



From second left, High Council of Justice head Volodymyr Kolesnychenko, Prosecutor General Oleksandr Medvedko, parliamentary judiciary committee chairman Serhiy Kivalov and deputy general prosecutor Viktor Pshonka confer at March 16 meeting of the High Council of Justice. (Peter Byrne)

## Some think that judicial system must be rebuilt from scratch

→ 12 tions and, on March 24, did just that.

Supreme Court Chairman Vasyl Onopenko told Yanukovych during a March 2 meeting that cleaning up the courts is possible.

"There is a social necessity to reform the courts. People have grown sick and tired of not playing by the rules. This includes us, who, first and foremost, are interested in carrying out judicial reform. Ideas are resurfacing."

Constitutional Court chairman Andriy Stryzhak said "nothing will happen if we leave the job up to politicians." Oksana Syroyid, an expert on Ukraine's administrative law and judiciary, said current representatives of the judiciary should be excluded from drafting legislation.

David Vaughn, chief of party for the U.S. Agency for International Development's Ukraine Rule of Law Project, said measures to encourage the impartiality, independence and professionalism of the judiciary should be the priority.

"That means more transparency, accountability and efficiency in the delivery of justice, which in turn will improve public trust and confidence."

## → President appoints experts to study ways to improve courts

Vaughn said.

Onopenko, the Supreme Court's top judge, said on March 2 after his meeting with Yanukovych: "We all know what the problems are and are ready to make suggestions."

One day after setting up a special judicial reform commission, Yanukovych said on March 25: "We can no longer disgrace our country with such a court system."

"The time has come to act," he added.

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# Recession gives birth to new firms

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Instead of wiping out many top Ukrainian law firms, last year's recession actually saw many new legal practices sprout up.

Nearly a dozen new, hungry law firms tailored to compete with the big international players and domestic legal giants were established within the last two years. These new practices were mainly set up by former top lawyers and partners of the largest legal market players, including Ukrainian firms Magisters, Asters and big international firms on the market, including Baker & McKenzie and Chadbourne & Parke.

Some opted to set up a new firm after being laid off, squeezed out of a firm or once their salary was cut. Others quit with the intention of going solo, recognizing the recession as an opportunity to start their own practice in an increasingly tough market, often charging clients less than the market leaders.

Thousands of lawyers are estimated to have been laid off during the recession. That made them available to be scooped up by newly established firms eager to bulk up their credentials.

Avellum Partners, a firm that specializes in providing legal counsel on corporate finance, banking, mergers and acquisitions, was established in July by former partners and lawyers from the Kyiv office of Baker & McKenzie. Two former partners from Asters, another Ukrainian law firm which has long been amongst the top players, established EnGarde law firm. Meanwhile, the new D&D law firm was formed in 2009 by former employees in Ukraine of the international firm Chadbourne & Parke.

Another new and relatively small player on the legal market is Pavlenko and Poberezhnyuk. It was established on the eve of the 2008 global financial crisis by former top lawyers from Magisters, Ukraine's largest law firm. It specializes on stock market deals, corporate dispute resolutions and litigation.

"A small administrative and legal staff can be as effective as the huge one, and this makes a law firm more

→ Small, nimble law firms can compete

competitive in its price policy," said partner Oleksandra Pavlenko.

"We are finding customers coming to us not only for the lower price, but for better service and expertise," said Pavlenko, often in the spotlight during the presidential campaign as candidate Sergiy Tigipko's chief legal representative at the Central Elections Commission. This is exactly what her clients like to see, she added.

"Owners of business and top managers want to work with partners, not lower level associates at the firm. They want to know who is dealing with their problem, what experience this person has, what is their strategy," she said.

Small, nimble firms have other advantages. "While big law firms drown in workloads, treat clients less carefully, yet charge higher rates for less, smaller firms will work harder for fewer clients," argued Sergiy Konnov, partner at Konnov & Sozanovsky. The recession has seen "small law firms shake up the legal market in a good way," Konnov added.

Sergiy Koziakov, senior partner at Volkov Koziakov & Partners Law Firm, saw the emergence of upstarts as a positive sign. "Lawyers are very ambitious, they rarely are team players for a long time, and when they leave a big law firm for a private practice, it is a good sign for the market. It means that there is competition," Koziakov said.

According to an annual legal market study conducted by the Ukrainian Law Firms publication, a law firm of 10 to 20 individuals, lawyers and staff, generally generated about \$1 million in revenue each in 2008. By contrast, law firms with more than 50 total employees made up to \$10 million.



Oleksandra Pavlenko

Insiders caution, however, that firms can make a lot more revenue than this report showed. Some of it can easily go undeclared in Ukraine's vast shadowy economy.

As for 2009, market insiders say the incomes of law firms in Ukraine have decreased generally by 30-50 percent. The biggest drop of cash flow was suffered by law firms with a strong focus on a real estate and banking sector that went bust, as well as those specializing in finance, mergers, acquisition and capital markets.

Lawyers said businesses are more careful about how they spend, which forces law firms to offer not only a well-known brand name, but results, significant expertise and a wide network of offices to service more global business relationships. Exclusive attention and service are increasingly coveted by clients. And if smaller firms can provide these advantages at competitive costs, they may be around for a long time.

"Even if you work with a company for a long time, it still arranges a 'beauty parade' of 3 to 5 offers from [competing] law firms for each new case to get the best price," said Armen Khachatryan, senior partner at Asters law firm.

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