



Grant & Eisenhofer

Grant & Eisenhofer Wins Historic Ruling by World Bank's ICSID Tribunal, Allowing Mass Arbitration of Greek Claims against Republic of Cyprus Following Government's 2013 Bank Bail-In

ICSID tribunal rules it has jurisdiction over international investment case brought in 2015, and that 956 Greek depositors and bondholders may proceed in their mass claim against the Republic of Cyprus in unprecedented arbitration proceeding; Grant & Eisenhofer leads a coalition of law firms that represent the Greek claimants

ATHENS/NEW YORK (February 10, 2020) – In a landmark decision issued Feb. 7, the International Centre for Settlement of Investment Disputes, an international tribunal affiliated with the World Bank, ruled that it has jurisdiction over arbitration proceedings brought by **Grant & Eisenhofer** against the Republic of Cyprus on behalf of almost 1,000 Greek bank depositors and bondholders who claim heavy losses in the wake of Cyprus's 2013 financial crisis.

In a 160-page decision, the ICSID tribunal ruled that 956 investors' claims arise under identical treaty provisions, are all based on Cyprus's 2013 actions against its banks, and affected all claimants in similar fashion. All claims were therefore held sufficiently homogenous to proceed by way of a mass claim in a single arbitration. It is the first mass claim to do so since the Argentinian bond cases. The tribunal will now assess Cyprus's liability for discriminating against foreign investors and illegal expropriation without paying fair compensation.

Leading financial litigation law firms Grant & Eisenhofer; Kessler Topaz Meltzer & Check; and Kyros Law; along with international law firm Fietta LLP, represent the claimants, including Greek individuals and institutional investors, in their efforts to recover their losses, estimated at over €300 million.

The international investment arbitration proceeding was first **filed** with ICSID in 2015 after the Cyprus government failed to negotiate with investors seeking to recover their losses. Grant & Eisenhofer and partner firms represent the 956 Greek depositors and bondholders of Laiki Bank and the Bank of Cyprus seeking to hold the Cypriot government accountable for its role in causing investors' lost life savings, college funds and pensions when they were wrongly confiscated by Cyprus, in violation of international law, as part of its €10 billion bank "bail-in" and restructuring of its financial sector.

Greek investors claim that they were discriminated against during the bail-in. Foreign investors were subject to extreme measures while a number of Cypriot entities — including the government itself — were intentionally shielded from such treatment. While the Cyprus crisis was a tragedy for everyone involved, foreigners were hit twice as hard as the Cypriots themselves.

"This precedent-setting decision has major implications for investor-state arbitration," said **Olav Haazen**, the Grant & Eisenhofer director in charge of the matter. At a time where investor-state arbitration is under attack and the EU is trying to put an end to bilateral investment treaties between member states, the *Adamakopoulos v. Cyprus* decision catapults ICSID, once again, to the forefront of international arbitration jurisprudence.

"It opens up a new avenue for smaller investors who were wronged by foreign governments. They can now join forces and seek collective redress, even if the host states' own laws offer investors no equivalent access to effective and impartial justice," Mr. Haazen said.

He added, "This is a significant victory for Greek investors in Cyprus who lost basically everything. The actions of the government of Cyprus during the bail-in amounted to state-sanctioned theft. We look forward to continuing this litigation to recover the tremendous financial losses of the nearly 1,000 institutions and individuals."

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The case is captioned: *Theodoros Adamakopoulos and others v. Republic of Cyprus* (ICSID Case No. ARB/15/49)

Grant & Eisenhofer regularly represents U.S., European, Asian, Australian, South American and other international institutional investors. The firm has successfully served as global counsel in major investor lawsuits in Germany, France, the UK and the Netherlands. That includes leading coalitions of global investors in successfully bringing securities class actions against Fortis in the Netherlands and against Royal Bank of Scotland in the U.K., which were both accused of vastly overstating their liquidity and understating their exposure to the toxic U.S. subprime market. These unprecedented actions led to settlements of \$1.5 billion and \$1 billion respectively – among the largest securities fraud settlements ever in Europe.

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