



Welcome back,

iviewit@iviewit.tv

Search in Daily Business:

- [Front Page](#)
- [Most Viewed](#)
- [Legal](#)
- [Real Estate](#)
- [Finance](#)
- Filter By Practice Area
- Filter By Topic
- [Public Notices](#)
- [Law Jobs](#)
- About
- Sign Out



Share Article

5th Circuit green-lights \$7B claims against Proskauer, other Stanford advisers

Julie Friedman 03/22/2012

Text Size

Text Size

Share Article

Victims of convicted Ponzi schemer R. Allen Stanford got some good news when their class claims against the law firms and various advisers accused of aiding in the multibillion-dollar fraud were restored.

That's bad news for the primary targets, which include Proskauer Rose, Chadbourne & Parke, Adams & Reese and others that counted Stanford and his international entities among their corporate clients before the fraud collapsed in 2009.

The 5th U.S. Circuit Court of Appeals [gave the green light](#) to three proposed class actions, including the suit against Proskauer and Chadbourne and Thomas Sjoblom, a former partner at both firms. But the appellate court's 33-page decision also should apply to several other class actions, including suits against Adams & Reese, BDO Seidman and several banks. The plaintiffs claim damages for the total amount of Stanford's \$7 billion fraud.

The 5th Circuit panel reversed a decision by U.S. District Judge David Godbey in Dallas, concluding he erred in disqualifying the state law claims as barred under the Securities Litigation Uniform Standards Act of 1998. Stanford's Cayman Island-issued fraudulent CDs were not in fact covered by SLUSA, the panel found.

Edward Snyder of Castillo & Snyder, co-lead plaintiff counsel in the three-year class action against Proskauer, Chadbourne and Sjoblom, said he was thrilled with the decision.

Godbey's 2010 ruling, Snyder noted, had thrown a major monkey wrench in the plaintiff strategy of filing their class claims under state law. The maneuver was an attempt to get around the U.S. Supreme Court's rulings in *Central Bank of Denver v. First Interstate Bank of Denver* and *Stoneridge v. Scientific-Atlanta*, which have been the death knell to federal securities law claims against third party advisers to accused fraudsters.

"I don't expect this to be over by any means," acknowledged Snyder, noting the defense could seek a rehearing.

Calls to Proskauer's defense counsel, James Rouhandeh at Davis Polk & Wardwell, and Chadbourne's counsel, Daniel Beller at Paul Weiss Rifkind Wharton & Garrison, were not returned by deadline.

Strasburger & Price and Neigan Foley are co-lead counsel for the plaintiffs in the Proskauer case.

Snyder, a member of the Stanford investors committee who personally represents hundreds of investors, has helped spearhead at least seven parallel suits against the two firms and Sjoblom. All of the complaints allege Sjoblom, formerly a partner at Chadbourne and then at Proskauer, turned a blind eye to Stanford's alleged fraud and successfully stalled a Securities and Exchange Commission inquiry into the purported Ponzi scheme for years.

The parallel claims include a \$1.8 billion complaint on behalf of Stanford receiver Ralph Janvey filed Feb. 1 in Dallas federal court and six individual Texas state court suits filed last December. Snyder and his co-counsel filed each of the six complaints as direct actions on behalf of 49 plaintiffs to avoid arguments that class claims might be time-barred.

In an email, Edward Valdespino of Strasburger & Price said "opposing counsel in the Proskauer case would not even discuss" tolling the statute of limitations.

A Proskauer spokesman said in February that the claims asserted by Janvey against the firm "are completely without merit" and that the firm would "address them in the appropriate forum."

If the complaints are ultimately allowed to go forward, Snyder said, "We could go to trial really quickly."

Many of the documents that are normally generated during discovery have long been in the possession of the receiver, who turned the relevant ones over to Snyder and the other plaintiffs lawyers about a year ago.

Related Articles

- [Lewis Tein: The story of the Northerner and the Southerner](#)
- [Objection filed to plan for defunct Rothstein firm](#)
- [Eight attorneys leave Edwards Wildman](#)

- The Rodent: A lawyer's time is less valuable than you think

[View Full Site](#)

Copyright 2013. ALM Media Properties, LLC. All rights reserved.

An **ALM** Website

