

# **UPDATE ON GALS-K COURT CASES**



**STCU – ADVISORY COMMITTEE & GOVERNING BOARD MEETINGS, KIEV  
8<sup>th</sup> February & 10<sup>th</sup> February 2005**

**Update on the GALS-K Law Suit**

The saga of the GALS-K and building issue has been going on for several years and the parties will be well aware of the case as this has been brought before the parties on previous occasions.

**History:-** Essentially the background to the case involves non – payment by the State Treasury of Ukraine to provide financing for the rent due to the lessor not proving their property right on the building. Payments were therefore suspended by the MFA and the STCU in turn stopped payment to GALS-K.

Due to the actions of GALS-K the STCU was forced to vacate the previous building located at 1 Laboratorniy Provulok. The STCU was forced to find alternative accommodation until the matter was resolved. This in turn prompted the Force Majeure situation in late 2002.

The GOU then provided the STCU with a new and current building located at 21 Kamenyariv Street and to date all rent payments for the year 2004 have been paid.

**The actions during the period 2003/4 to date by GALS-K can be summed up as follows:**

- In April 2003 they brought the case against STCU & the MFA as co defendants to recover non-payment of rent amounting to UAH 318,848.17
- On the advice of the AC members as discussed at the last AC meeting the STCU did not defend itself as this would be tantamount to admitting liability.
- The STCU wrote to the MFA (Mr. Gourji) on 23/06/2003
- On 26/06/03 The Civil Court of the City of Kiev (3/335) resolved in favour of GALS-K and against STCU but found the MFA not liable for the claim against them. It ordered the recovery of funds from STCU to satisfy the claim of GALS-K
- We were given until the 18<sup>th</sup> July to appeal, but it was decided (as advised by the AC) not to.
- Yves Carmel wrote to the MFA on 10/07/03 giving them the STCU & GB's position and requesting their assistance in the matter.
- Yves Carmel wrote a letter to Mr. Zlenko the Minister at MFA and copied to all Ukrainian related parties plus the Ambassadors of USA, Canada, EU, & Italy. This was a request for the MFA to intervene with the Ministry of Justice.
- On 16<sup>th</sup> July the STCU representatives met with representatives of the MFA.
- This was followed up by a second meeting with Mr. Kuleba the Deputy Minister on 22/07/03 at the MFA.
- On 23 of July, 2003 we received a reply from MFA for the STCU letter from 10<sup>th</sup> of July, 2003, which stated that the Ministry of Science & Education was now responsible for STCU & that they had informed the Cabinet of Ministers about the Civil Court situation.
- After this meeting letters were purportedly sent by the MFA to the Cabinet of Ministers to Vice Premier Tabachnick, and meetings were to be held with all parties involved in an effort to resolve the issue.
- After initially advising the STCU to contact their legal department for further information the MFA eventually disowned itself from this issue and advised it was the responsibility of the Ministry of Justice and not the responsibility of the MFA.
- On 25/07/03 a joint letter of the Heads of the Diplomatic Missions of USA, Canada, and EU & Italy was sent to the MFA requesting resolution of this issue...

