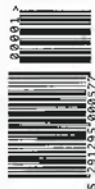


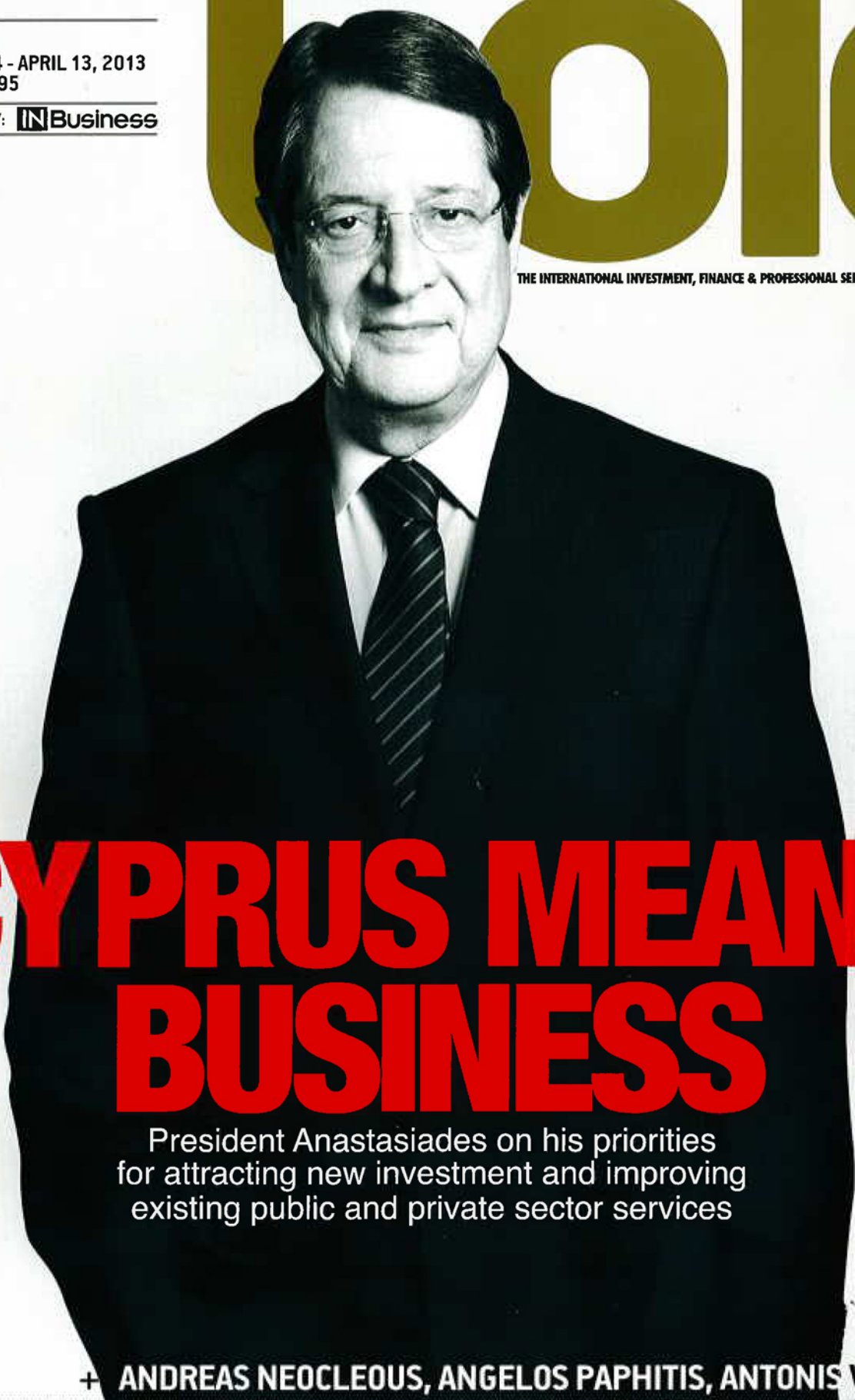
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CYPRUS MEANS BUSINESS

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HAPPINESS IS A SUCCESSFUL LAW FIRM

**ANGELOS PAPHITIS
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SCHOOL
WHEN A FRIEND
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BACK.**

