

# TOP LAW FIRMS

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## Peers rank top law firms in key areas of legal specialties

BY IANA KORETSKA  
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Ukraine's legal services market, driven mostly by a younger generation of companies, is seen as highly fragmented by experts, with firms focusing on their area of proficiency. Opportunities for growth come with tough competition that places domestic and international law firms in an obstacle course for professional excellence.

According to a Kyiv Post peer survey conducted this month, more than half of the 90 law firms polled appeared on the local market in the 2000s. As the nation's business environment evolved over the last 15 years, law practices and their clientele grew in tandem.

Even the 2008-2009 financial crisis – from which the Ukrainian economy hasn't quite recovered – didn't prevent new firms from entering the market. Times of crisis, says Olga Usenko, chief editor of the Ukrainian Journal of Business Law, also offers opportunities for skillful lawyers, such as in mergers and acquisitions and bankruptcy.

Yet small law firms with no more than 15 employees manage to draw big corporate clients, and with it, decent earnings. They usually avoid the more competitive sectors of M&A, corporate, and tax law. Instead, they occupy niches where they excel and to stay afloat. Concentrating on intellectual property, customs law, or oil and gas deals for example, are successful business models, Kyiv Post research found.

Local service providers have more-over adopted Western management structures that usually have several managing partners at the top, followed by junior lawyers, and interns who may still be in law school working as assistants.

There is usually a strong correlation with a firm's image being tied to its senior partners, the Kyiv Post found. When they join advocacy or civic campaigns, this usually elevates their visibility.

"Ukrainian and foreign business people have different mentalities," says Oleksandr Onufriyenko, the chief lawyer for Kinto, an asset management company. Ukrainian businessmen tend to deal with firms, whose senior partners they know personally.

In the nation's cut throat legal environment, the market is known for having a group of lawyers who regularly change their employers. However, those holding partner-level positions should not be too presumptuous and see themselves as the only driving

force in the business, notes Iryna Serova, an expert on public relations with a doctorate degree in law. But still, she admits, clients recognize the last name of a senior partner more than a firm's brand.

When a prominent lawyer quits their job to accept another one at a different company, their clients are likely to follow suit, says Oleksiy Komlichenko, partner at Talent Advisors, an executive head hunting firm.

Kyiv Post research in addition indicates that a law firm's image depends on the quality of its senior partners' portfolio of accomplishments.

"We look at the company's area of expertise and then look for a specific partner or advisor (when choosing the legal service provider)," explains Ellada Yakunina, human resources manager for DMS, a Donetsk-based conglomerate that runs businesses in finance, energy and steel production. Therefore, when a partner with an impressive reputation leaves the company that doesn't have a strong brand, it may bring the firm's revenues down very significantly.

International law firms in Ukraine have a different client approach in terms of ethics which matters when making the customer centered more on the brand rather than personality. Often times, they have several recognized international experts sitting on their board because Western legal experience is valued on the Ukrainian market.

And because legal practice involves team work, big businesses check even who the junior lawyers are, the ones who gather information and conduct research. "This is very important, because choosing a law firm for the client is similar to choosing a doctor," said Serova, the public relations expert.

Servicing the most profitable industries of the nation's economy remain the most efficient revenue source for lawyers. By contrast, lawyers are losing interest in areas like banking, industry experts say. Standard & Poor's global debt quality evaluator does not expect the banking sector to make a profit this year.

Meanwhile, tax law remains quite profitable since the country's legislation in this field is not the simplest one, said Kinto's Onufriyenko. Mergers & acquisitions is promising too, especially where so-called "raider" activity flourishes since property rights violations are still widespread in Ukraine.

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Security guards stand inside the Nemiroff vodka factory on May 18, 2011 in Vinnytsya Oblast where a longstanding dispute between shareholders has festered, with both sides accusing each other of a "raider" attack. Such rows have kept many investors away, yet provides plenty of work for lawyers specializing in corporate law. (Ukrafoto)

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Pavlo Sheremeta (right) who resigned as economy minister on Aug. 21, speaks at The Rocky Road to Prosperity: Scenarios for Ukraine conference organized by the Kyiv Post and Lavrynovych & Partners on June 26. (Anastasia Vlasova)

# Sheremeta gives up economy minister post, weary of fighting 'yesterday's system'

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After just 175 days in office, Pavlo Sheremeta, the nation's Western-educated and liberal economy minister, quit over frustration with Ukraine's Soviet bureaucratic system.

"Yes, instead of fighting yesterday's system, I decided to get more involved in work with the people of tomorrow – those who will create tomorrow's system," Sheremeta wrote on his Facebook page, implying his plans to go back to academia having once headed the Kyiv Mohyla Business School and Kyiv School of Economics.

Now, parliament's Sep. 2 session will include his resignation as a key agenda item.

During a news briefing the same day, the 43-year-old Ph.D. student of Slovenia's Bled School of Management, said the reason for leaving his post was an Aug. 20 Cabinet of Ministers move to appoint Valeriy Pyatnitsky, a politician who held controversial positions under Viktor Yanukovich's disgraced presidency, as the ministry's deputy head on European integration issues.

Meanwhile, Sheremeta had plans to appoint Yuriy Buts, a minor politician without a serious track record of public service, reported The Insider. "I was thinking about the resignation before. (And) yesterday the reason appeared," Sheremeta said.

His departure came after the Cabinet, led by Prime Minister Arseniy Yatsenyuk, blocked two of Sheremeta's initiatives. One was on slightly lowering some corporate taxes, the other, to establish an agency to support exporters despite the existence of state-owned Export-Import Bank rein-

forcing the same agenda.

