

Plaintiffs Firms Follow Easy Merger Money to Federal Court

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Concern has been raised within the legal community over a practice that allows firms to profit from merger challenges brought in federal courts.

Over the last year, a handful of plaintiffs firms have flooded federal courts with hundreds of lawsuits on behalf of investors objecting to mergers and other transactions. Rather than fight these claims in court, defendants will often “moot” them by disclosing additional details of the transactions. When this happens, the lawsuits are typically dropped and plaintiffs’ counsel will negotiate fees with the defendants, which do not require approval from the judge or offer any real financial award to investors.

Critics of the practice aver it a shakedown that enriches attorneys’ interests – target firms are essentially paying to make the cases disappear.

Further complicating the issue, [partner Sean Baldwin](#) explained to Law360, case outcomes can vary greatly depending on where the merger challenge is filed, especially since federal judges are still developing expertise in this area.

[Greg Wolfe](#), an associate who litigates M&A and other commercial disputes, added, “It’d be like if suddenly you have family court issues being dealt with in the Southern District. It would just be strange, and judges just aren’t equipped to handle it.”

Read the [full piece in Law360](#).

Attorneys

- Sean Baldwin
- Greg Wolfe

Practice

- Complex Commercial Disputes