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UPDATE, 10/23/13, 11:00 A.M. EDT: Two other law firms, **Ropes & Gray** and **Venable**, have agreed to settle unfinished business claims brought by **Howrey** trustee Allan Diamond, according to court documents filed Tuesday. Ropes will pay the Howrey estate \$240,000, while Venable has agreed to contribute \$17,000. That brings the total Diamond has collected this week to repay the defunct firm's creditors to \$2.28 million, pending the court's approval.

The trustee overseeing Howrey's Chapter 11 bankruptcy has brought in another \$2.02 million to help repay the firm's creditors by finalizing settlements this week with three law firms that hired Howrey partners amid the Washington, D.C.-based litigation shop's implosion in 2011.

Filed Monday in federal bankruptcy court in San Francisco, the deals resolve claims brought against **Covington & Burling**, **Kirkland & Ellis** and **Shearman & Sterling** to recover money that Howrey trustee Allan Diamond, citing the unfinished business doctrine, insists belongs to the Howrey estate because it is tied to work that originated with the defunct firm.

The settlements, which still require court approval, also include money Diamond says a total of 11 partners hired by those firms owe the Howrey estate because they were allegedly overpaid during a period when Howrey was already insolvent. According to the proposed settlements, Diamond pushed for the return of a percentage of bonuses, distributions and capital that the 11 lawyers received between the second quarter of 2010 and April 2011, when Howrey collapsed.

While individual partners are pursued separately with such overdistribution claims in many law firm bankruptcies, **Diamond made it clear months ago** that he planned to bundle those types of claims with the unfinished business actions being brought against the firms. In the settlement with Kirkland, Diamond touts the approach by saying, "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."

In the largest of the settlements, Covington has agreed to pay the Howrey estate \$1.41 million—a sum that includes \$960,000 related to unfinished business claims. Diamond estimated that 15 hourly matters brought to the firm by seven partners yielded \$8 million in revenue.

The individual lawyers involved in the Covington settlement are John Nields, senior of counsel in the firm's Washington, D.C., office; Alan Wiseman, senior of counsel in D.C.; Jason Raofield, a partner in D.C.; Andrew Lazerow, of counsel in D.C.; Damien Geradin, a partner in Brussels; Lars Kjolbye, a Brussels lawyer who left Covington to be a partner at **Latham & Watkins** in July; and Peter Camesasca, a European lawyer who now works in-house, **according to press reports**. Collectively, those partners earned \$2.4 million in distributions, return of capital or bonus payments, according to the filing.

Kirkland and London-based partner Shaun Goodman, meanwhile, have agreed to pay the estate \$182,500, with all but \$48,742 of it connected to \$1.2 million in fees Diamond says the firm earned from unfinished business matters.

Shearman and Brussels partners Trevor Soames, Stephen Mavrogheni, and Geert Goeteyn have agreed to pay the estate \$424,697, with just over half of that amount stemming from unfinished business Diamond valued at \$2.7 million. Soames, the filing notes, made nearly \$1 million during the insolvency period in question and has agreed to repay \$165,000.

In urging the court to approve the settlements, Diamond argues that they eliminate "the time and expense of litigating the claims and defenses in a motion to dismiss, as well as the risk of a negative result after trial."

Diamond said via email Tuesday that "I am happy with the way that all parties professionally and courteously approached the negotiations and reached settlements that [were] fair to all." Covington partner Geradin said he is "happy to have this behind me." The rest of the ex-Howrey partners in question and representatives for the three firms could not immediately be reached for comment.

Many firms that hired Howrey partners **have refused to settle with Diamond**. A hearing is set for Wednesday in U.S. bankruptcy court in San Francisco during which lawyers for some of those firms, including **Pillsbury Winthrop Shaw Pittman** and **Jones Day**, will make their arguments for why they shouldn't have to repay the Howrey estate (Shearman was initially among the firms fighting the suits, according to our past coverage).

Battles over the validity of unfinished business claims in both the Thelen and Coudert Brothers bankruptcies, meanwhile, **have reached a federal appellate court in New York**, with the U.S. Court of Appeals for the

Second Circuit poised to deliver a pair of rulings in those cases that could set new precedent for future law firm collapses—at least on the East Coast.

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