

## **Press release of the Government of the Kyrgyz Republic dated 31 October 2014**

### **On UNCITRAL Arbitration Award on the Case V. Belokon vs. Kyrgyz Republic**

An international arbitration tribunal rendered an award on October 24, 2014 on the case V. Belokon v. the Kyrgyz Republic.

In accordance with the resolute part of that award, the tribunal ruled that V. Belokon shall transfer 100% of shares of "Manas Bank" to the Kyrgyz Republic after the receipt of 15,020,000 (fifteen million twenty thousand) US dollars from the state. The Tribunal hold to partially compensate the costs of V. Belokon associated with the arbitration in the amount of 1,220,000 (one million two hundred and twenty thousand) euros.

It should be recalled, V. Belokon filed a lawsuit against the Kyrgyz Republic on the following grounds: (a) an allegation on violation of his rights as a foreign investor; (b) subsequent deterioration of "Manas Bank" CJSC's economic situation caused by the introduction of temporary administration and sequestration regime as a result of initiation of criminal cases on suspicion of money laundering laid against V. Belokon and the management of "Manas Bank" CJSC, where V. Belokon is the sole shareholder. Therewith, an initial claim of V. Belokon was to recover \$100,000,000 (one hundred million) US dollars from the Kyrgyz Republic.

Besides satisfying the substantive part of the claim, V. Belokon also put forward requests for:

(1) an order that the Respondent shall terminate all outstanding criminal and civil administrative investigations against V. Belokon and any persons affiliated with CJSC "Manas Bank", and shall not commence any such proceedings in the future.

(2) an order that the Kyrgyz Republic shall publish a statement in the leading newspapers of the KR, by which it rehabilitates the Claimant's name and refutes the facts and circumstances giving rise to the prosecution of V. Belokon

(3) an order that the Kyrgyz Republic shall procure the withdrawal of all police search warrants and equivalent search notices issued by any international and/or Kyrgyz police authority against Mr. Belokon, Mr. Verbickis, Mr. Kacnov and Ms. Matisone

(4) an order that the Respondent shall inform the relevant authorities of the European Union, the UK and any other jurisdiction to whom the General Prosecutor has sent defamatory statements about the Claimant / Manas Bank / Baltic International Bank, that these statements are withdrawn;

(5) an order that the KR procure that all the monies in the accounts at Manas Bank of the depositors be returned to those depositors with accrued interest;

(6) an order that the Kyrgyz Republic shall pay the interest on the amounts claimed before the date of the award.

(7) an order that the Kyrgyz Republic shall recover legal fees for services of legal representatives and the expenses of the tribunal in the amount of 2,208,430 (two million two hundred eight thousand four hundred thirty) euros and 80 (eighty) cents.

All of the above requests of V. Belokon were fully dismissed.

It should be noted, the Tribunal found that the members of the former management of «Manas Bank» CJSC (i.e. officials) are not investors who have investments in the Kyrgyz Republic. Accordingly, the effect of a bilateral agreement between the Kyrgyz Republic and the Republic of Latvia "On the promotion and protection of investments" does not apply to these persons and thus does not provide a protection to them. Moreover, the Tribunal found that it has no authority to oblige the Kyrgyz Republic to terminate criminal investigations laid against V. Belokon or members of the former management of "Manas Bank" CJSC. Thus, these criminal cases on suspicion of money laundering in a large scale can be further investigated by the relevant law enforcement authorities of the Kyrgyz Republic under the legislation of the Kyrgyz Republic.

Investigation of the criminal case against V. Belokon and the former management of "Manas Bank" CJSC is completed and currently the case is under consideration on the merits by the Pervomaiskiy Court of Bishkek.

As follows from the Tribunal's award, the claims of V. Belokon were satisfied only partially, i.e., less than 1/5 of the requested amount of V. Belokon's claim was satisfied.

The above results have been achieved through the joint efforts of the Government of the Kyrgyz Republic, the "Lorenz" International Law firm representing the interests of the Government of the Kyrgyz Republic and the National Bank of the Kyrgyz Republic.