

The Hungarian bank story.

There is a law on the books of Ukraine that a foreigner can gain residency by investing \$100,000 in the Ukrainian economy. I thought I would take advantage of this. I talked to several brokerage firms and lawyers, none of whom knew exactly how to go about it. Their uncertainty should have been my signal, my clue not to pursue this line. Nonetheless, I persisted, with the intention of opening a brokerage account.

The first step in opening a brokerage account would be to get investment money into the country. My intended broker is a friend, Artyom, and he suggested working with a bank which his firm has a long relationship, OTP Bank. We went to the bank to open an account in August.

The process was more complex than one would think. I needed to open a current account, which they call a card or a cash account, to receive the money transferred in from the United States. There was a fee of perhaps \$25 for opening that account. Because I would not use the money immediately, while we figured out how to set up the brokerage, I wanted to put it into savings. A 90 day CD, to be exact.

The CD required a separate account. It took an inordinately long time for the clerk, Alexei, to set it up: two trips to the bank and a total of probably one hour sitting in a chair while Alexei was in the back room taking information from my passport and filling out all sorts of forms.

When everything was signed and sealed, I sent instructions to my bank in Philadelphia to wire \$20,000 to the current account, which they transferred to a CD due in 90 days, November 10th. I was happy. I had the money in the country, earning a good rate of interest, 8.5%, while the stock market was tanking, and I had time to get the brokerage going.

The Ukrainian stock market plummeted in those three months, from down perhaps 50% on the year to down more than 80%. This echoed the fall in the rest of the world. It was my good fortune not to have invested anything. On the other hand, banks were starting to face a liquidity problem in Ukraine.

Come November 10 I went in haste to get the money. Banks were already restricting the ways in which people could make withdrawals. There were limits on the amount of money one could withdraw each day, and they were playing games with the ATM machines to force you to go to their tellers.

Alexei recognized me and knew what I was there for. We went through about half an hour of mechanics. I wanted to take half the money out in cash and reinvest the rest in a savings account. He filled out all the paperwork and finally, when it was ready to go, took everything into the back room. He was gone for a long while, after which he came back asking about a stamp in my passport. "What stamp?" I asked. He said that I needed a stamp in my passport. I told him that I

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did not understand, please explain what stamp and where do I get it. He came back giving me the number of a procedure promulgated by the Ministry of Finance their Internet address. He said that there had been a procedure instituted within the last two weeks that I had to follow.

I told him I was unhappy, but having spent an hour in the bank already I decided I would take his advice and see if I could figure out what was needed. Of course I found nothing on the Internet. The procedure he gave me was dated 1995, and there was no English version. It was clear as mud.

I found the name of the branch manager in the documents we had signed and wrote a letter informing them that my CD had matured two days ago that I had tried to collect it, and that I could not.

I wrote my understanding of the problem as Alexei had explained it to me, that there was a new procedure N1074 dated about two weeks ago, that applied only to foreigners that have been in the country for more than 180 days. This procedure supposedly required that I get a stamp in my passport from some Ministry before the bank could issue me my money. I explained that the Ministry of Finance website told me nothing I could use, and that my lawyer who specializes in immigration in nothing about it. I asked the bank to write me a letter in Russian explaining exactly what they needed to see and from whom I needed to get it so I could get my money.

I presented the letter to Alexei at the bank. He disappeared into the back room and was gone for half an hour or so and came back with printed copies of Procedure 1074, the one mentioned in my letter, and law number 1456. He said that this explained everything. By the way, he was referring to the 1995 procedure, but there was an eighth amendment to it dated two weeks ago.

I told him that I was not happy, that I doubted that I would be able to learn anything from attempting to read the law and procedures. I asked if he could please write me a letter. It was clear he did not want to do that, so I decided to give it one more try. He did give me the address of the Ministry, Shevchenko 34, where I could supposedly get the stamp I needed in my passport. He told me to show them the copy of the law and a copy of my the CD and they would understand what I needed and give me the stamp. I accepted this guidance grudgingly and left.

I talked to a friend who said that he recognized the procedure with the Immigration office at 34 Shevchenko. I talked to my lawyer who said that while it made sense to ask; he wasn't sure what they were talking about. I went to Shevchenko and stood in line, where a nice lady who was processing immigration papers for somebody else told me that I had the wrong materials, and that the process of immigration should be handled not by me personally but by the firm

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that had issued a letter of invitation to me. And, by the way, I would need copies of insurance papers, my letter of introduction, and the rental contract for my flat.