- A reply was received back to those Missions by a letter from the MFA dated 07/08/03 stating that the matter was under consideration
- On 31<sup>st</sup> July D.Cleave wrote to the MFA requesting clarification on the protection and immunity status that is provided under Ukrainian Law accorded to the STCU.
- The Reply on 12/08/03 basically reiterated all paragraphs under our International Agreement but stated that the STCU was an Intergovernmental Organisation and was not equal to the status of a diplomatic mission.
- By 2 letters received from the Ministry of Justice dated 06/08/03 they informed STCU of the claim by GALS-K and the Courts resolution and one letter authorized the State Collection Agency of the Solomian Regional Justice Administration of Kiev to go ahead and arrest funds from the accounts of STCU based on the court resolution.
- The second letter was to the Head of First Ukrainian International Bank ordering them to execute the arrest of funds from STCU's account upon receiving notice by the State Collection agency.
- Based on these two letters D.Cleave wrote on 07/08/03 to the MFA, and to the Ministry of Science & Education enclosing copies of these two letter for their information and reminding them that no action or response had yet been received based on the letter of the Head of Missions dated 25/07/03
- On 13/08/03 a letter was received back from the Ministry of Science & Education advising that it was responsible for the STCU lease finances from 01/01/2003 instead of the MFA but that it would not be responsible for any lease related issues before this time.
- Attempts were made by the State Collection agency to arrest the funds from FUIB. However they had not got the correct account number and were refused by the Bank.
- On 01/09/03 we received a note from the Ministry of Justice to advise that a request had been received by them for information relating to STCU and its accounts etc. However, since the party had not got the name of STCU correct but another variant of the name the Ministry of Justice refused to give this information.
- A second meeting of the Heads of Missions and STCU took place on 04/09/03.
- Heads of Missions Meeting took place with the Minister of Education & Science; Vasyl Kremen 10/09/03
- Meeting at STCU on 17/09/03 with representatives of Ministry of Justice & Ministry of Education and Science to apprise the MSE of our situation. MSE advised that they would try block or delay the court decision and collection process until next year and also would try to provide resources in their 2004 approved budget to cover the amount initially claimed by Gals K. (\$60K). They gave a promise that they would guarantee payment of this amount in 2004 but not before.
- Advisory Committee meeting on 25/09/03 held discussions on the issue and resolved to await the next developments. Further that the USA Party would consult with their US lawyers to get a legal opinion on the liability – diplomatic – legal immunity issue and to check scenarios if a second Gals K case and claim for \$257K were to arise and what will be STCU's legal actions. Also STCU would provide the EU with the full Gals K file and that the EU legal team would review the file.
- A meeting took place on 28/10/03 at STCU with Academician Borys Paton, Minister Kremen and Deputy Minister Gurzhiy of the MSE, whereby Minister Kremen advised and confirmed that they were working on a Gals K solution and that funds had been reserved in the 2004 MSE budget for payment of potential liabilities related to the rental issue.
- Letter dated 04/11/03 received on from the Kiev business court informing Gals K, c.c. MFA and c.c. STCU that they placed corrections to their resolution in respect of the correct name and Banking requisites of STCU so that Gals K can proceed again to claim funds from our account. However, the Bank account details are still incorrect, despite now having our correct name & address.
- Letter dated 12/11/03 sent by Heads of Missions to Minister V. Kremen of the MSE in follow up to a meeting held between Minister Kremen & Mission Heads on 10/09/03, outlining appreciation of support and commitment of the MSE for seeking to resolve the issue & indication that the MSE would ensure budget funds would be set aside, plus seeking information on progress on all unresolved rental amounts.

- Letter dated 20/11/03 received from The Cabinet of Ministers of Ukraine, signed by M. Azarov, being a copy of a letter sent to the Commercial Court appealing against the court decision 3/335 dated 26/06/03 copied to MFA, MSE, STCU & Gals K. CoM asks the court to reconsider the decision but with a representative of the Cabinet of Ministers of Ukraine.
- Letter dated 23/11/03 received from Ministry of Justice advising beginning of execution of the Gals K procedure to reclaim the rental debt under the court resolution N3/335. Amount claimed being UAH29,912.94 seeming to be legal fees but was actually a 10% penalty (on total debt amount) for non-payment of the debt.

### **Actions and information since the last GB Meeting on 04/12/03 in Kiev**

- Letter 08/12/03 from Kiev Economic Court of Appeal rejecting CoM appeal Letter of 20/11/03 based upon late appeal (only 3 months after decision 26/06/03) & that only defendants can appeal i.e. STCU & MFA.
- Meeting between the Ambassadors & Minister Kremen (MSE) & Mr. Kuleba (MFA) took place on 16/01/04. Whereby Kreme/Kuleba reaffirmed their support. Advised that a new petition of appeal would be made and determining upon the outcome if positive then all anyway will be OK. If negative then this would give the MFA a legal reason to request the MSE to pay the debt. In any event the GoU will pay and resolve the matter if the legal route fails.
- A second Petition of Appeal dated 23/01/04 signed by Victor Yanukovych is submitted to the Higher Civil Court, appealing against the original Court decision of June 2003 & asking the MoJ to reconsider the resolution.
- On 29/01/04 a second attempt was made by the collection agency to seize funds (UAH 329,042.36) from our Bank (FUJB) account. Again through technical reasons the seizure documents were returned. All parties were subsequently advised including:-
- A notification letter from STCU was sent to Minister Kremen (MSE) & Deputy Minister Kuleba (MFA) on 05/02/04 advising them of the seizure of funds attempt of 29/01/04 & seeking reassurance that no further attempts would be made on our account plus requesting satisfactory resolution of the matter.
- A reply to B. Atamenenko letter's (dated 17/12/03) to the CoM (Mr. Tabachnik) was received from the Ministry of Justice dated 09/02/04 advising that any stoppage of the collection agencies activities to seize funds could not be made without a court decision. Therefore as the original court resolution was legally binding this process could not be stopped as there was no legal basis to do so.
- This was duly copied for information to the MSE & MFA by STCU letter on 26/02/04.
- All other parties were informed accordingly.
- Also received from the Solominsky Department of the Ministry of Justice dated 23/01/04 was a notice / resolution advising that now property and assets notably 3 STCU named cars could be taken / seized in payment of the outstanding Gals K debt.
- The MSE & MFA were duly copied on this letter via STCU letter dated 26/02/04 again seeking reassurances and support on this issue.
- Other parties were also informed.
- On 2<sup>nd</sup> March we were advised by our Bankers First Ukrainian International Bank that a further attempt by the court collection agency acting for Gals K (after the Civil Court of Kiev decision of 26/06/03 confirmed a debt amount in favour of Gals K) to seize funds from our Bank account for the amount of UAH329,042.36. This equates to the original debt amount plus penalties. Unlike previous attempts this seizure notice noted our correct account number. However, the Bank found some technical irregularities with the collection agency documentation and was able to return the documentation & reject the claim.
- The US Embassy & other parties were informed immediately.
- A Letter was sent by STCU to Minister Kremen (MSE) & Mr. Kuleba (MFA) advising them of the situation and asking them to consider paying this amount to Gals K in settlement and resolution to this issue.

