



An  
International  
Law  
Firm

S  
M  
D  
E  
S  
K

## LITIGATION SUPPORT FOR HEDGE FUNDS, PRIVATE EQUITY AND OTHER FUNDS AND INVESTORS

. . .

“Expect more accusations as  
the markets wobble.”

“One of the other inevitable  
consequences of financial-  
market upsets is the search  
for scapegoats.”

*The Economist, 1 September 2007*

It has been an eventful few months for many funds. In light of the recent turmoil in the financial markets, there has been a significant increase in the number and volume of threats of legal action by disgruntled investors looking for someone to blame – be it the funds themselves, or their managers, advisers or administrators.

Brown Rudnick actively represents and advises funds and their investors. Based on both sides of the Atlantic, our experienced litigation teams are positioned to help you with matters related to:

- Claims alleging, for example, misrepresentation, breach of contract, negligence, breach of fiduciary duty, or fraud;
- Issues concerning early liquidation, fire sales, claims for refunds of fees, conflicts of interest, or preferential rights under side-letters;
- Disputes/problems about custody agreements, arrangements with prime brokers, or contracts with other market participants;
- Regulatory inquiries or investigations.

## EXPERIENCE, PERSPECTIVE AND SUCCESS

Our experience in these areas includes representing clients across a range of matters. We are among the few law firms that represent both institutional plaintiffs and public company defendants in complex securities/financial services litigation. We believe that this “other side of the table” perspective gives us a unique insight when representing our clients. When pursuing claims of institutional investors, we understand and can anticipate the strategies likely to be employed by the defense, and when we defend public and private companies, our knowledge of the mindset and concerns of plaintiffs can give us – and our clients – a significant advantage.

Brown Rudnick’s securities/financial services litigation experience is not limited to representing institutional investors in the pursuit of recoveries, or public/private companies defending against claims, in court cases, private dispute resolution or trial practice. Our team also represents clients facing formal and informal regulatory and investigative proceedings with the authorities and exchanges on both sides of the Atlantic.

We cite a few examples below where we have represented parties in matters arising from restructurings, bankruptcies and other lost investments.

■ In a case involving esoteric mortgage securities, Brown Rudnick represented 26 institutional investors, including large U.S. corporations and several European money managers, in the **prosecution of three lawsuits arising from the collapse of the Granite family of hedge funds**. After winning numerous discovery battles and defeating motions for summary

judgment, we recovered more than \$230 million, primarily from large brokerage firms, and delivered to our clients over 60% of their investment losses. We accomplished this result after a related class action complaint filed by another firm had been dismissed by the same court that ultimately sustained our clients’ claims.

■ We successfully **resolved securities fraud claims on behalf of 29 European institutions** that invested \$100 million in Manhattan Investment Fund, an offshore hedge fund, against two major accounting firms, the fund manager, and the broker-dealers and administrator who participated in the fraud that led to the collapse of the fund. Our institutional clients received larger recoveries than investors who retained class action counsel to prosecute identical claims.

■ The Brown Rudnick team brought a **securities fraud action on behalf of 38 institutional investors** who lost \$106 million in the Beacon Hill hedge funds, against the funds’ auditor, administrator and prime broker/custodian. We also brought a securities fraud action on behalf of 89 institutional investors who lost \$570 million in the Lancer Offshore hedge funds, against the funds’ auditors, administrators, and prime broker/custodian.

■ In the Wedtech **securities litigation cases, we represented institutional investors** who elected not to participate in a class action. One of our partners was appointed by Judge Sands of the Southern District of New York to sit on the Plaintiffs’ Executive Committee, along with four class action law firms, to coordinate discovery and trial of hundreds of millions of dollars of claims against Wedtech, its officers and

# BROWN RUDNICK

an international law firm

## New York

Seven Times Square  
New York, NY 10036  
+1.212.209.4800  
+1.212.209.4801 [fax]

## Boston

One Financial Center  
Boston, MA 02111  
+1.617.856.8200  
+1.617.856.8201 [fax]

## Washington, D.C.

601 Thirteenth Street NW  
Suite 600  
Washington, DC 20005  
+1.202.536.1700  
+1.202.347.4242 [fax]

## Hartford

City Place I  
185 Asylum Street  
Hartford, CT 06103  
+1.860.509.6500  
+1.860.509.6501 [fax]

## Providence

121 South Main Street  
Providence, RI 02903  
+1.401.276.2600  
+1.401.276.2601 [fax]

## London

8 Clifford Street  
London, W1S 2LQ  
United Kingdom  
+44.20.7851.6000  
+44.20.7851.6100 [fax]

## Dublin

Alexandra House  
The Sweepstakes  
Ballsbridge, Dublin 4  
Ireland  
+353.1.664.1738  
+353.1.664.1838 [fax]

[www.brownrudnick.com](http://www.brownrudnick.com)

directors, and two “Big 5” accounting firms. The case was settled on the eve of trial, on terms that were more favorable to the institutional investor plaintiffs than to individual members of the class.

■ Brown Rudnick is defending Asia Access Telecom (AAT) in a **significant fraudulent conveyance** claim brought in the US Bankruptcy Court for the District of Columbia as part of a British Virgin Islands liquidation proceeding. The matter involves approximately 60 defendants worldwide.

■ Our team of bankruptcy and litigation lawyers represented an ad hoc committee of customers of the financial services firm, Refco Capital Markets, **to recover securities and other property valued at about \$3 billion** from the Refco bankruptcy estate. We have since represented eight funds and an insurance company in Refco-related matters. On their behalf, we were deeply involved in the Refco plan of reorganization process, as well as a variety of claims allowance issues.

■ We have acted as advisor to King Street Capital Management LLC, a hedge fund, on certain **litigation claims they have in the Enron case**.

## WELL POSITIONED AND READY TO ASSIST YOU

Working closely with Brown Rudnick’s corporate restructuring lawyers and, when and where necessary, collaborating with local counsel in the major offshore jurisdictions, we pride ourselves on our success in the hard cases – and our uncompromising pursuit of clients’ interests. We are well positioned and ready to assist you.

Brown Rudnick is an international law firm with offices in the United States and

Europe. Our 200 attorneys provide advice across key areas of the law: Complex Litigation & Arbitration, Bankruptcy & Corporate Restructuring, Finance, Corporate & Securities, Intellectual Property, Climate & Energy, Government Law & Strategies and Real Estate.

For more information, please contact your Brown Rudnick attorney or one of the following attorneys:

**William R. Baldiga**  
+1.617.856.8586  
wbaldiga@brownrudnick.com

**Stephen Hallam**  
+44.20.7851.6071  
shallam@brownrudnick.com

**Andrew S. Dash**  
+1.212.209.4811  
adash@brownrudnick.com

**Martin S. Siegel**  
+1.212.209.4829  
msiegel@brownrudnick.com

**Peter J.M. Declercq**  
+44.20.7851.6065  
pdeclercq@brownrudnick.com

**Edward S. Weisfelner**  
+1.212.209.4900  
sweisfelner@brownrudnick.com

**William M. Dolan**  
+1.401.276.2611  
wdolan@brownrudnick.com

**Sigmund S. Wissner-Gross**  
+1.212.209.4930  
swissnergross@brownrudnick.com