

THE AMERICAN LAWYER

Litigation Department OF THE Year

**SPECIAL
REPORT**



LIBOR, MASSIVE SECURITIES CLASS actions against the big banks, billion-dollar patent wins, eye-popping arbitration awards. While the U.S. economy was struggling to return to health over the last two years, big-ticket litigation was clearly a countercyclical buffer. As the financial meltdown turned from headlines in the press to captions on docket sheets, the litigators at The Am Law 200 were front and center. In their lengthy, detailed submissions to us for 2014 Litigation Department of the Year and our three practice areas honors, we were delighted to see how diverse and cutting-edge the firms' results were over our time frame (August 2011 through July 2013).

To draw attention to these efforts, we changed our practice group competitions: We added securities and antitrust along with our traditional, highly competitive IP category. After months of reading the submissions, vetting the firms, and interviewing the finalists at our New York office, we arrived at four winners, 13 runners-up, 10 honorable mentions and six Litigators of the Year. Congratulations to everyone who won, and our sincere thanks to every firm that participated in our contest.

—Robin Sparkman





They Bleed Citi Blue

When the financial crisis meltdown morphed into securities litigation, **PAUL WEISS** was at the ready—winning key victories for big banks in court and at the bargaining table, especially for Citi.

BY VIVIA CHEN

PAUL, WEISS, RIFKIND, Wharton & Garrison's securities litigation practice is big, powerful and swaggering. It's also seemingly ubiquitous, popping up in some of the most high profile, high-stakes securities litigations in recent history.

Indeed, its representation of mega financial institutions caught in the maelstrom of the economic meltdown is quite exceptional. What also sets it apart is its willingness to go to trial at the 11th hour—which it deploys as leverage in negotiating settlements. We picked Paul Weiss as securities litigation department of the year because no other firm matched the number and magnitude of headline-making securities litigation during our competition time frame (August 1, 2011, to July 31, 2013).

Depending on your viewpoint, Paul Weiss is either a shining knight for Wall Street institutions—fending off meritless lawsuits and overreaching prosecutions—or a fixer for financial behemoths that contributed to the financial fiasco, helping them avoid big payouts and penalties. Any way you look at it, there's no denying that the firm has been a very effective advocate for its clients.

For Citigroup Inc. alone (the firm's largest financial client), Paul Weiss has

chalked up a series of impressive wins in the last two years. (Some of the key partners who work on Citigroup matters include Jack Baughman, Bruce Birenboim, Susanna Buerger, Jay Cohen, Claudia Hammerman, Brad Karp and Theodore Wells Jr. The firm does not have a separate securities litigation practice area.) Among its wins for Citigroup:

■ In 2011 U.S. District Judge Jed Rakoff of the Southern District of New York famously rejected a \$285 million settlement between the U.S. Securities and Exchange Commission and Citigroup, represented by Paul Weiss. Rakoff was troubled that Citigroup neither admitted nor denied the allegations and thought the settlement amount was too low. But the firm ultimately triumphed, convincing the U.S. Court of Appeals for the Second Circuit to reject Rakoff's ruling and reasoning.

■ The bank prevailed in arbitration after Abu Dhabi Investment Authority claimed that it was fraudulently induced to invest \$7.5 billion in Citigroup. (The Southern District of New York confirmed the ruling.)

■ The Southern District also granted Citigroup's motion for summary judgment in a \$200 million lawsuit in which seven Norwegian municipalities alleged misrepresentations by Citigroup about risks associated with notes they bought. (The case is currently on appeal.)

Besides those wins, Paul Weiss also negotiated some jaw-dropping settlements for Citigroup, including a \$590 million class action settlement with shareholders who claimed a \$176.3 billion loss, and a

\$730 million class action settlement with bondholders who claimed losses exceeding \$20 billion. The firm also brokered a confidential settlement with the Federal Housing Finance Agency that settled more than \$4 billion in claims against Citigroup.

While those settlements required the bank to pay out massive sums, Citigroup seems pleased with the result. Though the bank wouldn't comment on specific matters, Citigroup deputy general counsel Edward Turan praises the firm's performance: "Over the last several years the firm has represented Citi on many of its most high-profile and high-exposure matters. The firm has done a superior job in obtaining numerous excellent results at trial, from motion practice or pretrial settlements."

One of Paul Weiss's specialties is parachuting into a case at the crisis stage. It played a critical, last-minute role in settling a series of messy lawsuits that resulted from Bank of America Corporation's 2009 acquisition of Merrill Lynch & Co. Inc. Shareholders had brought a \$25 billion suit, claiming that Bank of America made misleading statements and material omissions during the merger approval process.

In 2012, after a series of motion defeats, a trial looked likely. The bank, which had been relying on Cleary Gottlieb Steen & Hamilton and Wachtell, Lipton, Rosen & Katz, turned to Paul Weiss, hiring star partner Wells to lead the courtroom proceedings. But in September of that year, Bank of America settled for \$2.43 billion, averting a risky trial.

Practice Group Size and Revenue

Partners: 56 Associates and Counsel: 208

Practice Group as Percent of Firm: 57%

Percent of Firm Revenue 2012: 47%



How did Paul Weiss reach a settlement at the last moment? “We have tremendous credibility with the plaintiff bar because they know we will try cases,” says Karp, Paul Weiss’ chair and a securities litigation partner. “We operate from a position of strength.”

Even its opponent seems to agree. “I think Paul Weiss is superb—tough but professional,” says Max Berger of Bernstein, Litowitz Berger & Grossman, the plaintiffs counsel on the Bank of America case. “Brad Karp came in at the last minute, studied the case, understood the issues and sat down to negotiate a settlement.”

Paul Weiss was also successful in representing JPMorgan Chase & Co. when it was sued by the hedge fund

Amaranth Advisors LLC. Among other claims, Amaranth contended that JPMorgan had interfered in its aborted deal with Goldman Sachs & Co., causing it to lose hundreds of millions of dollars. The New York state court dismissed the claim on summary judgment, which the appellate division affirmed. “They were absolutely stupendous,” says JPMorgan general counsel Stephen Cutler about Paul Weiss’ performance in the matter—lauding partners Eric Goldstein and Danel Toal. “From A to Z, they were awesome.”

But even a securities litigation powerhouse doesn’t win every case. In the aftermath of the financial crisis, Russian mogul Leonard Blavatnik sued JPMorgan

for \$100 million, claiming that JPMorgan invested his money in risky mortgage-backed securities without his permission. After a trial, a New York state court in August 2013 ordered the bank to pay Blavatnik \$45 million.

Despite that loss, JPMorgan’s Cutler has no hesitation about Paul Weiss’ skills: “Our trial lawyer [Lewis Clayton] from Paul Weiss was outstanding in the courtroom. Being a great litigator doesn’t mean you win every aspect of every case.”

If that’s the worst thing a client who’s shelling out \$45 million has to say, Paul Weiss should feel pretty secure about its position as the “go-to” firm for financial institutions caught in the crosshairs. ■



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OF THE *Year*

Paul, Weiss, Rifkind, Wharton & Garrison

