



Mar 26, 2014, 2:24pm EDT Updated: Mar 26, 2014, 4:23pm EDT

[Jeff Blumenthal](#)

Philly law firms in Russia concerned about Ukraine crisis



A group of masked anti-government protesters carrying home-made riot shields walk towards the Ukrainian parliament building in Kiev, Ukraine. The unrest is worrying Philadelphia law firms with offices in Russia. Photographer: Vincent Mundy/Bloomberg

Philadelphia law firms with Moscow offices are on edge after Russia annexed the Crimea region of Ukraine earlier this month.

[Dechert](#) opened in Moscow in 2009 with a group of lawyers from Chadbourne & Parke led by office managing partner [Laura Brank](#). The firm now has 18 lawyers in Moscow plus four from London and U.S. offices who spend a great deal of time in Russia.

Brank said sanctions levied against Russian politicians and businessmen and President Vladimir Putin's counter-sanctions against U.S. politicians have had little affect on existing investment in Russia.

"But those looking at coming into the Russian market have slowed down," she said from her office in Moscow. "Businesses do not like uncertainty. And the uncertainty has created a lot of nervousness in the market."

Sanctions now are relatively mild, Brank said. Just one company, Bank Rossiya, and a group of politicians and businessmen close to Putin have been affected so far. "But if they go deeper, as is possible, then you are going to see companies assessing their investments in Russia," Brank said.

[Morgan Lewis & Bockius](#) is the other large Philadelphia firm with a Moscow office, which it opened in summer 2012 when it added 42 lawyers from the now-defunct New York-based Dewey & LeBouef in Moscow and Almaty. Last summer, the firm added eight transactional lawyers in Moscow from Gide Loyrette Nouel and now has about 35 total in Moscow.

[Steve Wall](#), managing partner of Morgan Lewis' practice development, said the three most senior Moscow lawyers are from the United States but have been living and working in Russia for 20

years. The group also includes some U.K. lawyers but like Dechert, largely has lawyers from Russia and former Soviet republics.

The firm has about 30 clients that have operations there or regularly travel there. Wall said the three biggest practices in Moscow include energy transactions, bank finance and multinational companies interested in doing work in Russia.

“They want answers,” Wall said. “They want to know what all of this is going to mean for their operations or investments there.”

So Morgan Lewis put together a team including Moscow office managing partner [Brian Zimpler](#) and lawyers from the U.K. and U.S. to help deal with those client concerns. The firm has created a [link on its website](#) that updates clients daily on the latest news involving the Russia/Ukraine situation and hosted a webinar Wednesday including U.S., U.K. and Russian lawyers providing an update about what this all means for business.

[Bruce Marks](#), a former Republican member of the Pennsylvania State Senate, started his law firm, Marks & Sokolov, after his term expired in the late 1990s and decided to capitalize on the education he received at the Wharton School at the [University of Pennsylvania](#) by opening a Moscow office — an unusual move for a 14-lawyer firm. At Penn, Marks studied Russia, took a course in Marxism and learned the language. His small firm opened offices in Moscow and Kiev. But the Kiev site closed after the financial crisis of 2008, as it hurt inbound and outbound dealmaking.

Marks was in Kiev in February after former Ukrainian President [Viktor Yanukovich](#) was thrown out of office and travels to Russia on a monthly basis.

The firm’s overall focus is representing western companies in Russia and Ukraine, including Philadelphia-based investment manager [Berwind](#) Corp., which has facilities in Russia. It also represents a Juniata Park firm that manufactures equipment to extract oil and gas as well as a larger companies like [Coca-Cola](#).

“U.S. business is stepping back and asking whether this is a country where they want to expand certain operations,” Marks said. “They want to see where things are headed before making another move. For those who see what happened in Crimea as an illegal act of aggression, they have put things on hold.”

Brank and Marks said the big game changer would be a Russian invasion into eastern Ukraine, which could lead to a bloody war, enhanced sanctions and grave consequences for the Russian economy.

“An invasion into eastern Ukraine could have a tremendous impact on what we are doing over here,” Brank said. “The whole situation is fraught with tension. Wars often start from small things. But this could escalate. You have to realize how close these two cultures are. We have one associate who’s mother is Russian and father is Ukrainian that live in Crimea.”

But Brank and Philadelphia lawyer [Marina Kats](#) do not think Putin will take that next step into Ukraine. Kats became the first Ukrainian-born citizen to run for Congress, losing in the 2008 general election to [Allyson Schwartz](#). She left Ukraine with her family at age 18 in 1979 as part of a program that allowed persecuted Jews to flee to Israel and other democracies.

Kats, whose Northeast Philadelphia office is at the epicenter of the large contingent of Russian and Ukrainian immigrants in this region, serves as president of the Russian-American Chamber of Commerce and represents some U.S. companies that do business in Ukraine. She said she does not believe Russia will go any further into Ukraine than Crimea.

Kats noted that Ukraine still has access to the Black Sea and with its population now leaning toward western influences, it could expedite the country's entry into the [EU](#).

"I think Crimea will remain sort of an independent subsidiary of Russia and when the dust settles, every one will live happily ever after," Kats said. "No one wants its sovereignty violated but Crimea was a dream."

Jeff Blumenthal covers banking, insurance and law.

http://www.bizjournals.com/philadelphia/blog/jeff-blumenthal/2014/03/philly-law-firms-in-russia-concerned-about-ukraine.html?ana=e_phil_rdup&s=newsletter&ed=2014-03-27&page=all