

Most Feared Plaintiffs Firm: Quinn Emanuel

By **Linda Chiem**

Law360, New York (October 18, 2013, 6:00 PM ET) -- Quinn Emanuel Urquhart & Sullivan LLP has snagged billion-dollar wins for clients such as the Federal Housing Finance Agency and MBIA Insurance Corp. against banking giants, earning it both a reputation as a powerhouse in post-financial collapse litigation and a spot on Law360's Most Feared Plaintiffs Firms list.

Around the time of the financial collapse, Quinn Emanuel's top brass made a decision to sever ties with global financial institutions and most major accounting firms in order to be able to represent clients with claims to bring against those companies.

It's a strategy that has paid off well for a firm — whose track record already includes nearly \$20 billion in judgments and settlements for plaintiffs — that is now considered the leader in bringing claims over subprime-infected securities and complex financial structures like residential mortgage-backed securities against the world's banking giants.

"What had happened was we, like so many other firms, chased investment banks and commercial banks for business and although we'd been retained to do some work for these banks, we took a look at it from 50,000 feet and we weren't making that much money from it," partner Bill Urquhart told Law360. "Severing ties with the big investment banks put us in a position that's worked out extraordinarily well."

Fueled by a rigorous approach to trial preparation and knowledge-building, Quinn Emanuel in early 2007 set out to have its lawyers become experts on complex financial products like RMBS in order to amass an army to battle the ferocious legal teams the banks would put forth, according to Philippe Selendy, chair of Quinn Emanuel's securities and structured finance practice group.

"We want to win on the knowledge field," Selendy said. "We saw a way to take our existing knowledge and focus very closely on the types of problems that came out of the housing crisis in particular. Just based on what we were seeing in the markets, we had a very early read on misconduct in the sale of all kinds of products key to mortgages in increasingly important investments."

In that vein, some of the most high-profile work the firm has done has been for the FHFA, the conservator for Fannie Mae and Freddie Mac, and MBIA Insurance Corp., against the likes of UBS AG, Citigroup Inc., Bank of America Corp. and others.

"The informational advantage that the banks had was such that they were hiring extremely successful big law firms who had very, very smart people, but I would say our people are the smartest lawyers anywhere and it evened the field," Urquhart said. "There was a void [there] that we had filled."

Quinn Emanuel filed 14 complaints on behalf of the FHFA in federal and state courts against most major underwriter banks arising out of their alleged misrepresentations in mortgage-backed securities sold to Freddie Mac and Fannie Mae in the run-up to the financial crisis.

In the lead case against UBS Americas Inc., Quinn Emanuel successfully defeated UBS' motion to dismiss the securities and blue sky claims, and the federal court decision was **affirmed by the Second Circuit** on key issues related to the Housing and Economic Recovery Act's tolling on statutes of repose and on the constitutional authority of FHFA's acting director to bring suit.

The courts held that when Congress created the FHFA with the 2008 passage of HERA, it intended to give the agency the time it needed to investigate and determine whether it had a case to bring against banks that sold the companies mortgage-backed securities before the clock on litigation began ticking.

UBS agreed to settle the suit for \$885 million in July, in what was the second substantial victory for the FHFA after it had secured a separate confidential settlement from Citigroup in similar RMBS litigation.

"Quinn Emanuel quickly grasped the statutory underpinnings of FHFA authority and the unique requirements of a government agency as a client," FHFA General Counsel Alfred Pollard told Law360. "This is very important to their successful representation of the agency."

Monoline insurer MBIA is another client that has benefited from Quinn Emanuel's litigation prowess in a New York suit alleging Bank of America unit Countrywide Home Loans Inc. violated its own underwriting standards and then hid problems with faulty mortgage-backed securities, which held nearly 400,000 loan files with a face value of \$22 billion, in order to trick MBIA into insuring them.

After getting the New York state and appellate courts to rule substantively in MBIA's favor on summary judgment — for instance, confirming that insurers may recover on misrepresentation claims without showing either reasonable reliance or loss causation — the firm helped snag MBIA a \$1.7 billion settlement from Bank of America in which the bank agreed to cash payments and to terminate all of its outstanding credit default swap agreements purchased from MBIA on commercial mortgage-backed securities and close out other high stakes positions between the companies.

Edward M. Newman, managing director and deputy general counsel of Assured Guaranty Corp., told Law360 that Quinn Emanuel's securities litigation team, led by Selendy, has been invaluable. The team helped Assured win a \$450 million settlement from UBS Real Estate Securities Inc. in its breach of representations and warranties suit stemming from Assured's issuance of financial guaranty insurance for RMBS underwritten and marketed by UBS.

"Philippe is a presence in the courtroom and the other side knows that it is at their peril that they pick fights with him because he usually makes out quite well," Newman said. "He really is a valuable resource to have in your corner."

Founded in 1986 with the singular focus of being a business litigation firm, Quinn Emanuel has grown from four attorneys to more than 600 attorneys in 15 offices worldwide. By staying on-point as a strictly business litigation firm, Quinn Emanuel has managed to assemble a stable of talent in the litigation arena that's unrivaled, Urquhart said.

"We found out it gave us tremendous advantages and allowed us to have a unified message in terms of saying we do one thing and we like to think we do it better than anybody else," he said.

The firm's relative youth hasn't hampered its ability to tackle high-stakes litigation over the years in multiple other areas beyond its meal-ticket banking, financial institutions or intellectual property litigation practices.

For example, the firm advised Dubai Ports World in negotiating a settlement with the Republic of Yemen and its state-owned company the Yemen Gulf of Aden Ports Corp., whereby the United Arab Emirates-based port operator recovered 80 percent of the value of its claims and divested its entire interests in the troubled joint venture company established with Yemen and YGAPC to develop, operate and manage two container terminals in Aden, Yemen.

Quinn Emanuel also landed a nearly \$80 million award for client Rosen Capital Partners LP against Merrill Lynch Professional Clearing Corp., one of the largest investor arbitration awards ever issued by a Financial Industry Regulatory Authority arbitration panel, in 2011. Merrill Lynch's attempts to reverse or vacate the judgment were denied by California courts and the judgment eventually grew to \$89 million.

-- Additional reporting by Evan Weinberger and Brian Mahoney. Editing by Jeremy Barker.

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