in operation.

Dispute Resolution

An Arbitration Tribunal has been established within ATS. This is a permanent arbitration tribunal, which considers

economic disputes arising out of civil contracts in the electric power industry, provided the parties have agreed to submit to its authority, except in the field of management. The Tribunal provides the parties to a dispute with the following advantages: shorter periods for consideration of their dispute as compared with other arbitration courts; a simplified arbitration hearing procedure, the right of the party to select an arbitrator to hear a dispute; and enhanced confidentiality.

Investments

In September 2005, the Ministry for Industry and Energy submitted to the Russian Government a draft of a planned Decree on Investment Guarantee Mechanisms for the Construction of Generation Facilities (the "Draft"). The aim is to ensure that investors will be reimbursed for the amount equivalent to the difference between the market electric power price and the payback price for a fixed payback period. The Draft is currently under consideration within the Russian Government.

Under the terms of the Draft, an investor will be selected through a tender to be held by the System Operator with the participation of representatives of the local authorities. Preferred projects will be those using state-of-the-art technologies for generating facility construction. According to the information available, the Draft proposes to limit the aggregate capacity of the facilities built under the investment guarantee mechanism to 5,000 MW. The mechanism contemplated in the Draft is planned to be realized at a transitional stage of reforming the power sector as a provisional measure providing for the construction of new generation facilities in certain regions with power deficit.

There is still a lack of investment into the Russian electric power sector. There are several underlying reasons but the majority of large industrial consumers would expect to be served directly by generating companies, and the niche of distribution companies will be participation in the retail market. Generation activities, on the contrary, look more attractive to potential investors. The Draft will be the subject of a future note soon.

Conclusions

Despite some delays in the implementation of certain elements of the future market model and a complex coordination process between the Government and RAO "UES of Russia," Power Reform seems to be almost halfway there.

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The transition market model is scheduled to run through 2008. From the year 2009 onwards a free competitive market is expected to be in place. /C. Owen, O. Gorshkolepova

In-Kind Charter Capital Contribution: Conditional Use

On August 15, 2005 the Federal Customs Service issued Letter No. 01-06/27838 "Concerning Goods Imported as a Contribution to the Charter Capital of Legal Entities Under Reorganization" (the "Letter").

Pursuant to Article 151 of the Customs Code and Government Resolution No. 883, dated July 27, 1996, fixed production assets (the "Goods") imported into Russia as a contribution to the charter capital of legal entities are exempt from customs and VAT. For customs purposes, the Goods are deemed to have been imported for "conditional use," meaning that the Goods must be used only for the purposes for which they are imported and that the company must not sell or otherwise dispose of the Goods. The law does not provide for the exact term upon which this limitation ceases.

The Letter confirms that a subsequent transfer of the imported Goods to a company that is the legal successor of a reorganized entity will be not considered a disposal and does not violate the "conditional use" of the imported Goods. Therefore the transfer will not result in an obligation of the company or its successor to pay customs duties and VAT for the imported Goods.

The Letter affirms that, as a result of reorganization, the legal successor of a reorganized company becomes liable to the customs authorities for the "conditional use" of the imported Goods and in the event that the Goods are not used in accordance with the condition, the successor company will be solely liable and will pay customs duties and the VAT. /L. M. Brank, T. Sharipov

UKRAINE

Ukraine Central Bank Clarifies Settlement Procedures for Foreign Investments

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include acquisitions of immovable (real) and movable property in Ukraine, as well as contributions of money or other property into the capital of a Ukrainian company. Portfolio investments refer to acquisitions of Ukrainian securities, derivatives, and other financial assets on the securities markets. An investment deposit is a deposit in foreign currency placed with a Ukrainian bank for at least one year with no right of early withdrawal.

Settlement Currency

According to the Regulation, investment assets must be paid for in a foreign currency recognized by the NBU as convertible; a list of convertible currencies is published by the NBU. Payment in UAH is allowed in the event of reinvestment only when a foreign investor uses income from an existing Ukrainian investment to acquire new investments.

Settlement through Ukrainian Banks

All payments for investment assets must be made through Ukrainian banks. Although the Regulation makes no exception for transactions in which both parties are nonresidents, the NBU, in a recent clarification, explained that this requirement should not affect such transactions. However, failure by a nonresident to pay for such investment assets through a Ukrainian bank may impede the repatriation of an investment (investment income) from Ukraine because the acquisition of foreign currency for repatriation purposes requires proof that the investment was paid for through a Ukrainian bank.

