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Howrey Strikes Settlement With Ropes & Gray

By **Stephanie Russell-Kraft**

Law360, New York (October 23, 2013, 5:36 PM ET) -- After four U.S. law firms agreed to return \$2 million to Howrey LLP's creditors, the defunct law firm asked a California bankruptcy judge Tuesday for approval to rake in thousands more dollars from Ropes & Gray LLP, another firm that hired a former Howrey partner.

The trustee, Allan B. Diamond of Diamond McCarthy LLP, asked Judge Dennis Montali of the Northern District of California to approve a \$240,300 settlement to resolve claims that Ropes & Gray and a former Howrey partner owed Howrey profits from completing client matters that originated at its firm.

Diamond **filed the suit in March** against its former intellectual property partner James R. Batchelder, now at Ropes & Gray LLP, for \$1.13 million. The trustee claims that Batchelder's move was an attempt to deliberately conceal assets from creditors, as well as a breach of his partnership agreement.

Ropes & Gray's payment, which represents 9 percent of the revenue it collected, is slightly discounted from the settlement range of unfinished business claims in prior law firm bankruptcies, but was negotiated on the express condition that the firm accept the offer before the court heard motions to dismiss the complaint Wednesday, Diamond says.

"To date, the trustee has incurred relatively low litigation costs in evaluating and pursuing these claims," the trustee's motion says. "Given the time, expense and uncertainty associated with litigation to recover from [Ropes & Gray], the trustee believes that the payment is within the range of reasonableness and will provide a substantial monetary benefit to the estate."

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

On Monday and Tuesday, Diamond **asked Judge Montali to approve four other settlements** worth more than \$2 million total with law firms Covington & Burling LLP, Kirkland & Ellis LLP, Shearman & Sterling LLP and Venable LLP.

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.

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 alleges 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.

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.

Ropes & Gray is represented by Robert E. Clark of Dumas & Clark LLP.

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.

--Additional reporting by Kurt Orzeck. Editing by Melissa Tinklepaugh.

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