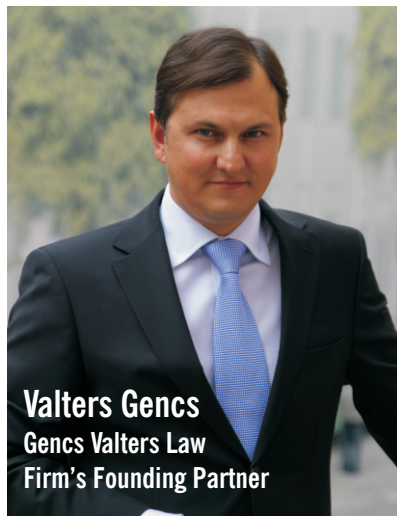


The Gencs Valters Law Firm Story



Valters Gencs
Gencs Valters Law
Firm's Founding Partner

In many regards, Latvian lawyer Valters Gencs is the archetypal modern Baltic lawyer – US educated, willing to take a commercial risk with his own firm, and eager to embrace Western business methods.

Having established two successive law offices by the age of 34, his practice now boasts a client roster that rival firms would envy: these include France's L'Oreal, Sweden's TeliaSonera, Finland's Kesko, Denmark's Maersk as well as global brands such as Formula-1, Converse, McDonalds and General Motors.

With a particular focus on tax work, Mr. Gencs has worked on both sides of the regulatory fence. Having advised the Latvian prime minister on tax issues during the mid-1990s, he subsequently went on to act for commercial clients on two major matters of tax reform.

Largely eschewing the generalist legal conference circuit, he prefers to spend his free time working with regional chambers of commerce and professional legal and business associations.

Current Role

Despite being 40 years' old, Valters Gencs has had an eventful and high-profile career. After studying law at Latvia's Law School in the early 1990s and for an LLM in Chicago (John Marshall Law School) with practice in Chicago law firm Welsh & Katz, he effectively founded and ran two successive legal practices. Between 1996 and 2000, he was a director of tax and legal services for Ernst & Young in Latvia.

Then, as the associated accountancy-law firm business model became less popular post Sarbanes-Oxley, he founded a new, independent, law firm, The Law Firm of Valters Gencs in 2000. For Mr. Gencs, the gamble of establishing an independent law firm paid off almost the entire Ernst & Young legal team from Latvia joined his new firm.

Rainmaker and academic

In addition to fee-earning work, Mr. Gencs also acts as the firm's main "rainmaker" and chief marketeer. As part of this role, he is extremely active on the international business circuit, belonging to an "alphabet soup" of Professional associations. These include The American Intellectual Property Law Association and the European Communities Trade Mark Association. However, unlike other practitioners of a similar age, he

has largely avoided the lawyer-led international organizations such as the IBA. Instead, he prefers to work with 'business-led' organizations, such as regional chambers of Commerce serving as the Chairman of the Norwegian Chamber of Commerce in Latvia. He is also lecturer on tax and commercial law issues at the Stockholm School of Economics in Riga.

Expertise and Experience

Not surprisingly, given his Ernst & Young background, tax law has played a major part in Mr. Gencs' professional life. He was a founding signatory of the Swedish Chamber of Commerce in Latvia, created in 1996, and sat on the Foreign Investors Council in Latvia tax committee for many years. During his career, he has also scored several notable victories over the Latvian government in relation to tax law – ironic considering he once belonged to a government working group on tax, appointed by the then Latvian Prime Minister Andris Šķēle. His first major interaction with the Latvian government was as an advisor to the Foreign Investors' Council (FICIL) in Latvia.

This group was established in 1998 by several major regional international companies to campaign for a more favorable regulatory regime for foreign investors in the country. As the FICIL's Head of Tax, Mr. Gencs played a leading role in negotiating the reform of his country's VAT regime. While this reform was a necessary part of the country's preparation for EU accession, Mr. Gencs can also make the unusual claim of being partially responsible for his government's subsequent budget deficit. While the introduction of the new VAT regime went relatively smoothly, the government failed to accurately predict the shortfall in revenue the changes would produce.

A Supreme Battle

More recently, Mr. Gencs spent five years battling the Latvian State Revenue Service (SRS) on behalf of Coca-Cola. This was a test case to determine the taxable status of prizes offered by the soft drinks company to competition winners. When

the dispute first began in 1999, the tax status of such gifts was unknown – no official guidelines had ever been produced. Eventually, the SRS's claim – plus an additional penalty charge for an equivalent amount – was thrown out by the

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country's Supreme Court, after the SRS tried to change the legal basis of its argument. For Mr. Gencs, this case was important for two main reasons: «The first was that, if we had lost the case, Coca-Cola would have had to pay out substantial amounts of money,” he says. “But just as importantly, this was an important test case in relation to the Latvian tax status of the company's global marketing strategy.”

Tax Haven

Mr. Gencs is eager to promote Latvia as a favorable base for both regional companies and business executives. “We advise large numbers of Swedish executives, who just aren't willing who just aren't willing to pay tax rates of 75 per cent, on their tax planning. From a business point of view, it definitely helps Latvia to be surrounded by countries with high tax regimes.”

He also points out that a new tax regime, introduced in 2003, made it advantageous for shipping companies to register their vessels with The Latvian Ship Register. “We acted on the first registration,” he says.

Management Style

Regardless of being the founding and sole partner of an 15-lawyer practice, having its own offices in Tallinn (Estonia) from 2008 and Vilnius (Lithuania) from 2009, Mr. Gencs is very much a 'hands on' practitioner. Having built up his prac-

tice, he is not someone who is willing to give up fee-earning to become a glorified office administrator because of the success of his practice. In fact, Mr. Gencs comfortably walks the precarious line of rainmaker and doer.

Overseer Not Overzealous

As a result, the firm's clients can expect that Mr. Gencs will play a supervisory role on most matters that his firm is involved in. Typically, he will put together the team of lawyers who will act on a particular transaction, and also take overall responsibility for quality control. However, having recruited a talented team of young lawyers, whose number includes several former government lawyers and in-house counsel, he does not insist on reviewing all work carried out by his team before it is sent to clients.

“We operate a 'four eyes' insurance policy to guarantee the quality of our work,” he says. “All work is reviewed by at least two people before it is sent to the client.”

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Marketing

While he clearly enjoys practicing as a lawyer, Mr. Gencs does not give the impression of being unduly academic in his approach to his work. In reality, this is not surprising, given his “multidisciplinary background” and long-term exposure to Anglo Saxon business methods. For clients, this approach manifests itself in several ways: firstly, Mr. Gencs is an exceptionally prolific marketeer. Not only does he speak at numerous business conferences and events, his firm produces so

many marketing initiatives that clients may be forgiven for thinking his firm is twice the size it actually is. “We produce tax seminars and four newsletters per year,” he says, proudly. “We've also produced a book - Doing Business in Latvia, Estonia and Lithuania series”.

Pragmatic And Systematic

His approach to offering legal advice is similarly informal. “Clients often tell us that we act more like management consultants than lawyers,” he says. For Mr. Gencs, this is a compliment. “If you're advising an investor on how to reduce the number of shareholders in a company, you have to take account of the human as well as the legal aspects of this process – how will shareholders feel about what is happening to them, how will it affect the reputation of the com-

pany?” For his firm's highly diverse client base, this pragmatic approach is essential. While the firm boasts an impressive roster of international clients, in reality many of these Latvian operations are small, and their local managers value the “personal” and “practical” touch. This approach also helps the firm's stated strategy of targeting business leaders in relation to their personal tax planning, in the hope that their businesses' will become clients of the firm.