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Yukos Assets Under Dispute Following Dutch Ruling

By Derek Andersen

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The Amsterdam Court of Appeals has ruled that it would not recognize the 2007 sale of Yukos Finance BV, a Dutch corporation, by Russian court-appointed receiver Eduard Rebgun. As a result, $800 million in cash assets remains in limbo.

The court on Tuesday upheld a district court ruling made on Oct. 31, 2007, that said the transaction did not meet the criteria for recognizable foreign legal actions.

Yukos Finance BV stock was auctioned in Russia in August 2007 for $308 million to Promneftstroi, which, until that summer, had been a subsidiary of state-owned Rosneft. Renaissance Capital, U.S. investment advisory company VR Capital and Monte Valle, a company owned by U.S. citizen Steven Lynch, purchased Promneftstroi shortly before the auction.

Promneftstroi lawyer Rob Meijer said the ruling would be appealed in the Dutch Supreme

Court, making reference to a decision of that court on Dec. 19, 2008, rejecting the "territoriality" principle for recognizing court judgments.

"The ruling is wrong because it states that Promneftstroi could not have validly bought the Yukos Finance shares," Meijer said. "That kind of transfer is perfectly valid in the Netherlands. The Supreme Court made this perfectly clear in 2008."

Yukos Finance sold its main properties in 2006 — a 49 percent stake of Slovakian oil pipeline operator Transpetrol and 53.7 percent of the Lithuanian oil refinery Mazeikiu Nafta. According to a VR Capital spokesman, net proceeds from the sale were about $800 million, and are now held in a frozen account at Fortis Bank in Belgium.

Claire Davidson, who represents the interests of Yukos shareholders, was pleased with Tuesday's decision.

According to Davidson, the ruling shows that Rebgun did not have the right to sell Dutch assets in Russia.

"Promneftstroi was thrown out of court. It cannot be an interested party," she said.

Meijer pointed out that the ownership of the assets remains unclear.

"They don't belong to Promneftstroi and they don't belong to Yukos, which ceased to exist in 2007," he said.

Editor's note: This article, which ran on p. 7 of Thursday's issue, should have identified Promneftstroi's lawyer as Rob Meijer, not Peter Meijer. The article has been amended with the correct name.

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