

Briefing: Law firms and fossil fuels-the heart of Putin's war machine

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Russia's invasion of Ukraine did not come out of nowhere. Major multinational corporations, including international law firms, helped prop up the Putin regime and associated oligarchs for years despite the Russian government's domestic repression, its atrocities in Syria, and its illegal annexation of Crimea in 2014. The role of law firms in empowering Putin's aggression is particularly insidious. They have helped secure revenue for the Russian government, sheltered oligarchs' wealth from sanctions, and even sought to <u>muzzle</u> critical foreign journalists.

One of the largest components of international law firms' work in Russia–and in our view, one of the most egregious–is their extensive involvement in the Russian fossil fuel industry. Not only does this work accelerate the climate crisis, it directly empowers Russian aggression. Forty percent of the Russian government's budget comes from oil and gas, and Ukrainian President Volodymyr Zelensky has <u>called</u> fossil fuels "the heart of Putin's war machine." Many major international law firms have eagerly represented Russian fossil fuel companies, including state-owned companies like Gazprom and Rosneft. Many law firms have dropped Russian oil and gas clients or announced a review of these clients since the invasion, but a number of international law firms continue to do the bidding of Russian oil and gas clients. To be clear, many of the United States' most famous law firms–the same firms that represent major American companies–are providing their legal services to Russian oil and gas companies at this very moment, generating a stream of funds that is used to fire missiles in Ukraine.

This document details how major law firms have responded to Russia's invasion of Ukraine, with a particular focus on fossil fuel work for the state of Russia and in Russia. Some major findings include:

- Latham & Watkins–which has represented a number of oil and gas clients including state-owned company Gazprom and Rosneft–has refused to say whether it will limit its representation of Russian clients.
- Akin Gump, which employs a number of former U.S. Senators and members of Congress, has not commented on whether it is continuing to represent Russian oil company Lukoil. Akin Gump even completed a deal for Lukoil on the day that Russia invaded Ukraine.
- Firms' responses have ranged from closing their Russian offices and dropping all clients connected to the Russian government to largely declining to comment on the status of their Russian offices and/or clients. Firms' legal ethics responsibilities–long used as an excuse to justify their continued representation of fossil fuel companies–have proved little barrier to the firms that have rapidly dropped Russian clients.

This document is not an exhaustive list of law firms' responses to Russia's invasion. It focuses primarily on American law firms and their representations of fossil fuel companies. It does not cover events after March 10, 2022. Although this document covers public information and summarizes some data from proprietary sources, it is possible that a listed law firm has taken action that has not been publicly reported.

Law firms' responses to Russia's invasion of Ukraine fall into several categories, and some of these stances leave open more opportunities to represent Russian oil and gas companies than may be immediately obvious. Information on a number of individual law firms is available on pages 3 to 8 of this briefing.

- First, some law firms have largely avoided commenting on the status of their Russian offices and/or clients. We assume that these law firms are continuing to represent their Russian clients, though it is possible they are taking some action to comply with sanctions.
- Second, some firms have stated that they are complying with applicable sanctions. This response allows the law firms to continue working with a wide variety of Russian clients. Because sanctions have largely exempted energy, firms that have announced only that they are complying with sanctions are likely continuing to represent Russian oil and gas clients.
- Third, some law firms have announced they are reviewing the situation and may exit some representations. Although these firms may take action, it remains entirely possible that they will continue to represent most or all of their Russian clients.
- Fourth, certain firms have exited their Russian offices. This action does not necessarily mean that they are ceasing work with Russian clients. They may simply continue to work with Russian clients from a different location, and the closure of their Russian office may be motivated by the administrative difficulty of paying staff in Russia while complying with sanctions.
- Fifth, the boldest law firms have announced that they are withdrawing from representations with individuals and entities connected to the Russian government. It is not entirely clear how they will define which companies cross this line, and they still could work for Russian companies that provide indirect revenue or other support for the Russian government, but this action remains much more specific and extensive than most law firms' responses.

