

## Russian government to pay California developer \$23M

SACRAMENTO, Calif — A California developer has been awarded \$23 million in an international arbitration against the government of Russia, which had breached a joint venture agreement involving a Moscow resort.

The award, made by a three-judge panel in Stockholm, Sweden, includes \$4 million in ex-

penses, \$15.5 million in lost business opportunity, interest and attorneys' fees.

"The sanctity of a contract is of paramount importance in a free market economy," said Sacramento business attorney Scott Bartel, who represented the developer in the arbitration. "Today's global economy re-

quires an established procedure to resolve international grievances and enforce legal remedies," he said.

Bartel's client, Moscow Country Club, Inc. (MCCI), a California corporation, signed a joint venture agreement with a state agency of the Russian Federation in 1992 to design, build and

operate a resort community including a hotel, homes and an 18-hole golf course. Under the terms of that agreement, the Russian government was to provide land for the project.

MCCI, which was responsible for project financing and construction, had spent \$11 million in design and construction fees

when the Russian government failed to provide the property. The Russians then took control of the project, and MCCI filed suit against the state agency attached to the Russian Federation Ministry of Foreign Affairs. The arbitration, which lasted more than three years, was held in Stockholm, Sweden under the arbitration rules of the United Nations Commission on International Trade Law (UNCITRAL). A three-judge panel approved by parties to the arbitration ruled in favor of MCCI late last week, with its sole Russian member dissenting.

Bartel, a partner in the Sacramento business law firm of Bartel Eng Linn & Schroder, said MCCI was pleased with the award, noting his next step would be to have the award confirmed by a U.S. bankruptcy court as part of a corporate reorganization. MCCI was forced to seek bankruptcy protection in 1995 when the Russians seized control of the resort project, its sole asset.

"The real question is whether the Russian Federation will honor the decision and pay the award," said MCCI president Jonathan Tesar. "Anyone planning to do business in the Russian Federation should be interested in the outcome."

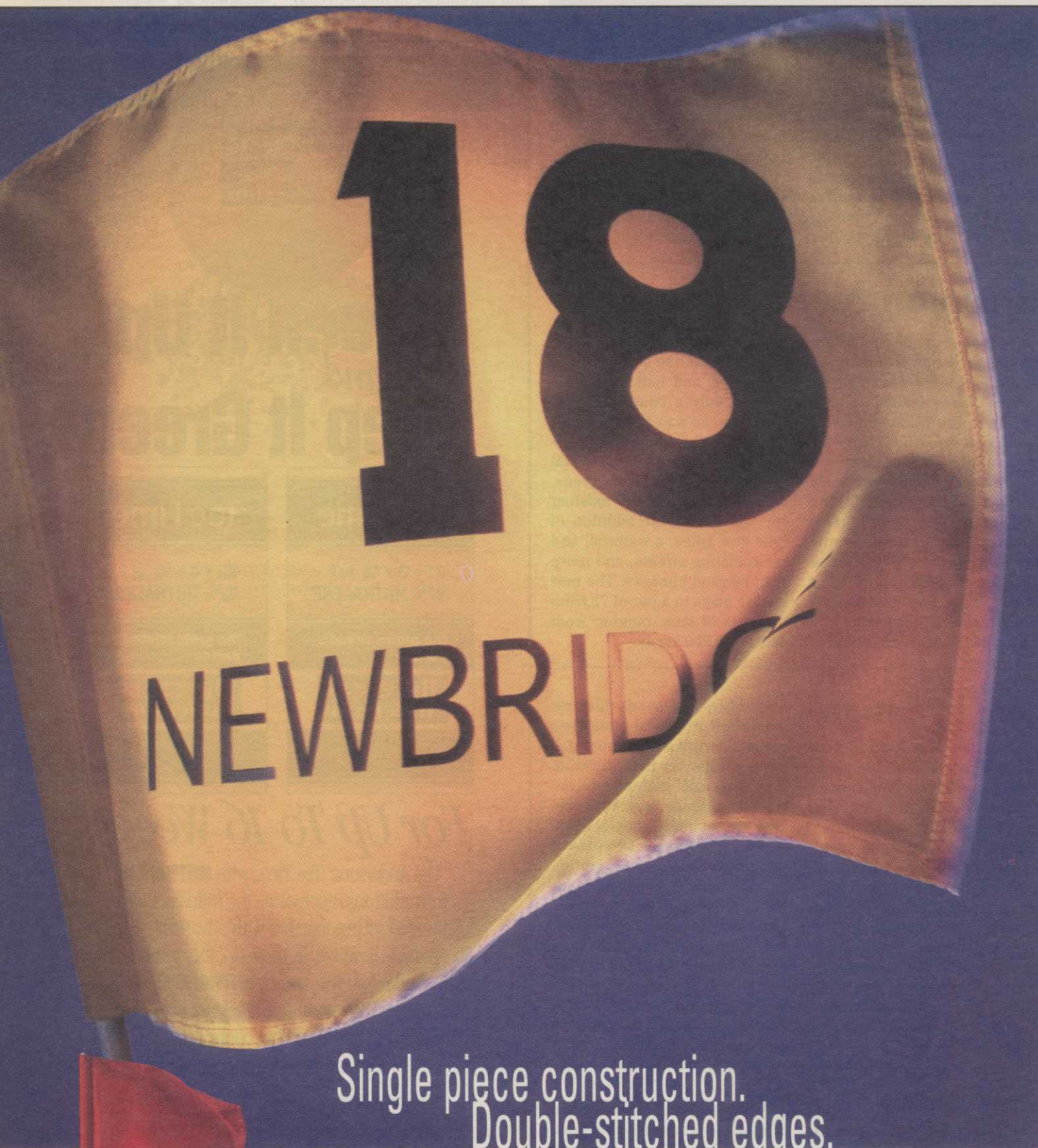
Despite the dispute, the project has been a success. The golf course, designed by Robert Trent Jones Jr., is the only 18-hole golf course in the Russian Federation, and is currently on the European professional tour. The resort hotel is open, and the nearly 50 "dacha" residences included in the development are either complete or under construction.

In the past few years, the Russian government has taken over other joint venture projects between Russian entities and Western businesses, including two luxury hotels located in Moscow. American entrepreneur Paul Tatum was embroiled in an arbitration dispute involving the Raddison hotel at the time of his murder in a Moscow subway. More recently, the IMP Group based in Halifax, Nova Scotia, Canada, was awarded \$7 million in a similar arbitration dispute involving Aerostar Hotel. In both cases, the claimants had alleged that the Russian partner was attempting to take control of their profitable enterprises.

### BEIDEL RETURNS NORTH

COLUMBIA, Md. — Golf course architect Ed Beidel Jr. has moved his office from Mt. Pleasant, S.C., to Columbia. The Pennsylvania native is nearer several projects he will design in the Mid-Atlantic region. The new address for Beidel Design Associates Inc. can be reached at P.O. Box 6155, Columbia, Md. 21045; telephone 410-480-4661.

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