

DISPUTE RESOLUTION

Russia sanctions climate forces high-billing Moscow team to leave Akin Gump

By Dan Packel

Akin Gump Strauss Hauer & Feld's Russian operations are taking a major hit, with Moscow rainmaker Ilya Rybalkin leaving to form an independent 13-lawyer outfit in the city, citing ongoing geopolitical tensions as a driver for the move.

Alongside former Akin Gump partner Suren Gortsunyan and a number of other colleagues, Rybalkin is launching Rybalkin Gortsunyan & Partners (RGP), which will focus on cross-border disputes and high-end corporate work.

"A team spin-off of this calibre and scale from a major Western firm is unprecedented in the Moscow legal market," Rybalkin said. "RGP is a cohort of well-established professionals, ranging from associates to partners from top-name international firms, fully resourced from day one to advise major Russian and international businesses."



Rybalkin, who joined **Akin Gump** from **Hogan Lovells** in 2010, billed close to \$20m in 2017, according to a source familiar with the Russian legal marketplace. He started his career in 1998 as a paralegal at German firm **Bruckhaus**, which later became part of **Freshfields Bruckhaus Deringer**.

He then joined German rival **Noerr** in 1999, becoming the firm's youngest-ever partner in 2004, before moving to **Hogan & Hartson** in 2006.

He jumped to Akin Gump in 2010 after **Hogan & Hartson's** merger with UK firm **Lovells**.

When Rybalkin joined Akin Gump, he brought along the Luxembourg-based conglomerate **Renova** as a key client. Controlled by Russian oligarch **Viktor Vekselberg**, **Renova** has interests in aluminum, energy, oil, telecoms and a variety of other industries. Rybalkin was a **lead outside legal adviser to Renova** in a massive deal announced in late 2012, in which the

so-called Alfa-Access-Renova consortium **sold its stake in oil and gas joint venture TNK-BP** for \$28bn to Moscow-based energy giant Rosneft.

But Renova has been directly affected by recent US sanctions imposed in response to purported Russian meddling in the 2016 presidential election, and saw assets totalling between \$1.5bn and \$2bn frozen in April, **according to Reuters.**

Rybalkin's other current work includes representing Russian oil and gas company PJSC Tatneft on a \$380m fraud claim against four Ukrainian businessmen in the UK courts, as well as a significant shareholder dispute over energy assets in Russia.

Rybalkin's colleague Gortsunyan also **followed him to Akin Gump from Hogan Lovells** in 2010. An M&A specialist, his clients include New York-based Aeon, Italian private equity firm Finstar Group and a number of Russian businesses.

"RGP opens its doors with a team that has built an extraordinary level of professional experience," Gortsunyan said. "Our lawyers have been

involved in the largest inbound and outbound transactions in Russia cumulatively worth over \$80bn."

In total, Akin Gump is losing 10 professionals to RGP, a shop that Rybalkin expects to have at least 18 fee-earners by the end of 2018. Akin Gump confirmed the move of Rybalkin and his team, noting that it was impossible to continue to support a number of Rybalkin and Gortsunyan's established clients in the current international regulatory environment.

"We are disappointed that current events have resulted in their departure, and look forward to working with them closely in the future, where we are able to do so," said a statement from Sebastian Rice, partner-in-charge of Akin Gump's London office. "Akin Gump will continue to advise and support its well-established client base in Moscow and remains committed to its Moscow office, with partner Natalia Baratiants continuing to lead the office."

Akin Gump is the latest American player to face turbulence in Russia. **Orrick Her- rington & Sutcliffe confirmed the closure of its Moscow**

office earlier this year as the firm's local partners relocated to London and the US or joined new firms, while **K&L Gates did the same in 2016.**

Even prior to the most recent round of sanctions, **the Russian legal market had been scuffling. Earlier sanctions** from the US and the European Union, in response to **Russia's 2014 annexation of Crimea**, damaged the Russian economy, as did the lingering effects of the global financial crisis and a severe slump in the price of oil.

Now due to heightened political tensions, Russian state-owned companies and quasi-state-owned businesses are increasingly hesitant to engage US-based law firms, looking instead to **domestic players.**