Some firms may cite legal ethics as a justification for their continued relationships with Russian clients or their lack of public comment on the situation. In some cases, this justification may be valid, and particularly in ongoing litigation law firms may not be able to withdraw immediately. However, legal ethics provide American law firms with absolute discretion to choose which clients to take on and they allow law firms to quickly cease representation of clients for whom they conduct transactional work. Legal ethics rules also allow law firms to withdraw from litigation, although this process can be slower. The speed and transparency with which certain law firms have dropped their Russian clients make even more clear that it can be done.

Russia's invasion of Ukraine is entirely unjustified and a blatant violation of international law, and we stand with Ukrainians who are suffering unimaginable horrors. We extend that same level of solidarity to people who have suffered similar horrors–including horrors produced by the climate crisis–but received far less attention and support. We question why the law firms that have responded to Russia's invasion of Ukraine have taken no such action when their work jeopardizes the lives of Black and brown people in the Global South.

We recognize that the need for law firms to stop representing Russian oil and gas companies is particularly timely given Russia's invasion of Ukraine and the urgency of the climate crisis. However, we continue to insist that law firms should drop *all* work advancing fossil fuel dependency. As this briefing highlights, a number of law firms have gone from full commitment to their work for Russian clients to dropping a major practice area in a matter of weeks. There is no reason they could not do the same for the fossil fuel companies who put all our futures at risk.

Firm by Firm Response to Russia's Invasion

Akin Gump Strauss Hauer & Feld

After repeatedly <u>declining</u> to respond to requests for comment on Russia's invasion of Ukraine, Akin Gump <u>said</u> on March 9 that it is "suspending operations in Moscow pending further developments." Akin Gump has not clarified whether it will alter its relationships with its Russian clients. The firm had 14 lawyers in its office in Moscow. Akin Gump employs a number of prominent former politicians, including former Congresswoman Ileana Ros-Lehtinen, former Congressman Lamar Smith, and former Senator Joe Donnelly.

Akin Gump has conducted extensive work for Lukoil. On February 24–the day Russia invaded Ukraine and by which time it was clear Russian aggression was forthcoming–Lukoil finalized an acquisition of a Mexican oil and gas field for Lukoil. The Mexican government approved the sale in July. The fact that the deal remained pending for seven months but Akin Gump then finalized the deal immediately before Russia's invasion of Ukraine suggests Akin Gump wanted to ensure Lukoil profited before sanctions could interrupt the transaction. Nnedinma Ifudu Nweke–who specializes in sanctions–was part of Akin Gump's team on the deal, further suggesting Akin Gump may have sought to craft the deal in a way that would evade sanctions. Lukoil called for an end to the war in Ukraine on March 3rd, but this public call may have been an attempt to protect business at its U.S. gas stations or boost its share prices, which have fallen 40% since February. The company's president, Vagit Alekperov, is reportedly close to Vladimir Putin.

Akin Gump has also <u>represented</u> state-owned oil and gas company Surgutneftegas. <u>The</u> <u>employee profiles</u> on Akin Gump's website write that its employees have represented unnamed Russian oil and gas companies on many instances. Although Lukoil and Surgutneftegas are the only named companies, these references imply Akin Gump has represented other Russian fossil fuel companies.

Allen & Overy

Allen & Overy has said it will <u>close</u> its Moscow office and <u>will</u> it would "refuse new instructions and stop all Russia-linked work that goes against our values." Allen & Overy has not clarified what would go against its values. Allen & Overy has <u>advised</u> Gazprom and Rosneft. The firm has also conducted recent work on Russia's Arctic LNG project, according to IJGlobal.

Baker Botts

Baker Botts has said it will <u>close</u> its office in Moscow and drop its Russian government-affiliated clients. The firm has <u>represented</u> Rosneft and Gazprom.

Baker McKenzie

Baker McKenzie is <u>reviewing</u> its Russian clients. Although the firm said it would not comment on specific clients, it said the review "will mean in some cases exiting relationships completely."

Bryan Cave Leighton Paisner

Bryan Cave has <u>said</u> that it is "ceasing its operations in Moscow" and that it will not represent Russian state-owned clients. The firm has <u>represented</u> Gazpromneft.

Cleary Gottlieb Steen & Hamilton

Cleary Gottlieb has <u>said</u> that it is temporarily shutting down operations in Moscow. It has also said that it is ending its representation of Russian government and state-owned entities and will comply with sanctions. Cleary Gottlieb has <u>advised</u> state-owned fossil fuel companies Gazprom and Rosneft. It has also <u>advised</u> SIBUR Holdings, including on a deal with Sinopec.

