

“Eighteen months after [Coudert Brothers] voted to dissolve, its unwinding continues to be a complicated, messy affair.”

—*The New York Times*, February 9, 2007

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| Client:       | <b>Former partners of Coudert Brothers</b>   |
| Industry:     | Legal  |
| Areas of Law: | Insolvency, Partnership Law  |
| Venues:       | U.S. District Court for the Southern District of New York, U.S. Bankruptcy Court for the Southern District of New York, New York State Court |
| Result:       | Implemented an atypical bankruptcy solution to overcome litigation pending in another forum  |

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|--------------|---|
| Client:      | <b>Chevron Energy Solutions</b>   |
| Industry:    | Energy  |
| Area of Law: | Complex Construction Disputes   |
| Venue:       | Arbitration   |
| Result:      | Turned a wrongful contract termination claim against the client into a damages award for the client |

### Seeing the Big Picture and Charting an Efficient Resolution

Following the decision of the Coudert partners to wind down the 152-year-old partnership, the firm’s leaders worked diligently to maximize the funds available to the firm. A group of retired partners nonetheless sued the firm’s leaders in state court, accusing them of self-dealing, mismanagement and breach of fiduciary duty.

Taking a broad approach against the backdrop of Coudert’s ongoing bankruptcy proceedings, Pillsbury litigators and insolvency lawyers crafted an unusual strategy to resolve that litigation. They removed the case to federal court and then invoked the federal court’s standing order of reference to place the case before the same judge supervising the Coudert bankruptcy. They then managed the clients’ responses to an investigation by a court-appointed Examiner. The Examiner agreed with Pillsbury’s analysis, vindicating management’s actions. His detailed factual and legal conclusions found the retired partners’ allegations against Pillsbury’s clients to be groundless.

In the second phase, through both litigation and negotiation in the bankruptcy court, Pillsbury was successful in turning the Examiner’s findings into what ultimately became a broad release and injunction in Coudert’s Chapter 11 plan in favor of our clients. Among the many benefits of the release and injunction provisions was to preclude the claims by the retired partners.

### Transforming a Wrongful Claim into Rightful Gain

When a fixture in a new lighting installation that was part of a multimillion-dollar electrical upgrade at Murray State University’s aging Kentucky campus caught fire, the contractor, Chevron Energy Solutions, uncovered what it believed was substantial evidence of poor workmanship by its subcontractor. The subcontractor denied any fault, however, and spurned a proposal for redoing the work.

When Chevron thereafter terminated the contract between them, the subcontractor responded with a multimillion-dollar wrongful termination claim in federal court. That’s when Chevron turned to Pillsbury for its deep experience in complex construction disputes.

Pillsbury litigators successfully enforced an arbitration clause, moved the claim out of federal court, and then turned the wrongful termination claim on its head. At the arbitration hearing, Pillsbury lawyers used data from extensive inspections, presented testimony of top electrical engineering experts, and showed a videotape of electricity arcing from a faulty fixture at the university. They were able to refute the subcontractor’s position that the electrical defects predated its work.

In the end, the arbitrator found in favor of Chevron on all points. Not only did the subcontractor’s quality of work trigger a fundamental, material and “vital” breach of contract, the arbitrator ultimately held Chevron entitled to substantial damages as a result of that breach.