Settlement Methods

In the case of a direct investment, a foreign investor may pay a Ukrainian resident directly from an offshore account or from a foreign currency investment account opened with a Ukrainian bank. Foreign investors may also sell foreign currency held in their investment accounts with Ukrainian

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banks to acquire UAH for direct investments.

For portfolio investments essentially the same procedures apply, except that the funds must be transferred to an authorized Ukrainian securities trader acting as an intermediary in the transaction. This raises the question of whether Ukrainian securities may be bought and sold directly between private parties, Ukrainian or foreign, without the involvement of a securities trader. Conceivably, a transaction in which payment is made directly to the securities' owner might be considered a direct investment. However, the issue remains unclear.

Finally, investment deposits may be funded either from an investor's offshore or a foreign currency investment account with a Ukrainian bank.

Repatriation of Investment and Income

For repatriation, the path of the investment into Ukraine must be retraced: investments funded from offshore accounts are returned to the respective offshore accounts where they are derived and those investments funded from investment accounts with Ukrainian banks are likewise returned to such accounts. Investments and income are returned in the foreign currency in which they were made, unless they were intended for reinvestment, in which case payment may be in UAH to the investor's UAH investment account. All payments are subject to proof of payment of the applicable Ukrainian taxes, in the form of a special tax certificate to be filed with the bank handling the payment.

In-Kind Investments

The Regulation permits repatriation in cash of investments made in another form, such as equipment or goods (in-kind investments). The value of such investments for repatriation purposes must be confirmed by a certified Ukrainian appraiser. As for investments made before the Regulation's effective date, their value may be confirmed by the appropriate customs documentation and/or the investment information statement filed with the Ukrainian authorities.

Conclusion

Overall, the Regulation appears to be an improvement over the previous regime. The Regulation should spare foreign investors the delays, costs and risks involved in acquiring and holding Ukrainian currency for investment purposes. At the same time, the Regulation introduces new restrictions. In particular, it appears to prohibit UAH deposits funded by the conversion of

foreign currency through investment accounts. It also limits the minimum duration of an investment deposit to one year. Finally, by addressing only foreign currency investment deposits, the Regulation raises the question of whether UAH deposits are indeed allowed for foreign investors. Answers to these questions are not clear as yet. */V. Fedichin*

Ukrainian Banks are Set to Meet Increased Requirements for the Minimum Amount of Regulatory Capital

In yet another effort to encourage the consolidation of Ukraine's commercial banking sector, the National Bank of Ukraine ("NBU") has increased the required minimum amount of regulatory capital for commercial banks that have received or that intend to receive NBU permits to carry out certain operations. This new requirement, recently imposed pursuant to NBU Resolution No.373, dated October 12, 2005 ("Resolution No. 373"), which amends the Regulations "On the Procedure of Issuance of Bank Licenses, Written Permits and Licenses for Carrying Out Certain Operations to Banks," approved by the Resolution of the NBU No. 275 of July 17, 2001 ("License Regulations"). The affected banks must fulfill these requirements (effective since November 7, 2005) and increase their regulatory capital by December 12, 2006.

In particular, for banks operating at a national level to be eligible to conduct various currency transactions, the minimum regulatory capital has been increased to a UAH equivalent of € 8 million from € 5 million. The currency operations include (i) attracting and placing of foreign currency on Ukraine's currency market; (ii) investing in the charter capital and shares of other financial institutions in amounts not exceeding 5 percent of the bank's regulatory capital and without seeking NBU's prior approval; (iii) trust administration of monies and securities of legal entities and individuals; (iv) administration of resident and non-resident client accounts opened in foreign currency and non-resident client accounts in UAH; (v) administration of the corresponding accounts of resident and non-resident banks in

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foreign currency and in UAH; (vi) opening of correspondent foreign currency accounts in non-resident banks; and (vii) carrying out domestic transactions with bank metals.

The minimum regulatory capital requirement was increased from the UAH equivalent of € 5 million to € 10 million for those banks operating on the national level and who intend to access international capital markets in order to (i) attract and place foreign currency, (ii) conduct transactions with bank metals, and (iii) conduct transactions with other currency values.