Cleary Gottlieb is currently <u>representing</u> Russian oil company Tatneft in litigation against the state of Ukraine. Tatneft is seeking to recover a \$112 million arbitral award–which has since grown to \$172 million–from Ukraine, including seeking to track down Ukrainian assets to enforce the award. Although Tatneft and Ukraine agreed to pause the litigation on March 4, as recently as last month Cleary Gottlieb was filing discovery motions for Tatneft that Ukraine worried could be leaked to the Russian government and put it at risk. It is not clear when the case will resume and a judge has <u>asked</u> the parties for status letters by the end of May. It is unclear whether Cleary Gottlieb's announcement that it will no longer represent Russian government and state owned entities applies to Tatneft, which is partially owned by the Russian republic of Tatarstan.

Clifford Chance

Clifford Chance has announced it will <u>close</u> its Moscow office and that it will <u>not accept</u> any new representations of individuals or entities with "close connections" to Vladimir Putin. It further

said, "We will review all existing and new mandates relating to Russia, or where there is a connection to Russia, to ensure that our work remains consistent not only with the letter and the spirit of the international sanctions but also with our responsible business principles and values." Clifford Chance has worked on the Arctic LNG project and assisted with a Russian coal transport facility.

Debevoise & Plimpton

Debevoise & Plimpton has <u>said</u> that it is conducting "an ongoing review of our Moscow client base" and that it is terminating "several client relationships." The firm said it will not take on any new clients in Moscow and are reviewing the status of their Moscow office. Debevoise has an active Russia practice, including working for <u>Inter RAO</u> and <u>other</u> fossil fuel companies.

Dechert

Dechert has <u>said</u> it is reviewing its presence in Moscow. Dechert has <u>advised</u> Sinopec in a transaction involving the Amur Gas Chemical Complex.

Dentons

Dentons <u>said</u> that it "is reviewing matters related to sanctioned persons and entities to ensure compliance with [its] legal obligations and firm policies, including, where appropriate terminating our relationship with certain clients." Dentons has <u>represented</u> Gazprom, Rosneft, and worked on the Kingisepp Ammonia plant.

DLA Piper

DLA Piper has <u>said</u> it "will not act for the Russian government, individuals connected to the state, state-owned enterprises or other prohibited parties from any of [its] offices globally" and is "actively winding down any existing work in accordance with [its] legal and professional obligations." The firm <u>said</u> it is taking a strategic review of its presence in Russia. DLA Piper <u>has</u> represented Gazprom and Rosneft.

Hogan Lovells

Hogan Lovells, which <u>has</u> represented Rosneft, <u>has</u> said it will terminate certain client relationships that go against its values and it will "continue to evaluate [its] portfolio of work and to act quickly to comply with the latest sanctions requirements and government guidance." However, the firm will continue operating its Moscow office.

Freshfields Bruckhaus Deringer

Freshfields has <u>announced</u> it will close its Moscow office. It also <u>said</u>, "We took immediate steps to terminate, suspend or decline mandates, and we are clear that we will not act for companies

or individuals with close ties to the Russian state, with connections to the wider leadership regime, and/or who play a role in supporting or facilitating the current Russian military action." Freshfields is <u>seeking</u> to withdraw from litigation where it is representing state-owned bank VEB. Freshfields also <u>reportedly</u> dropped the Gazprom-owned Nord Stream 2 pipeline as a client as well as <u>VTB</u> Bank. Freshfields has advised on the Arctic LNG 2 <u>project</u> and the <u>Amur</u> Gas Processing Plant

Latham & Watkins

Latham & Watkins has <u>said</u> that it will "wind down its presence in Russia." The firm has <u>not said</u> whether it has dropped clients, and it is currently representing Russian state-owned bank VTB. The firm has represented state-owned <u>Gazprombank</u> and <u>Gazprom Neft</u> on a number of occasions and it has also <u>represented</u> state-owned fossil fuel company Rosneft. Latham & Watkins has also <u>advised</u> Inter RAO and worked with <u>various other fossil fuel companies</u> on transactions involving Russian oil and gas. Latham & Watkins has <u>worked</u> with VTB on financing the Zainsk Power Planet.