- Ambassador Herbst said that he spoke to Minister Kremen and Kremen confirmed that the Ambassador was right about recent events. Kremen is checking into whether all avenues have been exhausted and if they have they will pay the money in lieu of STCU to Gals-K.
- Received a copy of a letter (dated 16/03/04 – received 24/03/04) sent by the MSE (Signed by Mr. Stogney) to Mr. Shupeny Deputy Minister of Justice asking for his assistance in the court cast against STCU in order to stop the execution and arrest / seizure process of UAH318,848.17 from our accounts. Taking into account all obligations by the GoU under our International agreement.

### **Actions & details since the last AC Meeting in Washington USA on 25/03/04**

- Tuesday 6th April 2004), the Court Collection Agency acting on behalf of Gals-K, submitted a seizure notice to our Bank (First Ukrainian International Bank) to arrest the sum of UAH329,042.36 from our Bank accounts.  
Unlike previous attempts the arrest notice documentation was perfectly in order and we were immediately advised by the Bank that they could now not refuse this court document and they had to execute the instruction.  
However, one fortunate issue is that yesterday we only had a balance of UAH 14,685.36 in our account and the Bank, because of their timely information advice allowed us to spend the majority of this amount to reduce our balance to a minimum, before they executed the seizure notice.  
The outcome of this incident is that the entire remaining available balance (UAH968.25) left in our account was seized to make a nil balance and the situation that remains is that the collection agency can continue to submit further seizure notices until the total claimed amount has been fulfilled should we continue financial operations through our bank account. Thus any further transfer and credits to our account are likely to subject to further arrest. We have thus currently suspended any further transfers of funds to this account and consequently ceased financial operations.  
This basically means that the STCU is no longer able to function in respect to payments either for all of the Ukrainian projects or for the Center's administrative expenses. Uzbek and Georgian projects can be conducted as normal.
- 07/04/04 STCU sends a letter to MSE Minister Kremen advising immediate cessation of STCU operations and related project funding activities, based on the recommendation by the funding parties. Copies of the letter are sending to all relevant Party Ambassadors.
- (Mon 19/04/04) we received a first visit from 2 representatives of the Solominsky Department of the Ministry of Justice, Court Collection Agency and the Lawyer of Gals-K, in follow up of the Court Decision of (26/06/03 The Civil Court of the City of Kiev (3/335))ordering the recovery of funds from STCU to satisfy the claim of GALS-K as well as to execute the resolution of the Solominsky Department of the Ministry of Justice dated 23/01/04 to seize the property of STCU, including cars. They first requested to receive copies of all formal documentation of our establishment. Also to look at our financial statements to check our bank accounts for funds as well as requesting us for a list of property assets. They also gave formal notice of the seizure of our cars.
- On 20/04/04 our Bank (First Ukrainian International Bank), was visited by the Tax Inspection who specifically asked to get the balances on our accounts.
- Meeting with the MSE (Kremen, Ghorjhiy,Kuleba) & funding party Ambassadors (USA, Canada, Neths representing the EU, plus STCU took place on 21/04/04. The MSE advised that they would seek approval to pay the amount & deal with the legal consequences later.
- 28/04/04 GoU passed a resolution to resolve the issue surrounding STCU to pay funds (UAH297.3K) in accordance with the original Kiev Business Court.
- STCU received notification that the Prosecutor General had filed an appeal with the Ministry of Justice to reopen the Gals-K case and to overturn the original decision based upon irregularities
- 06/0504 MES requested the State Treasury to inform FUIB on the payment of funds to our account. (First attempt failed due to a wrong account number)

