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Out On the Street

by Ellen Rosen | Oct 31 2008

Laid-off Wall Street bankers and traders are seeking out employment lawyers like Jeffrey Liddle. But suing may not be the best option in this downturn.



After the Lehman collapse: out of work and angry.

Many on Wall Street have lost their jobs—more than 100,00 by some estimates—and some are coming to see Jeffrey Liddle.

The employment lawyer most feared by firms on the Street, Liddle says he has seen a noticeable increase in his already-busy caseload as the layoffs mount. Former bankers with Lehman Brothers have come calling, but even more are coming from Barclays, he says, since the British bank acquired the North American business of Lehman out of bankruptcy.

It's like a "reverse merger," says Liddle, "with Lehman bankers forcing out the Barclays people."

Still, Liddle gets no pleasure from the surge in new business.

"I've been doing this for many years, but it's still depressing when large numbers are thrown out of work," says Liddle, 59, a partner at Liddle & Robinson in New York.

The lawyer is known for a scorched-earth approach to employment disputes. "Jeff has reputation for being a pretty aggressive guy," says Ronald Green, a name partner at Epstein Becker & Green in New York who represents employers. "I've been trying cases against him for 20 years. In our own spheres,

we're both regarded as pretty aggressive. The difference is that I defend those emblematic of industry; he attacks industry practices, policies, procedures, and often uses third-party witnesses from other houses."

Liddle's three biggest cases have garnered millions in damages. In a case against broker Waddell & Reed, Liddle represented a broker and won \$25 million in punitive damages on top of \$2.5 million in actual damages. And in a widely watched case, he represented 27 bankers from Robertson Stephens, the investment bank acquired by Fleet (which was subsequently bought by Bank of America), and secured a judgment of just under \$23 million, including interest.

While many settle, Liddle, estimates that he has won 60 percent of the cases that have gone to arbitration or court.

But this Wall Street downturn may call for slightly different tactics.

Many of those laid off are reluctant to sue, Green, for one, contends.

"If you join in a publicized legal challenge, it can have consequences. So the banker at Wachovia who thought he might be losing his job might be taking a breath, because it's too unsettled a time for most of the bankers to commit themselves to an adversary proceeding. They have no choice but to wait until the dust settles."

So Liddle is, well, hedging. Within the last year, he says, his firm has made an effort to expand beyond his employment base and bolster the firm's work in corporate and securities matters—a return, he says, to the firm's roots.

"One year ago, before Bear Stearns crashed, we had an extensive meeting suggesting that we change our own direction away from employment arbitrations and tap into the vast alumni club of people who do other things. Already, 50 percent of our work does not involve employment arbitrations in the securities industry," although he claims, "we still have the largest collection and largest market share."

The broader focus is not new for Liddle & Robinson. "We always did some corporate work—it started when we did work for Drexel employees. They went other places, and some are running something else, and they've given me blanket waivers of conflict." But, he added, he doesn't expect any work from J.P. Morgan Chase, because "their in-house lawyers think I'm the worst thing that ever walked on the earth."

The expanded scope may make economic sense, since it is unclear how the displaced bankers and traders will fare in arbitrations, the most frequent venue for hearing employment disputes. Settlements, he said, are now "being driven by the perception that it's impossible to be made whole, because the first defense is that the whole industry almost went out of business. Many think they're better off trying to cut a deal now rather than wait and have it be reclaimed in bankruptcy as a preference."

And there's another factor this time around.

"This is a generally unsympathetic client group. Whether it's arbitrators, judges, or potential jurors, they're not differentiating their anger between Dick Fuld and the janitor," he says.

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