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Securities Group Of The Year: Quinn Emanuel

By **Hayley Fowler**

Law360 (February 12, 2018, 1:53 PM EST) -- Quinn Emanuel Urquhart & Sullivan LLP has recovered more than $25 billion for the Federal Housing Finance Agency from shoddy residential mortgage-backed securities and bagged a $1.74 billion settlement from Citibank for Lehman Brothers' creditors, earning it a spot as one of Law360's 2017 Securities Practice Groups of the Year.

More than 30 percent of Quinn Emanuel's revenue derives from financial litigation, the majority of which includes securities work. The firm touts its securities group as among its largest practice areas and one that has established itself as a powerhouse against big banks.

Peter Calamari, managing partner of the firm's New York office where more than 70 partners work in securities, said the practice has flourished over the last 10 years.

"There certainly was no focused plan to grow," he said. "I think a combination of events — the economic climate, our positioning to be adverse to banks — has helped fuel the growth stream and then the creativity of the people across the board."

Philippe Selendy, who led the FHFA suits and is leaving Quinn Emanuel to start a new firm, said that the firm's growth has been fueled by its consistent victories.

"We've had a series of successes pretty much every year over the last decade, and each one has opened up new opportunities for us," he said.

Quinn Emanuel notched another win in July, when it nabbed a $5.5 billion settlement for the FHFA from the Royal Bank of Scotland, which sold $32 billion of allegedly toxic mortgage-backed securities to the FHFA.

The settlement was part of a slew of complaints Quinn Emanuel filed for the FHFA on the heels of the financial crisis against investment banks for allegedly selling shoddy mortgage bonds to Fannie Mae and Freddie Mac.

The RBS deal brought the firm's total recovery for the FHFA to more than $25 billion.

In September, a panel of Second Circuit judges affirmed an $806 million win for the FHFA against Nomura Holdings Inc., which was also accused selling borderline mortgage securities to Fannie Mae and Freddie Mac.

The case against Nomura was the only one of 18 suits brought by the FHFA against investment banks — 14 of which were filed by Quinn Emanuel — to go to trial.

"We saw the defendants uniformly settling except for Nomura, which made the mistake of litigating against us in a four-week trial where it suffered a spectacular loss of the entire amount of the judgment, the entire amount we were seeking," Selendy said.

Quinn Emanuel has had other successes beyond the FHFA litigation. For example, members of the firm's securities litigation team helped Lehman Brothers' official committee of unsecured creditors when it secured a $1.74 billion settlement with Citigroup Inc. unit CitiBank.

The Lehman Brothers estate had sued CitiBank over the valuation of about 30,000 derivatives trades that went into default after Lehman's collapse. After 42 trial days over four months, Lehman and Citibank settled in October.

"It was a triumph of creativity in bringing cases on behalf of the Lehman trustee against a group of major banks," Calamari said.

Selendy said the FHFA suits and the Citibank settlement, among others, have increased the scrutiny banks faced and forced that area of the law to evolve.

"I do feel that in many respects this private civil action has helped to build out the regulatory purpose of creating stable and transparent markets," he said.

Quinn Emanuel also secured a multimillion-dollar settlement for plaintiffs who opted out of an investor class action settlement with Brazil's state-owned oil giant Petróleo Brasileiro SA over allegations related to a bribery and kickback scheme.

The class settled for nearly $3 billion in January, more than a year after Quinn Emanuel secured its own deal for one of Petrobras' largest investors, Pacific Investment Management Co., among 200 other opt-out investor plaintiffs.

Petrobras had agreed to settle the opt-out parties' claims in October 2016, setting aside $353 million to cover theirs and other claims.

"We believe our clients recovered as opt-outs some multiples of what they would have gotten as class members," said Harry Olivar, the firm's securities litigation co-chair in Los Angeles, adding that they also got paid significantly sooner than the class members.

Calamari and Selendy credit the creativity of Quinn Emanuel's attorneys in securing these wins.

"It's true that you have the core facts of the alleged misconduct, but it's up to you as to how you create the narrative that goes with that — the structure of the claims, the venue, the litigation strategy that underlies it," Selendy said. "In the securities area, we have I think reinvented the process in many critical respects."

--Additional reporting by Richard Crump, Tom Zanki, Cara Salvatore and Alex Wolf. Editing by Emily Kokoll.