

Greek Investors Bring Legal Action against Republic of Cyprus, Alleging Deposits and Bonds Were Wrongly Confiscated Following Bailout of 2013

Unprecedented arbitration proceeding filed before World Bank tribunal ICSID identifies 434 claims from 676 individual and institutional investors of Laiki Bank and Bank of Cyprus, who claim heavy losses in wake of financial crisis; case brought by Grant & Eisenhofer and other law firms

ATHENS/NEW YORK (September 30, 2015) – A large group of Greek investors formally filed an arbitration proceeding against the Republic of Cyprus for losses arising from the global financial crisis and the 2013 bailout of Cyprus.

Claimants include 676 individual and institutional investors asserting 434 separate claims against Cyprus. The investor claimants, who are all Greek nationals, were depositors and bondholders of Laiki Bank and the Bank of Cyprus, whose investments were lost due to legislation passed by the Cypriot government in connection with the country's €10 billion bailout by the European Union, the European Central Bank and the IMF. Many investors lost much of their life savings following the bailout.

Leading financial litigation law firms **Grant & Eisenhofer**; **Kessler Topaz Meltzer & Check**; and **Kyros Law**; along with international law firm **Volterra Fietta**, have filed the claims on behalf of the Greek investors to recover their losses, estimated at hundreds of millions of euros.

The case has been filed with the International Centre for Settlement of Investment Disputes, an international investor tribunal affiliated with the World Bank; the dispute will be adjudicated through binding arbitration. In July 2014, investors earlier had submitted a notice of dispute to the Cypriot government, pursuant to an investment treaty between Greece and Cyprus, which provides that the parties must first attempt to settle their dispute for at least six months before arbitration proceedings can begin. Typically in the ICSID forum, one arbitrator would be appointed by the Greek investors, one by Cyprus, and the third would be appointed by agreement (or by ICSID itself).

“We have formally brought suit before ICSID after the Cyprus government failed to respond to our filing notice of the dispute and made no effort to negotiate,” said Grant & Eisenhofer co-managing director **Jay Eisenhofer**. “This is the first time that Greece and Cyprus’ bilateral treaty will be tested as a group action for large numbers of investors. We have since spent more than a year identifying the hundreds of claimants in this action, and anticipate additional claims of tens of millions of euros to be brought in the coming year.”

The investor claimants seek recovery of the value of their deposits or bonds lost as a result of the Cyprus bailout. Their claims arose out of Cyprus’ response to its financial crisis, following Greece’s default on its own bonds in 2012. Laiki Bank and the Bank of Cyprus had purchased huge amounts of Greek bonds and lost billions of euros once Greece defaulted.

By late 2012, certain European institutions began bailout negotiations with Cyprus. The institutions – comprised of the European Commission, the European Central Bank and the International Monetary Fund – became known as the Troika.

An initial bailout proposal by the Troika, which would have required significant austerity measures and a levy on all bank accounts in Cyprus, was rejected by the Cyprus Parliament. As a consequence, on March 25, 2013, Cyprus agreed to a revised bailout deal with the Troika that only impacted bondholders

or uninsured depositors in Laiki Bank and Bank of Cyprus – who were overwhelmingly from countries other than Cyprus. Further, in connection with the bailout, a number of Cypriot entities – including the government itself – were exempted from the harsh treatment imposed on foreign investors.

Mr. Eisenhofer stated, “We believe that Greek investors were singled out and discriminated against during the bailout – while Greek depositors were subject to extreme bailout measures, many public institutions of Cyprus were made exempt. Our law firms have been coordinating litigation efforts in Greece for more than a year to work toward the recovery of investor funds.”

Grant & Eisenhofer and Kessler Topaz regularly represent European and international institutional investors. The firms led a coalition of global investors – more than 50 institutions in Europe, Australia and elsewhere – in successfully bringing a securities class action in the Netherlands against Royal Dutch Shell, which was accused of vastly overstating its oil reserves in financial disclosures. The unprecedented action led to a payment of more than \$500 million from the oil giant – the largest securities fraud settlement ever in Europe. G&E has also litigated major shareholder cases in Germany, France and the UK.

Since 2013, G&E and Kyros Law have been working together under a joint agreement on investor-driven litigation coming in and out of Greece, including matters stemming from the country’s economic meltdown. The collaboration benefits investors litigating in Greece through Kyros’ Athens office, as well as Greek investors litigating in the United States via Grant & Eisenhofer.

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