By John Vickers,
Photos by Jo Michaelides

Ten years ago, the then 24-year-old Angelos Paphitis returned to Cyprus, ready to begin his legal career after obtaining his law degrees and completing his training as a barrister in London. Had he been given a glimpse of the future, even he would have been pleasantly surprised to see where he would find himself a decade later: running his own award-winning firm of ten lawyers, housed in offices that he designed himself and enjoying a growing reputation in the corporate and company law sector. He would have been even more surprised had he foreseen as a youngster the way his chosen career would develop, since everything happened by chance. Unlike many lawyers, Paphitis was not born into the profession, nor did he have family members working in the legal sector.

"My choice had nothing to do with the family," he recalls. "I was talking one day with my best friend at school about what we were going to do in later life and he mentioned that his father was a lawyer and I just liked the sound of it! The same day I went home and told my Dad that I wanted to become a lawyer". And did the reality turn out to be close to how he had imagined it as an impressionable youngster? He has no doubts about this:

"Yes and I have absolutely no regrets. I would do the same thing all over again," he says. This would mean again giving up his great love and interest in graphic design but in reality he did not abandon it entirely. When it came to designing the firm's offices, there was no need to appoint an interior decorator: Angelos did it all himself.

That was almost 7 years ago. When asked to analyse the reasons for the firm's success, Paphitis puts it partly down to the fact that he decided from

the outset to offer a specialized service:

"When I started work as a sole practitioner, I could see that the market was already full of lawyers so I realised that I needed to focus on what I knew best. I had always been interested in corporate law and company law and in 2006 I obtained a postgraduate diploma in tax law in Zurich, so before opening my own firm, my whole background had been formed by the corporate legal profession. With this in mind I decided to promote myself exclusively as a specialist in company law and this is one of the main reasons why I have managed to attract the corporate clientele".

As the years have passed, the firm has expanded to become a full service firm and ten lawyers are currently working at A.G. Paphitis & Co LLC. At 34, the founder is delighted to be leading what he describes as "the best team that I have ever had", citing the fact that all his associates share his philosophy of putting service to clients above all, "even if this means sacrificing our personal lives" as one of the keys to their combined success.

The focus of the firm continues to be on corporate law, and most of the awards that it has won in recent years are related to its specialist areas – company law, corporate governance, etc – and, in particular, international business.

"As we grow as a firm we are dealing with more local clients but we have always worked mainly with international companies, Paphitis explains. "Two years ago I would have said that 90% of our business is international. Today it's probably 70% because we have more local clients. And this is why I spend a great deal of time travelling. I believe in the importance of developing and maintaining personal relationships with clients so I visit them frequently".

Ten or 15 years ago, finding international clients was much easier than it is today. The days of being able to sit back



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Angelos
Paphitis

and wait for a knock on the door are long gone as Cyprus feels the pressure of other destinations competing for its business. Angelos Paphitis knows all about this, which is another reason for his busy travel schedule. One of the first things he did when starting the firm was to arrange a two-week trip to Russia and Ukraine and he still travels frequently to both countries as well as to major European capitals.

"It is essential to go out looking for clients," he says. "Competition is growing all the time from new places like Malta and the Netherlands as well as from the older-established ones such as Luxembourg, and they have become quite aggressive in their marketing. Unfortunately, the big organisations that once allocated large budgets to promoting and sponsoring Cyprus are no longer doing so. As a result, our competitors are overtaking us. So each individual firm needs to do whatever it can to promote itself and the country. We can no longer afford the luxury of waiting for clients to come and find us. Since there has been a reduction in private sector promotion of Cyprus and increased promotion in other countries, including negative publicity about us, we need to do even more".

The provision of legal services to the corporate sector is an area which, like every other, has been affected by the global financial crisis. "We see a lot of restructuring these days and startups tend to be more solid than they might have been before," Paphitis notes. As for the problems in the local banking sector and the broader economy, they are also affecting business, notably when it comes to payment:

"It's actually a chain of problems: the bank won't provide a loan facility so the company owner doesn't pay the construction company, for instance, which in turn doesn't pay the subcontractor who won't pay the supplier and so it goes on... I see it every day. The local market has been badly affected by the situation".

