

Sullivan & Worcester Forms Credit Crisis Practice

By **Ron Zapata**, ron.zapata@portfoliomedia.com

Wednesday, Mar 19, 2008 --- Sullivan & Worcester LLP has formed a new practice group to help clients handle the growing number of securities cases, bankruptcies and government investigations arising from the subprime mortgage crisis.

Sullivan & Worcester LLP announced on Tuesday the formation of its credit crisis task force to handle problems that clients are facing from the subprime meltdown.

The group, which will be led by senior partners Paul E. Summitt and George P. Lindsay, will include litigators and other members of the firm's bankruptcy, finance, securities, government investigations and white collar defense practices.

Summitt said the group would be well-positioned to get and do work as a result of the developing credit crisis because many cases will involve "some very deep-pocketed clients on both sides of the case caption" rather than class actions by small investors.

"In this environment, which I think in a lot of instances will include a substantial institution versus another substantial institution, we are less likely to be conflicted out than big New York firms," said Summitt, who is based in the firm's Boston office.

He said the firm, which includes about 200 attorneys in its Boston, New York and Washington, D.C., offices, has already received a number of referrals from conflicted firms.

The task force, which Summitt said would continue to grow, currently consists of 29 members who have represented clients in cases involving financial disputes, alleged securities law violations and alleged investment fraud. The members' expertise spans tax law, real estate, investment management and securities law.

Some of the group's representative matters include advising underwriters in a securities class action relating to the initial public offering of a subprime lender; advising an insurance and financial securities company in resolving claims involving investment funds; and advising a major international bank in disputes regarding the collapse of Parmalat SpA.

Summitt believes the full impact of the subprime collapse, which has already

caused more than \$150 billion to be written off by banks and other financial institutions, has yet to be realized.

The practice expects several more lawsuits from pension funds, municipalities and other groups who have suffered massive subprime losses, he said.

“I don't think many people were predicting the kinds of tumultuous events we are seeing in the first three months of this year. Who knows how long this is going to go?” Summitt said. “Is Bear Stearns the last of the giants to fall or not?”

The firm has already received its share of questions in aiding clients during the developing crisis. For instance, Duncan O'Brien, a member of the group's corporate area, said clients come to the firm every day with a new “fire drill” of questions such as when certain assets should be moved, when certain remedies are available and when reports must be made to investors.

Summitt said clients have much to learn from the credit crisis. For instance, Summitt noted that one client that invested heavily in a hedge fund that has been doing well for the last few months is looking into the successful investment.

“Whether an investment is doing well or doing badly, [clients] want to really understand the complex relationship to make an assessment of risk versus gain,” Summitt said. “Things got so complex and so abstracted that institutions didn't know what they owned and what they didn't, or they couldn't make a realistic risk/gain assessment and got bit.”

Sullivan & Worcester joins a long line of firms that have launched specialized groups to guide clients through the credit crunch, including Andrews Kurth LLP, Kilpatrick Stockton LLP and Ballard Spahr Andrews & Ingersoll LLP.

Summitt said the firm's new group stands out in many ways from other competing midsize firms with similar practice groups.

“For a firm our size, we have an unusual number of senior litigators who have handled some of the more sophisticated financial matters on both the plaintiff and defense side and both civil and criminal cases,” said Summitt, pointing out that the firm includes five former assistant U.S. attorneys.

“Individual by individual, in our view, we have an unusually talented group of senior litigators,” Summitt said.

Sullivan & Worcester is a corporate law firm that touts its small-firm collegiality and ability to offer close partner-client contact. Other practice areas covered by the firm include employment, energy, immigration and intellectual property.