The former economy minister had publicly shared his vision for applying sector-oriented economic stimulus, placing special hope with the agricultural, energy and information technology sectors. After being severely criticized by experts and economists for lacking empirically-backed substantiation, Sheremeta in an Aug. 12 interview with the Kyiv Post said that stimulating the economy should have a broader range.

Gabriela Miranda, project manager for the Organization for Economic Cooperation and Development, a club of rich countries, told the Kyiv Post that the institution suggested Sheremeta initiate the introduction of state guarantees for banking loans provided to agriculture businesses, but the project has not been implemented.

Forbes Ukraine yet in July reported Yatsenyuk's poor evaluation of Sheremeta's performance and even named Bohdan Danylyshyn, a major supporter of Yulia Tymoshenko who was the country's pre-Yanukovich economy minister, as a major candidate.

Kostyantyn Vorushylin, who was chief financial officer at Bogdan, an automobile producer that current President Petro Poroshenko had a stake in before assuming power, was named as another candidate.

However, the seriousness of Sheremeta's intentions is questionable, since his boss Yatsenyuk, did the same thing on July 24 and announced his resignation, but parliament didn't accept it.

Tetyana Chornovil, the chief anti-corruption officer who became a victim of violence during the EuroMaidan Revolution, on Aug.

18 blogged she was in resigning on Ukrayinska Pravda.

"Submission of a resignation letter does not mean actual resignation yet. Sheremeta remains the minister," said Pavlo Rozenko, member of the influential Ukraine Democratic Alliance for Reform political party in parliament and former deputy social policy minister in 2008-2010. "I will not vote for his resignation."

Moreover, in an Aug. 21 interview with the Apostrophe, a news website, Sheremeta said he might start considering running for parliament expected to take place later this year. "But this is not my priority," he added.

Oleksandr Pashkaver, Kyiv-based economic analyst who criticized Sheremeta for taking a sector-oriented approach in helping the economy out of the current crisis, thinks being a public official is too difficult for a former academician who has to deal with a huge bureaucratic apparatus.

"Sheremeta was a very special candidate from the very beginning. He's an academic and never has been a bureaucrat," Pashkaver said in a phone interview. Meanwhile, the prominent sociologist Iryna Bekeshkina saw a good sign in Sheremeta's readiness to quit since the public views politicians as those who would never agree to losing power.

A devoted reader of The Economist and Wall Street Journal on his iPad, Sheremeta came to office on Feb. 27 in the wake of the EuroMaidan Revolution appointments, succeeding Ihor Prasolov, the former chief executive officer of billionaire's Rinat Akhmetov System Capital Management.

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## Kyiv Post survey results: Most successful law firms

Law firm	Tier
<b>Tax law</b>	
EUCON, International Legal Centre	1
KM Partners	
Marchenko Danevych	
Arzinger	2
Asters	
Baker & McKenzie – CIS, Limited	
DLA Piper Ukraine LLC	
Egorov Puginsky Afanasiev & Partners	
EY Law	
Gvozdiy & Oberkovych Law Firm	
Ilyashev & Partners	
Integrites	
Lavrynovych & Partners	
LCF Law Group	3
Sayenko Kharenko	
Sokolovskiy and Partners Law Firm	
Vasil Kisil & Partners	
Antika Law Firm	
AstapovLawyers International Law Group	
Avellum Partners	
Dentons	
FCLEX	
Gide Loyrette Nouel	
JURIMEX	4
KPMG	
AverLex	
Gryphon Investment Consulting Group	
IMG Partners Attorneys at Law	

More than 50 percent of respondents favored KM Partners as the most reputable firm that deals with taxes.

<b>Corporate and Mergers &amp; Acquisitions</b>	
Asters	1
Baker & McKenzie – CIS, Limited	
Sayenko Kharenko	
Arzinger	2
Avellum Partners	
Clifford Chance LLC	
CMS	
Dentons	
DLA Piper Ukraine LLC	
Egorov Puginsky Afanasiev & Partners	
Gide Loyrette Nouel	
Ilyashev & Partners	
Vasil Kisil & Partners	
AstapovLawyers International Law Group	3
Chadbourne & Parke LLP	
EnGarde Attorneys at Law	
Lavrynovych & Partners	
LCF Law Group	
Marchenko Danevych	
Peterka & Partners LLC	
Salkom	
Antika Law Firm	
IMG Partners Attorneys at Law	
Jurline	
Lexwell&Partners	
Nobles	

The voting was very close in corporate law between Sayenko Kharenko, Asters and Baker & McKenzie, with slim margins of only four points separating them.

<b>Banking and Finance Law</b>	
Asters	1
Avellum Partners	
Baker & McKenzie – CIS, Limited	
Clifford Chance LLC	
Sayenko Kharenko	
Dentons	2
DLA Piper Ukraine LLC	
Egorov Puginsky Afanasiev & Partners	
Gide Loyrette Nouel	
Lavrynovych & Partners	
Alekseev, Boyarchukov and Partners	3
Arzinger	
Gide Loyrette Nouel	
ILF	
Integrites	
LCF Law Group	
Vasil Kisil & Partners	

The pool of law firms selected in this field was much narrower than in other categories by one and a half times because of the stagnant market.

**Methodology:** The survey findings are based on a peer survey conducted by the Kyiv Post in August of 90 law firms, of whom 38 responded. Each firm was asked to rank three law firms in the four practices of tax, corporate, mergers and acquisitions, as well as banking and finance. Three points was the most weighted score, and one the lowest. The results for corporate and M&A law were merged because the latter is a sub-category of corporate law.