Under Resolution No. 373 those banks that intend to invest in the charter capital and shares of financial institutions in amounts in excess of 5 percent of the bank's regulatory capital or to conduct equity investments in legal entities that are not financial institutions, must have a minimum regulatory capital in UAH equivalent to € 20 million. /Y. Gregirchak

Ukraine Central Bank Introduces Reserve Requirement for Short-Term Cross-Border Loans

The National Bank of Ukraine ("NBU") has introduced limitations on short-term foreign currency loans from non-residents. These limitations are set out in the NBU Regulations, "On the Procedure for Mandatory Reservation of Funds on Currency Operations, Connected with Foreign Currency Loans Taken by Residents," dated August 12, 2005 (the "Reserve Regulations"). The Reserve Regulations took effect on September 10, 2005, and are effective for a period of six months, i.e. until March 10, 2006.

The Reserve Regulations require that all Ukrainian borrowers of foreign currency loans from foreign lenders for periods not exceeding 180 days ("Short-Term Loans") reserve 20 percent of the amount of the Short-Term Loan (the "Reserves") in special bank accounts opened with the NBU. The Reserves must be placed in the currency of the Short-Term Loan and must remain in the NBU account until the Short-Term Loan is repaid, but not less than 10 days. The NBU will pay no interest for the Reserves placed in these accounts.

The abovementioned requirement applies to all Ukrainian

borrowers, including Ukrainian banks that obtain foreign currency loans on their correspondent bank accounts abroad. Overnight and overdraft loans taken by banks for a period up to 1 business day are exempt, however.

Under the Reserve Regulations, the Ukrainian borrower's bank is obliged to transfer the Reserves to the NBU's accounts. Under Ukrainian law, a Ukrainian borrower of foreign currency from a non-resident lender must involve a Ukrainian bank to act as a servicing bank for the loan. The servicing banks may not service the loan transaction if the borrower does not place the Reserves on the NBU account.

According to the NBU, the Reserve Regulations were introduced to encourage long-term loans from non-residents, as the NBU regards the short-term loans as speculative. At the same time, the Reserve Regulations do not address the possibility of a Ukrainian borrower entering into a long-term loan arrangement with an early pre-payment option whereby the borrower could use the option and repay the loan within 180 days, thereby avoiding placing the Reserves. According to local press, many Ukrainian bankers believe that borrowers would likely structure their short-term loan transactions with friendly foreign lenders in just such a manner, thus by-passing the Reserve Regulations requirements. /A. Lyamar

RECENT DEVELOPMENTS

Chabourne Opens St. Petersburg Office Expanding Russia & CIS Practice

On November 7, 2005, Chadbourne opened an office in St. Petersburg, Russia. The office is being staffed by three attorneys, all who were previously with Coudert Brothers in St. Petersburg.

The St. Petersburg team includes counsels Alexander Kalinov and Konstantin Osipov and associate Nonna Crane. The establishment of the St. Petersburg office extends our

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RECENT DEVELOPMENTS

significant presence in the CIS. It expands our capabilities in areas such as oil and gas, telecommunications and real estate, as well as increasing our capabilities in corporate and corporate finance work.

This acquisition reinforces Chadbourne's commitment to increase our presence across central and eastern Europe to offer clients additional capabilities in these expanding economies.

Moscow managing office partner Laura Brank noted, "We are very pleased to have this fine group join us. By expanding to St. Petersburg, we are able to meet our local clients' needs in this rapidly growing market."

In an article in *New York Lawyer*, Laura noted that Russia is a booming market driven by oil and gas reserves. More and more companies want to invest. Those investments typically involve sophisticated transactions in a country with few western trained lawyers.

The attorneys who have joined us in St. Petersburg are absolutely first rate. Alexander Kalinov has extensive experience advising Russian and multinational companies on a variety of legal, transactional, regulatory, corporate, commercial and finance matters. His work has included assisting major U.S. oil companies in structuring investment in the Siberian oil fields; advising with respect to oil field exploration in the Russian Far East; and participating in work related to the Sakhalin project. In addition, Alexander has advised a number of telecommunications companies on transactional matters. He received his law degree, with honors, from St. Petersburg University in 1992, MPA from the American University and an LL.M., with distinction, from Georgetown University Law Center. He is admitted to practice in Russia and the State New York.

Konstantin Osipov has focused his practice on civil and commercial, corporate, corporate governance, mergers and acquisitions and litigation matters. He has provided a broad array of legal services to a major Russian pulp and paper producer over the course of a two-year anti-hostile takeover defense, including advising on issues of Russian corporate law, civil procedure and civil law. Konstantin also has significant experience in the telecommunications sector. He received his law degree, with honors, from St. Petersburg State University School of Law. Konstantin studied law at Cleveland State University. He is admitted to practice in Russia.

