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Brobeck trustee warns employees

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Ronald Greenspan has a warning for some of the former employees of the now-defunct Brobeck, Phleger & Harrison: A lawyer offering an alternative to a settlement offer based on a contingency fee agreement may end up ripping them off.

In a three-page letter sent Friday, bankruptcy trustee Ronald Greenspan described the motivation of an ad hoc committee formed by some former Brobeck employees to seek options to a settlement offer as “suspect” and motivated by self-interest.

About 300 employees have signed on with McNutt & Litteneker partner Scott McNutt and are willing to pay a contingency fee equal to 25 percent of the difference between the proffered settlement and the final recovery.

Greenspan wrote employees that there is no guarantee McNutt can secure more than the offered settlement and does not want to see the money “wasted on attorney fees or

paid needlessly to claims traders.”

“We are concerned that the solicitation to the employees is very misleading,” Greenspan said Friday. “We think the law firm is taking advantage of the employees. They need to be told the truth.”

Greenspan’s offer of up to \$4.4 million in immediate payments and additional payments of up to \$1.4 million could give some employees less than \$5,000 and others \$100,000 or more. Details will be explained in a 14-page memo going to ex-Brobeck employees who filed a claim or are eligible for a settlement this evening.

Expressing amazement over Greenspan’s letter, McNutt said he agreed to take the case for the employees “because of the belief within the legal community that the employees of Brobeck were very shabbily treated.”

“We’re baffled by what appears to be a misunderstanding of our fee arrangements,” McNutt said. “Our fee arrangement is a 100 percent contingency fee arrangement based on improving the position of an individual

employee.

“Mr. Greenspan should point out that the [McNutt] firm has not been paid a single penny, while he and his employer have received many millions and are paid on an hourly basis for everything they do in this case and have taken no risk,” McNutt said. Jayne Loughry, one of the most vocal former employees who started an ad hoc committee and is active in soliciting legal counsel to represent their interests, said the “hysterical tone” of the letter combined with the “baseless aspersions on the McNutt firm” and the attack on the head of the ad hoc committee, reinforce her belief that the trustee’s proposal is not fair to the employees.

“It is a lowball offer, and now he’s using hardball tactics to force people to accept his offer when it might not be their best interest to do so.”

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