

Business Governance Litigation and Shareholder Disputes

Few things are more disruptive in the life of a business than disputes between a business and its owners or its management.

Schnader not only has significant experience in handling these matters (whether they come in the form of securities actions, shareholder derivative disputes, partnership disputes, government regulatory action or as part of key transactions), but our lawyers also understand the underlying business, financial and human issues that drive these disputes. This helps us to help businesses resolve these matters so they can get back to focusing on their true business objectives.

What Distinguishes Schnader's Practice?

Schnader's experience in multilayered business governance disputes includes a broad spectrum of complex business, securities, corporate, accounting and partnership litigation, including extensive trial and appellate practice; regulatory proceedings; and class, derivative and RICO actions throughout the country. We are noted for our trial experience.

An Integrated Approach

Often working closely with the Firm's Corporate Practice Group, we provide counseling and perform internal investigations to review conflicts issues in transactions or shareholder claims against officers, directors or controlling shareholders and advise clients on transactions affecting fiduciary duties of boards of directors and shareholder rights.

Some Representative Matters Include:

Securities Class Actions

We represent issuers, underwriters, officers, directors and outside professionals in connection with claims under the federal securities laws.

- Counsel for one of the underwriter defendants in *In re Initial Public Offering Securities Litigation*, a multidistrict securities class action in federal court in the Southern District of New York, in which plaintiffs claim that hundreds of initial public offerings and after markets have been manipulated by alleged industry-wide practices.
- Counsel for defendants in *Matthews & Wright Municipal Bonds Securities Litigation*, a multidistrict securities and RICO class action in federal court in the Eastern District of Pennsylvania alleging that more than \$1 billion of municipal bonds were issued in a fraudulent manner and thus were not exempt from federal income taxation.
- Defense of a primary dealer in government securities in numerous cases in federal court in the Central District of California and the District of Colorado. Clients of an investment advisor who had pleaded guilty to numerous offenses collectively lost in excess of \$90 million and sued our client and other government securities dealers and banks in an effort to recoup their lost funds.
- Counsel for officer-defendant in *In re Autotote Securities Litigation*, consolidated securities fraud class actions in the U.S. District Court for the District of Delaware, alleging accounting fraud and insider trading.
- Counsel for director and officer defendants in *Fishbein v. Resorts International*, consolidated bondholders' class actions in the U.S. District Court for the Southern District of New York, alleging securities fraud under Sections 10(b) and 20 of the Securities Exchange Act, and *Lowenschuss v. Resorts International*, a class action in the U.S. District Court for the Eastern District of Pennsylvania, alleging securities fraud and RICO.
- Counsel for United Engineers & Constructors in *Washington Public Power Supply System Bond Litigation*, a multidistrict securities litigation in the U.S. District Court for the Western District of Washington alleging that defendants failed to disclose material facts in connection with the issuance of \$2.25 billion of (defaulted) municipal bonds for the construction of nuclear plants in Washington state, including service as coordinating counsel for defendants in defending the damages portion of the case.
- Defense of broker/dealers in numerous NASD enforcement actions and customer arbitrations as well as various cases involving suits by option traders for a major stock exchange.

Corporate Governance and Shareholder Derivative Actions

We represent corporations and boards of directors in dealing with shareholder derivative litigation and special litigation committee matters. We also have handled actions seeking appraisal of securities, the inspection of books and records, dissolutions, the appointment of custodians and receivers for deadlocked

or insolvent corporations, and the review of elections to or removal from corporate office.

- Counsel for defendant in a derivative action brought in federal court in the Eastern District of Pennsylvania by the former shareholders of Meritor Savings Bank.
- Trial counsel for defendant in a shareholders' derivative action brought in federal court in the District of New Hampshire related to the financing of Seabrook Nuclear Power Station.
- Trial counsel for REIT in claims against its former president and outside director and recovered full disgorgement of profits earned over 13 years through a self-dealing transaction.
- Counsel for former bank president and director in *First Bank of Philadelphia v. Miles*, a shareholder derivative action in the Philadelphia Court of Common Pleas, alleging breach of fiduciary duties and mismanagement.
- Counsel for defendants in *Clemens v. Academy Insurance* in the U.S. District Court for the Eastern District of Pennsylvania, alleging fraud relating to a former officer's stock options.
- Counsel for plaintiffs in *The Scandinavia Co., et al. v. Nordbanken, et al.*, a securities fraud action in federal court in the Eastern District of Pennsylvania and in England, arising out of a multimillion dollar international transaction for the purchase of an English company with subsidiaries located around the world.

Director and Officer Insurance

We regularly deal with D&O insurance carriers and their counsel as a result of securities litigation filed against corporate and director/officer clients. Equally important, our corporate and securities lawyers counsel clients in their dealings with D&O carriers on insurance coverage and corporate indemnification issues.

SEC Investigations

We have defended several public companies, officers and directors in SEC investigations involving alleged misrepresentations in public filings and insider trading. We have also represented broker-dealers and their employees in enforcement actions.

Disputes Involving Closely Held Businesses

Our practice also includes the representation of shareholders, partners, financiers, entrepreneurs and others involved in disputes concerning the ownership and management of closely held businesses.

We have handled many matters in which minority shareholders challenged corporate actions, as well as matters in which corporate control was challenged, fiduciary responsibility was questioned, noncompetition agreements were challenged and, generally, the rights of business ownership were disputed. These disputes may result in aggressive adversarial litigation, goal-oriented arbitrations, practical mediations or the negotiation of creative solutions to complex problems.

A Multidisciplinary Approach to Dispute Resolution

We work together with Schnader transactional lawyers to fully understand the dynamics of business management, the subtleties of succession planning, the complexities of debt and equity financing, and the other business issues that may be involved in a dispute. Together with our clients, we develop the appropriate strategy to reach a prompt, cost-efficient resolution of a dispute consistent with the client's goal, thereby allowing the business to focus on growth and profitability.

Contacts

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