Nonna Crane specializes in corporate, securities, real

estate, secured lending, leasing, telecommunications, pharmaceutical and hotel industry matters. She has advised on structuring of cross-border leasing operations in Russia; engaged in a number of merger and acquisition transactions; and rendered advice in a wide range of foreign investment deals in Russia. She received her B.A. from St. Petersburg State University, MPA from Appalachian State University and J.D., cum laude, from the University of Florida College Law. Nonna is admitted to practice in the State of New York.

"I am delighted that Chadbourne and Parke made a decision to start operations in Petersburg. There are no doubts in my mind that this project will be a great success and very much look forward to being a part of it," Nonna said.

"This is a great move for Chadbourne as we have been increasing our presence in Russia and the CIS for some time now and Russia's northwest region has been experiencing rapid economic growth," noted Laura Brank. "And with the recent opening of our office in Almaty, the strengthening of our Moscow operations and plans to further expand our global reach, we intend to make certain we have the ability to respond to the growing demand for legal services from our clients in all industries around the world."

"We in St. Pete are very excited to find a new home at Chadbourne & Parke and would like to thank everybody who worked hard to get us on board," noted Alexander Kalinov.

C&P Hosts Ukraine Business Conference

On October 14, 2005, Chadbourne's Kyiv and Moscow offices, jointly with *The Moscow Times*, conducted the conference entitled "Ukraine: Open for Business" in Moscow.

Opened by Laura Brank, managing partner, Moscow, and lead by Slava Johnson, managing partner, Kyiv, the conference focused on why Russian companies should consider Ukraine for their investment and business activity.

Conference panels were organized in three main areas: advantages of the current business climate in Ukraine;

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Ukrainian legal framework; and the practical experience of foreign investors in Ukraine. For the first panel, moderated by Slava, John Shmorhun from DuPont Moscow spoke about the advantages of the Ukrainian market for Russian companies and then Slava spoke on the emerging growth areas in the Ukrainian economy. For the second panel, Kyiv associates Olexiy Soshenko and Valeriy Fedichin and Moscow associate Eugenia Korotkova spoke on the legal and tax considerations for Russian companies seeking to do business in Ukraine. In the final panel, Alexey Zvolinsky, Head of Ward Howell International, compared the Ukrainian labor market to the Russian market, Dmytro Popinako of Innoware provided an overview of business and management systems in Ukraine, and Olexander Tarabukhin from On-Line Capital Ltd. wrapped up the conference with a presentation on available investments in Ukraine's securities market.

Ukraine President Honored at Chadbourne Reception

The Firm hosted a reception on September 15, 2005 in honor of Ukraine President Viktor Yushchenko during his visit to New York to address the United Nations General Assembly.

Chadbourne held a small VIP reception and question and answer session for the President at Chadbourne's offices immediately prior to a gala dinner to be held by supporters of the Orange Circle in the Rainbow Room at 30 Rockefeller Plaza.



The 75 guests at the reception included Chadbourne attorneys and Firm clients, as well as former Secretary of State Madeleine Albright, former Carter administration advisor Zbigniew Brzezinski, former U.S. Trade Representative Carla Hills, former Canadian Prime Minister John Turner, ex-New

York City Police Commissioner Howard Safir and actress Polly Draper. Also attending were the president's wife, Kateryna, and Orange Circle representatives.

The Orange Circle is a new international nonprofit initiative to support democracy and economic reform in Ukraine's Democracy. The project has secured the endorsement of President Yushchenko and other leaders of the Orange Revolution. The president's election gained international attention during last fall's Orange Revolution, and the new political situation in Ukraine has presented growing economic opportunities there.

Rallies supporting the Orange Revolution took place in Kyiv's main square, Maidan Nezalezhnosti (Independence Square), just down the street from our Kyiv office.

CIS AND CENTRAL EUROPE LEGAL NEWSWIRE

For more on the information contained herein or about Chadbourne & Parke LLP and its affiliated offices throughout the CIS, please contact:

In Moscow and St. Petersburg

Laura Brank – lbrank@chadbourne.com
+7 (495) 974-2424 or +1 (212) 408-1190

In Almaty

Kenneth Mack – kmack@chadbourne.com
+7 (3272) 585-088

In Kyiv

Jaroslawa Johnson – sjohnson@chadbourne.com
+380 (44) 230-2534 or +380 (44) 464-0204

In Warsaw

Gabriel Wujek – gwujek@chadbourne.com
+48 (22) 520-5000

In London

Laura Brank – lbrank@chadbourne.com
+44 (20) 7337-8000

Or visit our website – www.chadbourne.com.

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