

CALIFORNIA'S TOP 30 SECURITIES LITIGATORS

Security Checkpoint

When it comes to corporate scandal, the attorneys on our list of the state's Top 30 Securities Litigators have seen it all. Whether they're defending major corporations or filing class actions against them, these lawyers have a knack for getting what they want.

Enron. Krispy Kreme. Time Warner. Homestore. WorldCom.

Corporate America has kept California's top securities litigators frazzled defending their statements and misstatements hoping to protect themselves from shelling out millions, or even billions, to shareholders.

And those shareholders know just whom to call when they've been done wrong.

Selecting the top 30 securities litigators in California was something akin to understanding Sarbanes-Oxley's provisions.

Daily Journal EXTRA editors called on experts in the field and asked them to evaluate their peers. We got more than 100 nominations for the amazing group profiled on the following pages. We excluded many of the state's leading

commercial lawyers who don't principally handle securities litigation.

And, while it's normally our policy to limit our selections to one attorney per firm or, in rare instances, two, we were forced to change that policy this time.

We found that much of the state's securities work is centered in a handful of firms: on the plaintiffs' side, Lerach Coughlin Stoia Geller Rudman & Robbins and Cotchett, Pitre, Simon & McCarthy; on the defense side, **Wilson Sonsini** Goodrich & Rosati, Heller Ehrman, and Orrick, Herrington & Sutcliffe.

It's also clear that Brobeck, Phleger & Harrison alums reign supreme. Four lawyers — Mike Torpey and Daniel Tyukody of Orrick Herrington, William Sullivan of Paul, Hastings, Janofsky & Walker and Sara Brody of Heller Ehrman

— worked together at the securities powerhouse before its demise in 2003.

Though those firms stack the house, it's also clear that great securities work is being done by most of the state's leading firms, from Skadden, Arps, Slate, Meagher & Flom partner Thomas Nolan's handling of the WorldCom settlement to Lieff, Cabraser, Heimann & Bernstein partner James Finberg's recovery of 100 percent of his clients' losses in the *California Micro Devices Securities Litigation*.

Probably no group of California lawyers is in such demand these days as securities litigators, who toss about billion-dollar claims like another order of fries. When a handful of them gathered for the photo shoot atop Skadden Arps' downtown Los Angeles headquarters, it was clear they truly are on top of the world.

— **Stefanie Knapp**

CALIFORNIA'S TOP 30 SECURITIES LITIGATORS

Boris Feldman

Wilson Sonsini Goodrich & Rosati
Palo Alto

When Boris Feldman joined **Wilson Sonsini** Goodrich & Rosati 18 years ago, he left his antitrust litigation practice and threw his hat into the securities ring.

“I got started because when I moved to California, [securities] was the type of litigation clients had and the reality of what they needed,” Feldman says. “But now it’s sort of like getting paid to read pulp fiction.”

Feldman says the fast-paced, high-stakes cases that securities law offers are generally very interesting and the practice affords him the opportunity to get to know his Fortune 500 clients on an intimate level.

When Guidant Corp., an Indianapolis-based manufacturer of cardiovascular devices, merged with Johnson & Johnson in a \$25 billion deal in 2004, Guidant tapped Feldman to defend it from a shareholder derivative lawsuit. In November, Feldman took the case to the Indiana Supreme Court. The case questions an Indiana law on the standard by which a court should evaluate a shareholder’s decision not to make a demand to a public corporation’s board of directors before filing a derivative suit.

Feldman is currently defending 51job Inc., the publisher of a Chinese employment newspaper, in what he calls a classic shareholder class action filed in January in federal court in the Southern District of the New York. Feldman says the company is being sued for securities fraud because soon after going public, 51job fell short of its quarterly earnings projections and had to restate them.

In 2001, when Hewlett-Packard Co.



Photo by S. Todd Rogers

Over the course of his career, Wilson Sonsini partner Boris Feldman has represented companies and their officers in 105 shareholder class actions and derivative lawsuits.

merged with Compaq Computer Corp. in a \$25 billion deal, Walter Hewlett, Hewlett-Packard’s director and the son of its founder, tried to block the deal. Representing Hewlett-Packard, Feldman defeated Walter Hewlett in a trial before the Delaware Court of Chancery in 2002.

In the past two years, Feldman has won shareholder lawsuits for Genetech Inc., 3Com Corp., Rambus Inc., Tularik Inc. and others.

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Vaughn Walker, Chief Judge of the U.S. District Court for the Northern District of California, praises Feldman as one of the top lawyers in securities law.

According to Walker, in the wake of the Private Securities Litigation Reform Act of 1995, Feldman advocated for the

creation of an online database at Stanford Law School to track securities actions. However, the San Francisco Bar Association opposed the idea.

“Boris and Jim Finberg had quite a lobbying effort to dissuade the San Francisco Bar [from opposing the database] and were ultimately successful in doing so,” Walker says. “[The Securities Class Action Clearinghouse] was the precursor to electronic court filing, which 10 years later, is not only common but required in virtually all civil and criminal cases. Boris, along with others, was very much in the forefront of that endeavor.”

The Clearinghouse is a research agent for investors, policymakers, scholars, judges, lawyers and the media to access court filings and daily updates of hundreds federal securities fraud class actions.

— Amy K. Spees

CALIFORNIA'S TOP 30 SECURITIES LITIGATORS

Steven Schatz

Wilson Sonsini Goodrich & Rosati
Palo Alto

To hear his clients tell it, Steven Schatz of **Wilson Sonsini** Goodrich & Rosati can handle any problem, anywhere, any time.

