
COVID-19: what does the crisis mean for victims of fraud?

The Russian Government's bans and restrictions aimed at preventing the spread of COVID-19 may still have a significant impact on dispute resolution tactics. Below, we have put together a brief summary of current statutory and regulatory regime to help any interested parties factor in these developing regulations into current litigation plans. For convenience, acts and regulations referred to are hyperlinked to the source (in Russian) and highlighted in blue.

THE MOST CRITICAL PHASE OF THE CRISIS

Is there special legislation on the effects of the crisis on civil justice?

The Government's reaction to the crisis did not go as far as legislative amendments to the rules of civil procedure. Reaction to this crisis has mostly come from within the President, regional authorities and the judiciary (as the courts have tried to keep their functionality adapting to the developing sanitary restrictions).

As of the date of this note the following regulations are of primary importance:

The basic tenets of the regime are provided for by several Presidential Decrees. The President declared vacations [from 30 March](#) till (eventually) [8 May 2020](#). This period is now over, but [further social distancing and quarantine measures may still be introduced or maintained at the regional level](#).

Two 'Emergency Rulings' of the Presidium of the Supreme Court of 18 March and 8 April 2020 introduced [a special regime](#) for the Russian state courts that lasted from 19 March 2020 till 11 May 2020. At the moment these Rulings are no longer operative, but at the regional level various restrictions may still apply as may be necessary in view of the local situation.

The Supreme Court has already addressed many practical questions related to the current restrictions in [two guideline Rulings of 21](#) and [30 April 2020](#).

How the crisis affects court hearings?

Under the Emergency Rulings regime, from 8 April 2020 the courts were allowed to conduct court hearings only in urgent matters (for instance, application, extension, cancellation or replacement of measures of restraint; protection of life of a minor; interim relief measures etc) as well as writ and summary proceedings, and the matters that can be heard in absentia.

From 12 May court hearings have been allowed, except where regional restrictions apply. Filings and review of the case files are still in many cases possible only via online services or post (although that depends on the particular court).

Are deadlines of ongoing proceedings affected? Are limitation periods affected?

The vacations introduced by the President do not automatically extend limitation periods and procedural deadlines. Although initially opinions were voiced to the contrary (even among senior members of the judiciary), a more balanced view prevailed, and any impact of the restrictions has to be assessed on a case-by-case basis.

That is not to say, however, that the timelines of many cases have not been affected by the adjournments that were applied on a mass scale by the courts in March, April and the beginning of May. Furthermore, reduced mobility and widespread quarantine measures frequently affect parties and their representatives, which may in many cases justify extension of limitation periods and other deadlines.

Does the crisis have an effect on enforcement?

Most enforcement procedures in Russia are ordinarily conducted in writing. While the bailiffs are trying to adjust to the current situation whenever they need to travel or get in contact with the debtors or creditors, we are unaware of any special legislation in this field related to the epidemic.

How do courts work during the crisis? Can judges be contacted? Are documents served?

Access to the court premises is limited to trial participants in the cases where hearings are conducted (sometimes only one representative would be allowed for each party). As noted above, filings in paper at the courts' premises and review of the case files in person may be restricted for particular courts.

How do lawyers work during the crisis? How do banks work during the crisis?

Companies and individuals in the private sector, including lawyers, banks etc, mostly work remotely and endeavor to maintain normal business hours and procedures, irrespective of the special holidays regime.

Due to rather widespread quarantine measures in some regions party representatives and attorneys may be quarantined (mostly for two weeks) should they arrive from a different part of the country. That may delay proceedings in some cases or perhaps force parties to recourse to local representation, wherever possible.

Does the crisis have an effect on insolvency law?

A moratorium on bankruptcy has been introduced for certain debtors to cushion the effects of the epidemic and the lockdowns.

On 1 April 2020, [Article 9.1 of Bankruptcy Law came into effect](#) that allowed the Russian Government to call a moratorium on initiation of bankruptcy proceedings against certain debtors. The period of the moratorium is established by the Russian Government and may be extended.

On 3 April 2020, [the Government of the Russian Federation put a 6-month moratorium on](#) initiation of bankruptcy proceedings on the application of the creditors.

The moratorium applies to the following debtors:

- [Organizations and entrepreneurs on the Government's list of sectors and areas of business](#) most affected by the deteriorating situation caused by COVID-19 and eligible for provision of first-priority targeted support.
- [Systemic organisations](#).
- [Strategic enterprises and strategic joint stock companies](#).
- [Strategic organizations and federal executive authorities](#) ensuring implementation of the unified state policy in economic sectors in which such organizations operate.

The moratorium has implications also for creditors and the tax authority:

- Impossibility to file a bankruptcy petition (petitions filed during the moratorium and those filed before the moratorium but not accepted for hearing by the court shall be returned).
- Impossibility for the creditors to publish a notice of intention to file a bankruptcy petition with a court.
- The tax authority shall have the right to file a bankruptcy petition with a court not earlier than 15 days after the expiry of the moratorium.

During the moratorium, in all bankruptcy proceedings pursuant to the resolution of the bankruptcy administrator, the meetings of creditors, creditors' committee, construction participants and the meetings of employees or former employees of any debtor may be held by absentee voting.

FORECAST: AFTER THE CRISIS AND LONG-TERM EFFECTS

Which measures introduced during the crisis will be withdrawn immediately?

Which measures will remain in place?

Most of the measures introduced so far are temporary, but the effects of the bankruptcy moratorium and various support measures are designed to last after the crisis.

Will enforcement of economic crime, including corruption matters be weakened due to the lack of financial resources?

Most authorities currently perform their functions, and at the moment it is difficult to project any negative impact on anti-corruption prosecutions or law enforcement at large.

Will the ratio of third party funded matter rise?

It would be interesting to see how this crisis may impact third-party funding in the Russian dispute resolution market. It is not, however, apparent that the cultural and institutional barriers that limit recourse to third-party funding will be any lower after the crisis. It may be that the market will need to adapt and show more flexibility in view of the inevitable financial consequences of the current events.