

Russia Is a Great Place to Register Your Business

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The Foreign Affairs Ministry threw its weight and power behind protecting the rights of Russians doing business abroad last Thursday. It may sound trifling to Westerners, but it is the first time that such a commitment was put forward on the record with follow-up.

The situation that gave rise to their strong stance began several years ago and is well-known as "the Rosinka case." It concerns the residential complex Rosinka just outside the Moscow city limits, where many international diplomatic and corporate families reside.

The difficulties began when the Russian owners attempted to safeguard their shares and property against risks of numerous hostile raiders by establishing an offshore holding company in Cyprus.

In a Dostoevskian twist of fate, the very event the owners feared most began to unfold, and it came from an entirely unexpected source — from Cyprus. The legal services company they hired and its owner, Andreas Neocleous, attempted to take control by forcing the company

through various means into bankruptcy.

Thankfully, this did not happen, and after several trials and criminal investigations the situation is heading toward resolution. But throughout this process, it became clear that despite treaties and apparent legal cooperation, the gray areas that were employed by the Cyprus side abetted by corrupt representatives in positions of influence created a real nightmare for the Rosinka property owners. Until the issue was resolved, they were in real danger and risk of losing their property.

Many Russians registered their businesses offshore not to launder money but to avail themselves of what they hoped would be protection within an evolved legal support system like Cyprus, based on British legal principles. But they were disappointed with Cyprus. Instead of looking to Gibraltar or the Seychelles as alternatives, however, they are now looking at Russia as a place to register their businesses, especially with the backing of the government.

Finally, the Russian government has publicly acknowledged that organs of a foreign government can and are swayed to make decisions unfavorable to Russian business interests as has occurred in Cyprus with Rosinka. It is a healthy, long-awaited start for Russia and advantageous to all who do business here and following a path to greater corporate transparency and accountability.

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