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Covington, Shearman, Kirkland End Howrey Rows For \$2M

By Kurt Orzeck

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Law360, Los Angeles (October 22, 2013, 7:23 PM ET) -- Covington & Burling LLP, Kirkland & Ellis LLP, Shearman & Sterling LLP and former Howrey LLP attorneys who joined the firms have agreed to pay Howrey's Chapter 11 trustee roughly \$2 million to settle unfinished-business litigation, according to filings in California bankruptcy court on Monday and Tuesday.

The trustee, Allan B. Diamond of Diamond McCarthy LLP, asked the bankruptcy judge to approve the agreements, which would resolve claims that the firms and Howrey's former partners owed Howrey profits from competing client matters that originated at its firm.

Covington, which allegedly collected \$8 million in gross revenue by handling 15 matters that originated at Howrey, will pay \$960,000 under the terms of its deal with Diamond. Ex-Howrey partners John Niels, Alan Wiseman, Jason Raofield, Andrew Lazerow, Damien Geradin, Lars Kjolbye and Peter Camesasca will return \$450,000 of the more than \$2.4 million they received.

"In the trustee's business judgment, the most effective manner to resolve all claims against a successor firm and their partners is to reach a compromise like the one here — in a bundled manner by a single payment that resolves all claims with the firm and partners," Diamond said in a Monday motion seeking approval of the Covington deal.

Shearman and ex-Howrey partners Trevor Soames, Stephen Mavroghenis and Geert Goeteyn will pay roughly \$425,000 of the more than \$2.7 million it allegedly collected from at least 12 former Howrey matters, a separate Monday filing said.

Kirkland and former Howrey partner Shaun Goodman will pay \$182,500 to resolve a dispute over four client matters that generated about \$1.2 million in gross revenue, according to a Monday filing.

In a fourth motion for a settlement approval, filed Tuesday, Diamond said Venable LLP had agreed to pay \$17,000 relating to legal matters that originated at Howrey and were transferred to Venable in connection with the departure of former Howrey partners Konstantinos Katsiris and Jennifer Dwonczyk.

The settlement requests follow a slew of related settlement deals and come approximately two months after Diamond sought approval of the most sizable agreement, a **\$41 million payment from BakerHostetler**.

Around the same time a judge approved BakerHostetler's settlement, Diamond asked the bankruptcy court to approve an agreement to pay \$37 million to Citibank NA, Howrey's largest creditor, which would satisfy the principal the bank was owed, as well as the bulk of its interest.

Howrey once was one of the nation's top antitrust and intellectual property law firms, employing more than 750 attorneys in 17 offices across the U.S., Europe and Asia. Its downfall began in 2009, as declining profits caused much of the firm's top talent to jump ship.

Documents

[Covington Settlement Motion](#)
[Shearman Settlement Motion](#)
[Kirkland Settlement Motion](#)
[Venable Settlement Motion](#)

Related

Sections

Bankruptcy
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 Legal Industry

Case Information

Case Title

TRACK Howrey LLP

Case Number

3:11-bk-31376

Court

California Northern

Nature of Suit

Date Filed

April 11, 2011

Law Firms

TRACK BakerHostetler
TRACK Covington & Burling
TRACK Diamond McCarthy
TRACK Kirkland & Ellis
TRACK Shearman & Sterling
TRACK Venable LLP

Companies

TRACK Citigroup Inc.

After a third of its partners had left, the firm opted for an out-of-court wind down of its global operations. The remaining partners voted in March 2011 to dissolve the firm.

Diamond alleged that Howrey's former partners attempted to shield themselves and their successor law firms from unfinished business claims, and that they should return the profits received from Howrey's unfinished business.

Attorneys for Diamond, Covington, Shearman, Kirkland and Venable didn't immediately respond to requests for comment Tuesday.

Diamond is represented by Andrew B. Ryan, Stephen T. Loden and Michael Fishel of Diamond McCarthy LLP; and Eric A. Nyberg and Chris D. Kuhner of Kornfield Nyberg Bendes & Kuhner PC.

Covington is represented by the firm's lawyer Keith Teel.

Shearman & Sterling is represented by the firm's lawyer Henry Weisburg.

Kirkland is represented by the firm's lawyer Thomas O. Kuhns.

Venable is represented by the firm's lawyers Keith C. Owens and Jennifer L. Nassiri.

The bankruptcy case is In re: Howrey LLP, case number 3:11-bk-31376, in the U.S. Bankruptcy Court for the Northern District of California.

--Editing by Edrienne Su.

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