"I believe in my core he can handle anything," says Stacey Giamalis, former vice president, general counsel and secretary of QRS Corp. and CrossWorld Software. "He doesn't care about winning for winning's sake, but he cares very much about helping the client prove that it's right."

Among the situations Schatz helped Giamalis handle was QRS's decision to break a deal to be acquired in favor of a second, higher bid.

"It was a high-scrutiny situation, and we ended up getting a better deal without liability, and nobody sued," she says.

He also defended CrossWorld's officers and directors in a shareholder suit when it was acquired by IBM Corp.

Schatz was recruited to Wilson Sonsini's fledgling securities litigation practice in 1984 from his partnership at Arnold & Porter, which he joined after four years at the U.S. attorney's office in New York.

There, he convicted the Beatles former manager of tax evasion and prosecuted the No. 3 member of the U.S. Mission to the United Nations for a scandal that the New York Post dubbed "Dollars and Sex at the U.N."

Schatz saw the opportunity in Silicon Valley and never looked back. His largest case was the 2002 Hewlett-Packard trial, in which he turned back a challenge to the \$22 billion merger of Compaq Computer Corp. and Hewlett-Packard Co. from Walter



Photo by Xiang Xing Zhou

"I'm convinced that the reform act itself had nothing to do with the frauds, and the protection it affords are still important," says Wilson Sonsini partner Steven Schatz.

Hewlett, the son of co-founder William Hewlett.

Schatz has represented Hewlett-Packard in four class actions, including a current fraud-by-hindsight case initially filed in Connecticut and recently transferred to California.

He's also representing Siebel Systems Inc. in the first challenge to Regulation FD, pending in U.S. District Court for the Southern District of New York. Regulation FD was adopted by the Securities and Exchange Commission in 2000 to prevent selective disclosure by public companies to market professionals and certain shareholders.

Schatz, who has been lead counsel for 80

companies in securities class actions, is part of Wilson Sonsini's premier securities litigation practice, which wins 45 percent of its cases at the motion-to-dismiss stage.

"I think it's the job of the defense bar to sensitize the courts that the plaintiffs are trying to erode the high bar that Congress established when it passed the reform act," Schatz says. "It wasn't the reform act that caused some of the more noteworthy frauds.

"Those were individuals who chose to ignore the law. And I'm convinced the reform act itself had nothing to do with the frauds, and the protections it affords are still important," says **Wilson Sonsini** partner Steven Schatz.

— **Katrina Dewey**

CALIFORNIA'S TOP 30 SECURITIES LITIGATORS

Bruce Vanyo

Wilson Sonsini Goodrich & Rosati
Palo Alto

How do you get from doughnuts to jet airplanes in one easy step? Call Bruce Vanyo.

The partner with **Wilson Sonsini Goodrich & Rosati** in Palo Alto has defended companies of every size, industry and area in securities matters.

“They’re not confined to any industry,” he says. “High-tech, low-tech, no-tech, retail, consumer. I represented a gold mine once.”

His clients include the Boeing Co., America West Airlines, Fluor Corp., Sun Microsystems Inc. and Dell Computer Corp.

At the moment, he’s got a sweet client: Winston-Salem, N.C.-based Krispy Kreme Doughnuts Inc. It’s a case Vanyo says has “got everything”: an investigation by the Securities and Exchange Commission, a criminal investigation by the U.S. attorney’s office for the Southern District of New York, a proposed employee class action alleging Employee Retirement Income Security Act violations and a shareholder class action alleging fraud by officers. Vanyo represents the company and some of its officers in all of these matters.

The SEC investigation is in its advanced stages, he says, with testimony currently being taken; the U.S. attorney’s investigation is following along. The class action, by contrast, is just getting under way with an amended complaint expected soon. Plaintiffs haven’t specified damages, but Vanyo expects them to be substantial.

He recently represented another client, America West Airlines, in what he called a classic securities fraud class action, in which



Photo by Xiang Xing Zhou

Bruce Vanyo of Wilson Sonsini Goodrich & Rosati currently represents doughnut-maker Krispy Kreme Doughnuts Inc. in a case that has “got everything,” including an investigation by the Securities and Exchange Commission, a proposed employee class action and a shareholder class action alleging fraud by officers.

an employees’ union alleged that certain officers and shareholders of the airline company artificially inflated the stock price and engaged in insider trading, causing the union’s pension fund and other shareholders to lose tens of millions of dollars. That case was set for trial last November, but Vanyo says it settled on the courthouse steps for \$15 million.

“We are very pleased with the outcome although we, as lawyers, wanted to try the case,” Vanyo says.

Plaintiffs’ counsel Patrick Coughlin, a name partner at San Diego-based Lerach Coughlin Stoia Geller Rudman & Robbins, often finds himself across the table from Vanyo. He cites Vanyo’s Fortune 500

clients and involvement with a crucial appellate ruling on the Private Securities Litigation Reform Act of 1995, which established that plaintiffs bringing cases under the act must show deliberate recklessness, as reasons for the defense counsel’s prominence.

“I’ve always found him to be straightforward and honest and candid when dealing with these [securities] issues,” Coughlin says. “I’ve always seen that he had compassion not only for the CEO or CFO that he represents along with the company but also the employees of the company in general and concern about what the future of the company’s going to be.”

— Lorelei Laird

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