

Hedge Fund, Private Equity, and Financial Institution Cases

Bartlit Beck represents hedge funds, private equity funds, and other financial institutions in complex litigation across the country.

We represent hedge funds and trustees in connection with residential mortgage-backed securities litigation. We represent hedge funds in the plaintiff-side pursuit of assigned claims, particularly in the secondary debt market. We represent hedge funds and private equity funds in the defense of investor litigation, bankruptcy trustee litigation, and the pursuit of post-closing adjustments and claims for misrepresentation of financial performance of target companies. We represent hedge funds that have been victimized in times of financial distress by financial institutions, including clearing firms. We represent employers of investment funds against their employees, and vice versa.

Our litigation partners bring deep expertise to these cases, with a roster that includes former transactional lawyers with deep expertise in credit agreements and merger agreements, a University of Chicago finance Ph.D. expert in financial instruments and derivatives, lawyers with masters degrees in economics, former certified public accountants with accounting firm experience, and former management consultants experienced in company analysis. Our partners teach courses on hedge fund and private equity litigation in the law schools at Northwestern University and the University of Chicago.

Below are summaries of some of the representative cases we have handled.

U.S. Bank, as Trustee v. Morgan Stanley Mortgage Capital

Representing trustee for Morgan Stanley Mortgage Loan Trust 2006-4SL and Mortgage Pass-Through Certificates, Series 2006-4SL in breach of contract action against Morgan Stanley unit for failure to repurchase mortgage loans from a securitization trust after it was determined that the loans breached the representations and warranties of the associated securitization documents. Case pending in New York state court.

Hedge Fund Litigation Counseling – Residential Mortgage-Backed Securities

Counsel to numerous hedge funds on issues involving rights and remedies of securitization certificate holders and securitization trusts, including review of documentation, design of legal strategies, and negotiation with adverse parties.

Elliott Associates, L.P. v. Porsche SE

Representing hedge funds in securities fraud and manipulation lawsuit against Porsche SE related to Porsche SE's attempted takeover of Volkswagen AG in 2008. Damages in excess of \$1 billion. Case on appeal to Second Circuit.

Countrywide Home Loans, Inc. and BAC Home Loans Servicing, LP v. Mortgage Guaranty Insurance Corporation (Federal District Court, Northern District of California)

Representing MGIC in a \$100 million mortgage insurance dispute with Countrywide.

Peterson v. Somers Dublin (In re Lancelot Investors Fund, Ltd.)

Representing Pentagon Capital Management PLC and Pentagon Select Ltd. in a \$60 million preferential transfer action brought by the Chapter 7 trustee of Lancelot Investors Fund, Ltd. Case pending in the Bankruptcy Court for the Northern District of Illinois. Obtained dismissal of complaint January 2012. Plaintiff granted leave to replead.

DK Acquisition Partners, L.P., et al. v. J.P. Morgan Chase & Co., et al. (Southern District of Texas and Southern District of New York)

Represented holders of more than \$1.5 billion in Enron bank debt in their action against J.P. Morgan Chase & Co., Citigroup and affiliates, alleging fraud and other wrongdoing based on defendants' knowledge of and participation in scheme to conceal Enron's true financial condition. Case settled in 2009.

Treasurer of the State of Connecticut v. Forstmann Little, et al. (Superior Court, Rockville, Connecticut)

Represented Forstmann Little in a lawsuit brought by one of Forstmann Little's limited partners, the State of Connecticut pension funds. After two-month jury trial in small town of Rockville, Connecticut, jury came back with verdict for Forstmann Little, awarded the State no damages, and found that the State had been fully informed of the disputed investments and had approved them at the time they were made.

Residential Funding Corp. (GMAC) v. DeGeorge Financial Corp. (District Court, New Haven, Connecticut)

Represented GMAC in a lender liability case involving an agreement to purchase home construction loans. DeGeorge represented by Stephen Susman. Jury verdict for Residential Funding on all issues. Jury awarded Residential Funding \$96 million in damages. Case listed as one of the Top Plaintiffs' Verdicts for 2001 by The National Law Journal.

Edward Keely v. Janus Management Holdings Corp. (District Court, Denver, Colorado)

Represented former Janus portfolio manager in action for fraud, breach of employment contract and related claims against mutual fund company. Won \$4.8 million jury verdict, which was later increased to over \$7 million due to statutory enhancements, interest and attorneys fees. The jury specifically found that Janus committed fraud, and that finding is believed to have precipitated the ouster of Janus's CEO and has led to the assertion of related claims against Janus by other former employees for tens of millions of dollars.

Ocean Ridge Capital Advisors, LLC, as Litigation Trustee v. Metropolitan Life Insurance Company, et al. (Southern District of New York)

Represented Litigation Trustee against directors and officers for breach of fiduciary duty and against recipients of preferential and fraudulent transfers exceeding \$60 million from Meridian Automotive Systems, Inc. Case settled against all defendants.

Amaranth LLC v. J.P. Morgan Chase & Co. (Supreme Court, New York County)

Representing hedge fund and trading advisor in their action for breach of contract and tortious interference with prospective economic advantage against investment bank, commercial bank, and futures commission merchant. Damages in excess of \$1 billion. Case pending in New York state court.

Racepoint Partners LLC v. JPMorgan Chase Bank (Supreme Court, New York County)

Lead counsel representing holders of more than \$1 billion in Enron bonds in their action against JPMorgan Chase Bank as indenture trustee, alleging breach of contract, breach of implied duty of good faith and fair dealing, and breach of fiduciary duty. Appeal pending in New York Court of Appeals.

Private Equity Fund Arbitration (Washington, D.C.)

Lead counsel representing private equity fund buyer of company in post-closing and indemnification dispute with private equity fund seller of company. Case settled.

Citadel Equity Fund, Ltd. v. Kidan (Southern District of Florida)

Citadel Equity Fund, Ltd. v. Wells Fargo Foothill (Southern District of New York)

Represented Citadel in breach of contract and fraud claims against borrowers and agent arising from fraudulent purchase of SunCruz Casinos in Florida using \$60 million loan. Cases settled.

Merrill Lynch Bank & Trust Co., FSB v. National City Bank (Supreme Court of the State of New York)

Represented National City Bank in case concerning its \$4.5 billion sale of mortgage origination and servicing businesses to Merrill Lynch. Case against National City Bank dismissed.