- 07/05/04 STCU received UAH 298,257.99 on its account. This amount represents the full amount less the amount already taken by the SCA from our account on an earlier occasion.
- This did not take into account the 10% penalty fee added on the original debt amount. (Total UAH329,042.36).
- 07/05/04 STCU writes to MSE requesting instructions on what to do with the funds received and also what to do about the 10% penalty shortfall in funds received.
- 07/05/04 STCU received a letter from the Ministry of Justice which notified that the resolution on deducting UAH 29,912.94 (10% from the amount to be charged in accordance with the court's decision as a late penalty) had been removed. The full payment of the debt amount under the court's decision by the MSE was confirmed.
- At the request of the parties STCU met with its Lawyer on 11/07/04 to apprise him of the situation and to obtain a legal opinion.
- 13/07/04 STCU sent a letter to the SCA asking them to stop all seizure actions.
- The legal opinion was received on 14/05/04. Essentially, advising STCU not to pay directly to Gals-K or SCA as this may admit liability to the debt and open the door for future suits by Gals-K. STCU would return the money back to MSE and explain to them how they themselves can fulfill the court's decision to pay this debt directly to SCA.
- 14/05/07. STCU writes a letter to MSE attaching the Lawyer's legal opinion and advising the MSE that they have legal grounds t pay this debt & that STCU is willing to return the funds on 17/05/04. Whereas the TCU has no legal reasons to pay the court's decision based on the legal immunity protection of STCU's International Agreement and Article 9 of the agreement regarding the GoU obligation to provide STCU with a facility for working.
- Various meetings take place with the STCU lawyer. Outcome is not to pay directly to Gals-K under any circumstances. Also as PG case is now ongoing this stops all actions on the Gals-K situation. Result can be expected after 2 months and then 6 months if an appeal is made. The lawyer expressed the idea that two processes: payment to Gals-K and Prosecutor General (PG) request are now connected. Previously it was mentioned that they were separate issues but after PG launched the process it affected the situation which has some effects on our situation. If PG wins (the court decision is cancelled) those Who would pay the money (STCU, MES) would be responsible for spending the money from the state budget. That is why the situation is made for the STCU and MES finding the solution together.
- 18/05/04 Meeting with Mr. Ghourji and requested a letter of guarantee from the MSE.
- Letter received from Solomynsky District Court confirming suspension of the seizure resolution of the SCA. This means STCU can resume operations from its bank account if the parties agree.
- The draft of the guarantee letter was then circulated to all Parties & Board Members and after a few changes the parties agreed on the format.
- 24/05/04. The draft guarantee letter sent to Mr. Ghourji for his review & signature
- Received a letter from the High Court 27/05/04 confirming PG court appeal session to be heard on 15/06/04.
- On 28/05/04 received a signed letter of guarantee / comfort from the MSE signed by Mr. Ghourji & Mr. Yatskiv. Wording was slightly altered to draft recommended by GB. However, not materially or detrimentally so. This effectively protects the STCU against future Gals-K liabilities etc and allows the STCU to re-start operations immediately. This is situation advised to all parties on 31/05/04 by e mail and accompanying documents and project operations are requested to be resumed on 01/06/04.
- 01/06/04 The US confirms their support for immediate resumption of all STCU operations and funding activities.
- 02/06/04. The Canadian Party confirms their satisfaction to the guarantee letter & support for immediate restart of operations.
- 03/06/04 The EU confirms and supports immediate restart of operations.

- 03/06/04. The STCU restarts operations and funding activities exactly 8 weeks after cessation. Letters to Scientists are issued & information is placed on the STCU website, the funding parties are advised and the MSE is advised officially in writing. – Business resumes as normal.
- 09/06/04 STCU letter to Mr Ghourjiy (Drafted by Datsuk) thanking MSE for support but requesting MSE legal presence at the court hearing on 15/06/04.