The letter of invitation is a separate problem. You cannot just stay in Ukraine; you need to be invited by somebody. I had been invited by an agency associated with the place where I initially taught English, but since I had not taught there for six months that could have been problematic.

In any case, it looked like immigration was not going to do me any good. One of the Catch-22's that has been dogging me ever since I got here is that I need to have a residency stamp in my passport. I think that is the stamp that we were talking about; in this Kafkaesque environment I never knew for sure.

You can only get a stamp that you have been in country 170 days, and it is illegal not to have one after you have been here 180 days. It gives you a very tight window of time. Of course if you leave the country at any time the 180 day clock starts over. So what this would mean is that, since I had last arrived in country on October 10, I would have to wait until March to get us stamp in my passport area and presumably I would have had to wait until March for my money. Without leaving the country in the interim. This was unacceptable; the bank was not paying any interest on the money, and a bank could collapse in that time.

I have had a bank account since January with another bank. Aside from the expected bureaucratic rigmarole, I have had no problems with the other bank. I asked the bank manager about my problem with OTP Bank. Specifically, I said that they refused to return the money from a 90 day CD. She said that they knew of no such laws, and her bank had no such problems. She is an intelligent sounding woman with whom I have spoken once before, and this emboldened me to take on OTP Bank with another letter.

I talked again to my lawyer. We agreed on the content of the second letter to the Hungarians. He gave me very good guidance on the procedure as well. He said to write a letter to the headquarters of the bank and to make sure it was registered when I delivered it. I found out what he meant by registry when I went to that bank. The guard told me that the woman who registered letters wasn't there; come back in two hours. When I came back and the woman read my letter and logged it in, stamping a second copy for me to indicate its receipt.

The procedure was critical. I had written the letter in two languages, English and Russian, side by side so they could figure what I meant. They did not argue at any point with the fact that my Russian is not quite up to snuff. I explained that the immigration offices procedures would not allow me a stamp until March and that I wanted my money before then I also said in the letter that they had 30 days by law to respond to this letter. I asked them again if they would please explain their interpretation of the laws, because I had no idea how to interpret them, and other people as well did not understand OTP Bank's interpretation.

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I hand carried the letter to the bank on Friday November 21. On Monday I got a fairly serious call from some woman saying that she would like to talk to me. Please meet her. She gave me her telephone number and the four digit extension. I went to the bank headquarters Tuesday morning and asked the guard to dial that number. The woman who answered said she was the branch manager where I had opened the account and she was expecting me at her branch. She had neglected to tell me who she was and where to meet her in our phone call. So I walked 20 minutes in freezing weather to her branch.

It is interesting that this is the first that I had seen of Tatyana. Obviously those half-hour séances that Alexei had away from me were with her, but she apparently did not want to meet a customer. In this case she had to. She attempted to explain the law of the 180 days. It goes something like this -- I never fully understood it. A foreigner is not allowed to make use of Ukrainian bank services for more than 180 days out of the year. The problem was that I had been in Ukraine for more than 180 days of the 366 prior to wanting to withdraw the money. She took my passport and spent 10 minutes looking at the various entry stamps to compute the fact that I had been in the country more than 180 days. I protested at least three times that it was a senseless exercise, of course I had been there more than 180 days. But she persisted, and finally came up with her own figure, 240 days.

The 240 days was wrong. There were two problems. One, they did not put an exit stamp in my passport when I left on February 29, and secondly, they did not put an entry stamp in my passport when I returned from Hungary on October 10. So the stamps alone were not enough for her to do the arithmetic. I gave her the February 29 and the October 10 days and she finally came up with her incorrect number using a calculator.

I asked what all this had to do with the stamp from immigration. Why had they sent me there? There was no explanation. She had sent me chasing my tail at immigration. Alexei had told me that it was a major problem that I did not have an entry stamp. However, this also turned out also to be a nonissue. When you enter the country they are supposed to put an entry stamp in your passport. They also give you an immigration form that you have to keep with your passport. It is also stamped, with the same date. So they could readily see that I had in fact entered on October 10.

After an hour together, during which time Tatyana told me she had spent four hours talking with the lawyers at headquarters, we still had no resolution. She asked for my lawyer Valery's number and called him from her office. After their conversation she still saw no way that she could see for me to get the money except to wait until March. I told her that that was unacceptable and I would talk to my lawyer. She said she would work on it and get back with me.

