

Statement of Tim Osborne, Chief Executive of GML

In response to the withdrawal of Houthoff and Albert Jan van den Berg as legal counsel for the Russian Federation in The Netherlands

Friday, March 4, 2022

“For over a decade, we have seen the Russian Federation spread its lies in court proceedings and its lawyers happily justify the brutal behaviour of the Kremlin. The sudden withdrawal of its lawyers is disingenuous. Though nothing compares to the heart-breaking tragedy and immense suffering of the Ukrainian people presently taking place, the Putin regime's ruthless behaviour is not new. It has time and again used brutal force and violated fundamental human rights, eliminating its opponents and illegally appropriating assets for the benefit of Putin and his cronies. The ruthless expropriation of Yukos was an early warning.

We have seen that Houthoff and Albert Jan van den Berg publicly resigned as legal counsel for the Russian Federation in The Netherlands. This attempt to cleanse their reputations by simply resigning calls for a response.

It was not the truth, the rule of law or the interest in justice that convinced these lawyers to drop the Kremlin as their biggest client; it was the pressure of public opinion. Moreover, the Russian Federation must not be allowed to use this move by its lawyers to delay the legal proceedings further. Any such attempt will be yet another example of the Russian Federation cynically trying to benefit from its own lawless and ruthless behaviour.

We will continue to expose the Russian Federation's procedural manipulations and the Kremlin's habitual false narratives. It is of foremost importance – not just for our case against the Russian Federation – that the Russian Federation is held accountable under the rule of law. History shows that appeasing the Kremlin by letting it get away with its misdeeds, does not end well. We remain confident that the rule of law will prevail and justice will be served.”

Background

On 3 March, the Amsterdam-based law firm, Houthoff, announced that it was ceasing all work for the Russian Federation. On 2 March, Albert Jan van den Berg had announced that he was doing the same. Houthoff and van den Berg have represented the Russian Federation since 2014 as it disputes the arbitral awards of more than \$50 billion that compensate the former Yukos shareholders for the unlawful expropriation of their investment.

In 2014, an independent Arbitral Tribunal in The Hague [ruled unanimously](#) that the Russian state unlawfully expropriated Yukos Oil, the country's most successful company and largest taxpayer. The Tribunal found that *“Russian courts bent to the will of Russian executive authorities to bankrupt Yukos, assign its assets to a state-controlled company [Rosneft] and incarcerate a man [Mikhail Khodorkovsky] who gave signs of becoming a political competitor.”*

Yukos arbitration

GML, through its wholly-owned subsidiaries, Yukos Universal Limited, Hulley Enterprises Limited, together with Veteran Petroleum Limited, were the majority shareholders of the former Yukos Oil Company. In 2005, they commenced arbitration proceedings against the Russian Federation pursuant to the Energy Charter Treaty, seeking compensation for the illegal expropriation of their investments.

In its [Final Awards](#) of 2014, the Arbitral Tribunal sitting in The Hague concluded that:

- “Russian courts bent to the will of Russian executive authorities to bankrupt Yukos, assign its assets to a State-controlled company, and incarcerated a man who gave signs of becoming a political competitor;
- the State’s campaign of intimidation and harassment not only disrupted the operations of Yukos but also contributed to its demise;
- the primary objective of the Russian Federation was not to collect taxes but rather to bankrupt Yukos and appropriate its valuable assets.”

The Russian Federation applied to the Dutch courts to have the Arbitral Awards set aside. National courts in The Netherlands have jurisdiction over the set-aside process since The Hague was the seat of the arbitration.

In February 2020, in a [detailed 134-page judgment](#), the Court of Appeal of The Hague quashed a previous decision of the District Court, and confirmed the Arbitral Awards.

In November 2021, the Supreme Court of The Netherlands rejected all the substantive grounds of Russia’s cassation appeal, and referred one final matter to the Court of Appeal of Amsterdam for further review. The former Yukos shareholders submitted their pleadings to the Court of Appeal in February 2022.

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