### **Actions & details since the last AC & GB Meeting in Baku on 15<sup>th</sup> & 17<sup>th</sup> June '04**

- The Court hearing 15/06/04 result of PG's appeal against Gals-K was received indicating a court decision in STCU's favour with the last year's court decision of 26/06/03 being overturned. No indication has been received yet as to whether Gals-K will appeal this decision or not.
- Sent letter (Drafted by Lawyer) to SCA requesting complete cessation of executions of previous court order based upon the result of the PG appeal court decision to reverse 26/06/03 court decision
- 02/07/04 Solominsky District Court Cancels execution order decision for STCU's payment to Gals-K.
- 02/07/04 Solominsky District Court cancels court decision 3/335.
- 09/07/04 Letter from CabMin by Mr Tabachnyk to MSE, MoJ, MFA asking them to prepare all necessary documents that will confirm STCU's statute in this case and protect the interests of the GoU.
- 09/07/04 Letter from Civil Court of Kiev to close previous Court Case and to start another Case 3/335-2/308 as filed by Gals-K and the new co-defendant / claimant in now the Cabinet of Ministers (Previously MFA).
- Received letter dated 09/07/04 from the State Collection Agency confirming cancellation of the 2 STCU property arrest warrants.
- Meeting with Ghourji & MSE Lawyer, MoJ, & STCU Lawyer, on 28/07/04 to develop and agree a strategy for the new Gals-K case and court hearing. Agreed to submit letters by all parties to the court to postpone the court case. Agreed to make a counter claim against Gals-K, Agreed to get the involvement of the PG (MSE to arrange), and Mr. Ghourjiy to talk with the Chairman of the Arbitration Court to ensure case will be made in accordance with Ukrainian law.
- 28/07/04 STCU letter to the Court requesting postponement of the court hearing (03/08/04).
- New Court Case hearing on 03/08/04 @ 11am Re: 3/335 – 2/308 raised by Gals-K. However due to request for postponement letters by MoJ, STCU the Court postpones Hearing to 03/09/04.
- 04/08/04 received Court resolution letter confirming new court hearing 03/09/04.
- In the interim STCU lawyer requests STCU to provide original documentation on rental and building improvement payments in order to give 2 files to the court as part of the counter claim for payments made between 1996-2000. Claims include a total amount UAH 113,354.34 (i.e. @ US\$21.4K equivalent in \$) for renovation/improvements and a total of UAH 739,141.96 or equivalent US\$139,178.11 for the rental payments made by STCU from our (Parties) funds & not MFA. Covering letters provided on each to the Court along with all original documents.
- Court Case 03/09/04. Present were the defending representatives of STCU, MSE, PG, & Min of Justice. Gals-K did not show but instead advised the court that their lawyer was ill and asked for a postponement. Obviously a delaying tactic. The Court advised that the trial would be re-arranged for the end of October, due also to the Judge going on holiday..
- Based on this delay and no show by Gals-K the immediate decision was taken to request the court in writing to immediately place the Laboratory building under arrest to prevent Gals-K from disposing of it and also to keep up the pressure on Gals-K to basically keep them on the back foot rather than STCU as had been happening in the past.
- This action has been pending until receipt of a letter of support or no objection confirmation to this action from the MSE is received in order that it does not appear that STCU is acting alone. This should be a joint GoU & STCU action. STCU is currently pressing MSE to provide such assurance.