Linklaters

Linklaters <u>announced</u> on March 4 that it would close its Russian office, the first major law firm to do so. The firm announced it would "not act for individuals or entities that are controlled by, or under the influence of, the Russian state, or connected with the current Russian regime, wherever they are in the world." Linklaters has <u>represented</u> Gazprom and Rosneft.

Morgan, Lewis & Bockius

Morgan Lewis has <u>said</u> it is closing its Moscow office and it has dropped some clients. The firm also <u>said</u> it will comply with sanctions in its client representations. The firm has <u>represented</u> Gazprom.

Norton Rose Fulbright

Norton Rose Fulbright is <u>closing</u> its Moscow office "as quickly as [it] can." The firm has said it is reviewing its relationship with clients connected to the Russian government. When the firm cannot end relationships with these clients, it has said it will donate the profits from that work to "appropriate humanitarian and charitable causes." Norton Rose Fulbright initially <u>sent</u> out an internal memo asking staff not to comment on the situation in Ukraine, a request some staff publicly countered. Norton Rose Fulbright later said the memo was limited to comments related to their clients and has since announced the closure of its Moscow office and a review of client relationships. Norton Rose Fulbright has <u>represented</u> Russian state-owned fossil fuel companies Rosneft and Gazprom as well as Inter RAO and Novatek.

Sidley Austin

Sidley Austin <u>announced</u> it was dropping clients banned by sanctions, including VTB Group, for whom Sidley Austin <u>had</u> lobbied and litigation.

Skadden, Arps, Slate, Meagher & Flom

Skadden has <u>said</u> that it is in the process of terminating its relationship with the sanctioned Alfa Bank. On March 9, it <u>declined</u> to comment on its relationship with billionaire Roman Abramovich and other Russian clients. Skadden is known to work closely with Abramovich, who <u>made</u> most of his fortune in oil. In an <u>internal memo</u> on March 10, Skadden said it does not represent Russia state-owned or state-controlled businesses and that it is ending its relationship with one sanctioned client. The firm will <u>maintain</u> a Moscow office but will seek to relocate its lawyers there.

Skadden <u>represented</u> Gazprom in a 2014 stock listing, and it has also <u>represented</u> Gazprombank and Gazprom Neft. In addition, Skadden has <u>represented</u> Eurasia Drilling Company Limited. In 2014, Skadden <u>represented</u> Alfa-Access-Renova in an oil transaction with Rosneft. In total, since 2012 Skadden has <u>worked</u> on corporate deals involving Russian groups worth \$90 billion. Skadden seeks to promote a prestigious image for itself, and it sponsors the well-known Skadden public interest fellowship.

Slaughter & May

The firm has <u>said</u> that it does not currently have any Russian clients and will not take any on. However, the firm also <u>said</u> it would maintain its referral relationship with Russian firm Alrud, which has represented Gazprom and Gazprom Neft.

Squire Patton Boggs

Squire Patton Boggs <u>said</u> it would close its office in Moscow and terminate a number of client relationships.

Venable

Venable <u>withdrew</u> from lobbying for Sberbank, a sanctioned Russian bank.

Vinson & Elkins

Vinson & Elkins has <u>said</u> "it has no Russian government affiliated clients or clients on the U.S. or European sanctions list."

Winston & Strawn

Winston & Strawn has said it will <u>close</u> its Moscow office and <u>drop</u> Russian government and state-sponsored clients.

White & Case

White & Case has <u>said</u> that it is "reviewing [its] Russian and Belarusian client representations and taking steps to exit some representations in accordance with applicable rules of professional responsibility." The firm has <u>said</u> it will maintain its Moscow office. White & Case has <u>advised</u> SIBUR Holdings on transactions related to the Amur Gas Chemical Complex and <u>posted</u> about this work as recently as January. The firm has also represented Rosneft and Bashneft.

Please reach out to <u>info@ls4ca.org</u> with any questions, inquiries, or requests for comment. Further detail on all these firms' fossil fuel work can be found at ls4ca.org by searching the firm's name in the search bar on our homepage.