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Tatyana called later that day with a solution. She had talked to Valery, and they agreed I could find a Ukrainian nominee willing to receive the money, go to a notary and make a power of attorney assigning my interest in the CD to that person. They could give the money to the Ukrainian and he or she could give the money to me. I told her that I would have to call Valery again to see what he thought of this convoluted proposal. I sent him an SMS.

When I got home I did the arithmetic on the dates. She had given me her card, so I had her e-mail address. I sent her a message telling her that I had been in country 312 days, not the 240 that she actually. Moreover, I had been in the country for 263 days at the time that I made the deposit. By her logic they should never have accepted it in the first place.

Valery, my attorney, called in response to my SMS and suggested that I follow the procedure given. He did not understand their reasoning, but he said to get the money any way I could. Find a trustworthy Ukrainian. I was going to ask the bank what the procedure would be, if my Ukrainian and I could come together to the bank, the Ukrainian receive the money and hand it to me right there. It would seem to be the least risky solution.

In the meantime I got yet another call from the branch manager. She had had a change of heart, presumably after reading my e-mail. She says that she had talked to lawyers and they decided just to give me my money. Come in tomorrow morning.

I came in the following morning, Friday, and met Alexei. At this point I did not see Tatyana. She is customer-shy, as I had said. I guess she did not want to see my face after all the travail. Alexei asked me if I wanted to take all the money or open a new account with some of it. I told him with a straight face I wanted it all.

Alexei took my passport and he went away for only 10 or 15 minutes and came back with a form for me to sign. He told me to take the form to the cash desk. There, to my amazement, they pulled out two \$10,000 sheaves of hundred dollar bills and gave them to me, along with my interest for the three-month period, \$420. They paid no interest for the time between the CDs maturity and the time I finally got the money, but on the other hand, they did not charge me the standard 1% fee for a withdrawal in dollars. As I left the bank Alexei hastened out to shake my hand, thank me for doing business with them, and give me some tchotchkes. A coffee cup, a scarf, and an umbrella, all boldly emblazoned with the bank logo.

I tucked the money into my money belt and walked down the street looking over my shoulder every five seconds to see if they had goons following me. I got back to my flat. I stopped at my other bank on the way home to talk to that branch manager about opening an account. I now know what I want. A savings deposit account rather than a CD. It pays less interest but you can get your money when

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you want it. It appears to me I have the choice among several risks. Keep my money in the US, from which it might be hard to transfer it; keep it in dollars stashed in my apartment where it is subject to theft and earns no interest, or keep it in a local bank at the risk of insolvency despite supposed government insurance. I think that the best hedge is to do all three.

Nietzsche wrote "What does not kill me makes me stronger." I take several lessons away from this experience. Everybody says that Ukrainian law is badly flawed, and I now believe it. Nobody understands Ukrainian law, and they interpret it to suit their whims.

They stand in fear of authority. OTP Bank did not act until I asked for a letter which I might bring to the National Bank of Ukraine, and they got extremely serious once it became clear that they might be demonstrably at odds with the law on that 180 day deal. They were terrified at the prospect of having to commit their position to paper, as required by my registered letter to them.

People will lie to you with a straight face and be absolutely unashamed when the lie becomes apparent. Nobody felt any obligation to explain to me why all of a sudden I do not need to get a stamp from the immigration people, or why the entry stamp was important at one moment and not the next, or why one moment I needed a Ukrainian middlemen to receive the money and the next moment I did not. Nobody ever thoroughly explained the bank's interpretation of the 180 day rule.

I have formed this observation about lying in several other contexts. The landlord and the real estate agent lied to me when they rented me my first flat. They charged a full rental commission when the landlord's intention was to sell the building within two months. The landlord feigned absolute surprise that he received an offer he could not refuse for the building from a real estate company. He told me that he had negotiated a deal whereby that realtor would find me a new flat with no commission. Of course the buyer did not come through on this. He told me brusquely to get lost once he had purchased the flat. My landlord-seller told me that he would make up the difference. He did not. He moused out in three steps, first saying he would pay only half of the commission, then cutting that in half, and then finally never paying me any thing. I gave up in disgust and stopped bugging him.

I have had the same experienced with car rental companies, sales clerks, girls... people from every element of society. The bottom line is that people will lie to you readily and without embarrassment. Unless you are dealing with somebody you have known for quite a while, you have to get commitments in writing.