The legal profession could hardly remain untouched by such a wide-ranging crisis and, says Paphitis, people have even started to think twice and three times before deciding to go to court: "Just to file a claim you need to pay a lawyer and clients are now coming to us much more often and asking us to tell them what their chances are of winning. No-one wants to lose more in the course of trying to recoup money owed. The 'no win, no fee' proposition which is familiar in the UK has never been part of the Cyprus legal process but it is being brought up much more often these days".

One option in dispute resolution is, of course, arbitration and it is a process that Angelos Paphitis supports and actively promotes. "There is now a very good arbitration court in Cyprus [CEDRAC – the Cyprus Eurasia Dispute Resolution and Arbitration Centre] with arbitrators who are well-established and respected professionals," he explains, adding that "our firm

I BELIEVE THAT ARBITRATION WILL GROW IN IMPORTANCE AND POPULARITY FOR RESOLVING DISPUTES BETWEEN COMPANIES

promotes it by including it in many agreements that we draft. Its use is not particularly widespread in Cyprus, where people are used to going to court, but because there are now so many delays in the court system I believe that arbitration will grow in importance and popularity for resolving disputes between companies".

Few professionals would deny that the next 2-3 years are going to be difficult for the economy but Angelos Paphitis believes in taking a proactive approach

"The state of the economy depends greatly on the private sector and on every individual," he says. "Some months ago when I realised that things were heading in the wrong direction, I immediately arranged half a dozen business trips. I was not willing to sit around and wait for things to get worse so I went out and brought business in".

The lawyer puts the current state of affairs down to politics ("I'm glad that I am not involved in politics because I think it is what has destroyed Cyprus. No-one is willing to take necessary but unpopular decisions because the parties put themselves above the people".) and he warns that the recent enactment of the law governing providers of fiduciary services could not have come at a more crucial time: "Until recently there was no regulation and there were companies and individuals operating in the sector who didn't know the meaning of the word 'fiduciary', let alone the extent of their obligations and duties! The law was definitely needed and personally I think it should be stricter. Auditors and lawyers are exempt and although I am a lawyer I don't agree with this".

Recent instances of Russian businessmen seeking to take legal action against fiduciary

companies have given Cyprus bad publicity, Paphitis notes. "When they are not happy with Cyprus they let their local media know about it so we need to set and maintain the highest standards".

Having seen that "the good things about Cyprus, such as the tax regime, have not changed for a long time so, theoretically we are just as good as we were five years ago," he is now surprised to be frequently asked questions about Cyprus and why people should choose to invest in the island rather than another jurisdiction. "These questions are being raised by our competitors and as a result of this we have held seminars in Russia and Ukraine in which we analyse the differences between Cyprus and its competitors such as Luxembourg, the Netherlands, Malta and Switzerland and I'm happy to say that people are responding positively to what they see. Cyprus is by far the best jurisdiction for many things but at a time when it is crucial to promote the country we seem to have stopped. A major initiative needs to be undertaken by everyone involved – CIPA, the government, the banks and the private sector".

Angelos Paphitis is confident that "the sky is the limit" for Cyprus if things are done properly. "I have a great deal of trust in Cypriot professionals who are very good at what they do," he says. "Everyone is talking about Malta which is far behind Cyprus on a professional level – I have worked with Malta and I have seen the difference. However, we need proper regulation and controls on who can offer what. When you go online and you see a service being offered for a specific fee and then another firm offering the same service for one tenth of this amount, you will not have faith in the system. There needs to be a proper schedule of minimum costs, minimum fees, etc. Otherwise we are losing the game by ourselves. The regulatory and supervisory authorities claim that they cannot do anything about this but it is holding Cyprus back".

Having achieved plenty during his firm's first seven years, Angelos Paphitis says that he simply now wants to maintain the quality of service that it is providing and to continue receiving serious business from major groups of companies in need of representation. "There is no finish line. We will keep on working as we do now. Over the past 18 months we have been involved in a lot more high-profile work, both in and out of court, and I am confident that this will continue" he says.

Seeing the firm grow is more than a professional ambition. It is a personal one too. The firm is, after all, his "baby". Beyond this, he says, he is very happy with his life. "There is basically absolutely nothing I would change. I'm a very happy man". **G**