**Actions & details since the last AC Meeting in Ottawa, Canada, 22<sup>nd</sup> September 2004**

- Letter received from the Kiev Court advising next court hearing due 22/10/04 at 09-30 am and confirming accepting the counter claim by CabMin & STCU.
- At the court hearing Gals K failed to appear. The Judge postponed the hearing for 10 days. The parties, PG, CabMin, MinFin, MFA, MSE reaffirmed their support of the actions to have the Gals K appeal dismissed as null & void as the lease was illicit & void and to have Gal K repay the rental amounts paid during this previous illicit lease period and to seize and arrest the property Laborotny 3 in lieu of non-payment.
- On 22/10/04 STCU sent a letter addressed to the Court requesting them to drop the case against us as brought by Gals-K.
- Court case dated 22/10/04 attended by STCU Lawyer, MoJ, MFA & PG's office. All who were in support of STCU's position. (i.e. The lease is illicit and void, for the repayments of rental payments, and to seize Gals-K property as security against non-payment. Due to the non-appearance of Gals-K the Judge postponed the case till 29/10/04.
- On 29/10/04 the Judge postponed the hearing again till 01/11/04 after Gals-K asked for a 2/3 week postponement but denied by the court as the time for hearing the case had expired. The Court gave 3 days for Gals-K to submit any new evidence.
- In all hearings the representatives of the MinJustice, PG & CabMin were present and gave their support to the actions taken. (MFA & MSE not present).
- On 01/11/04 Gals K submitted new material to the court in defense of their claim to which the Judge decided to allow time for the other parties to respond and decided that the next court hearing will be on 12/11/04. After meetings with MSE & STCU our Lawyers advised that the next steps would be for the MSE to write to Mr Tabachnyk explaining the situation & to show that Gals-K had no rights to the building prior to December 2001 and also requesting him to get the PG's office to investigate some of the information and material facts provided by Gals K for correctness. Additionally, Datsiuk will draft a letter to be sent by STCU explaining our position based on the new documents that were submitted by Gals-K to the court.
- 08/11/04 STCU sent a letter to the Court as drafted by our Lawyer in respect of and in response to the new Gals-K material specifying our position and refuting all Gals-K claims.
- On 12/11/04 the Judge gave a final judgement verdict on both claims advising that the Judge had declined to satisfy any claim from either party stating because the term of term or statute of limitation (counting from the initial lease signing date on 26/05/1995) had expired. This seemingly constitutes a draw and unless either party decides to appeal the case will be closed.
- The court gave both parties 10 days to appeal.
- The only issue outstanding if both parties fail to appeal is the Parties amount of rent paid for @\$140K still remains unpaid. This may necessitate direction by the Parties on whether to proceed to go after these funds or not.
- The STCU still has \$60K in its Bank A/c received from the MSE in respect of Gals-K earlier claim, which could be used as part payment towards this debt.
- Meeting held with STCU Lawyer Mr. Datsiuk on 17/11/04, where he gave a roundup of the Court Hearing and the decision and the options open to us. He advised that he had met with MSE, MoJ, & PG and they were all happy with the verdict and not too keen to take up a new appeal
- STCU advised all Parties by e mail (17/11/04) advising on the situation and the pros & cons of making an appeal and requesting clarification from the Parties on the desire or not for a further appeal. The STCU's recommendation was not to appeal.
- The US Party responds (18/11/04) confirming their position not to appeal.
- STCU sends a letter to Mr. Ghourjiy (MSE) on 19/11/04 advising him of the verdict of the Court case and the fact that our counter appeal had not been satisfied by the Court. The fact of the US\$140K which STCU paid as rent remains the only issue outstanding and the STCU requests the MSE to raise this issue with the GoU to repay this amount to the STCU as part of the GoU's obligation under the STCU's Establishment Agreement.



- Gals-K does not make any appeal within the time limit. Thus any claim can now not be made on the previous suit and if Gals K wishes to make any claim then only a brand new case can be brought against STCU before the statute time barred date of October 2005 on the period pertaining from June 2000 till October 2002 when the building lease had expired.
- On 16/12/04 we received a verbal request from the Chief Accountant of MSE to return the funds UAH 298,257.99 originally paid by the State Treasury at the request of the MSE to cover the Gals-K claim under the first suite (#3/335 – 26/06/03).
- All parties were immediately advised. Also we requested an official request from Mr Ghourji in this respect. This was received after a few days.
- We requested that these funds be offset against the US\$140K rent paid by STCU, but this was refused by the MSE.
- Various contacts were made with MSE & Mr. Yatskiv and the Parties on this issue. It was decided to write a letter signed by the Chairman of the GB to Minister Kremen of the MSE to the effect that: “The STCU Parties agree in principle to return these funds to the Ministry. But in return, the STCU Parties strongly request that Minister Kremen pursue with the Cabinet of Ministers the compensation for the amount owed to the STCU while the expected modifications to the Ukrainian governmental budget are made in the weeks ahead.”
- The GB Chairman’s letter was delivered on 27/12/04, along with proof that STCU paid this money as rental, which should have been paid by the GoU.
- We were verbally advised by Mr. Yatskiv that Mr. Ghurjiy agreed with the letter’s content and that we could hold on to the funds for a while longer and that we would wait till the new year after the new Cabinet would be installed to review this matter further. The MSE then ceased their requests on this issue.

From the position of the STCU based on the advice given to STCU at the previous AC/GB all steps that could be taken in respect to contact, meetings and letters to the appropriate parties have been made. All parties have been kept informed at all times.

The STCU will continue to advise the parties on the continuing legal case developments as details materialize.