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Lawyers from 21 countries tackle Madoff case

Three British law firms join a world alliance representing claimants who lost out in the alleged \$50 billion Madoff fraud

Graham Keeley, Madrid

Three City law firms have joined a world alliance of legal firms representing claimants who lost out in the alleged \$50 billion (£34.8 billion) fraud by Bernard Madoff, the American broker.

Lawyers from Edwin Coe, Bristows and Speechly Bircham attended the first meeting of the Madoff Case Global Alliance of Law Firms held in Madrid yesterday.

The British companies were joined by lawyers from 21 countries, including the United States, France, Mexico, Uruguay, Switzerland, Italy, France, Argentina, Chile, Panama, Israel, German, Lithuania, Colombia, Brazil, Austria, Ecuador, Luxembourg, Malta and Portugal.

They represent banks, hedge funds, public bodies and individual investors.

The alliance, coordinated by the Spanish law firm Cremades Calvo-Sotelo, claims to represent up to three million people who may have lost out in the alleged fraud.

Javier Cremades, president of the Alliance, said: "We find ourselves in an unprecedented situation in the profession: for the first time, lawyers from companies of differing sizes and from different continents have united to give a global response to a global problem.

"This is especially important with a case like Madoff, which evades, by its very nature, national jurisdictions."

Dominic de Bono, a solicitor with Edwin Coe, said: "We represent 35 clients. They were wealthy investors but they are not wealthy any more.

"Some of them have been badly hit. They range from small investors to those who invested several hundred thousand," he said.

Charles Pugh, a partner in Bristows, said his firm is not presently acting for any clients but may do in the future. The firm was involved in another case involving a Ponzi-style pyramid fraud.

Nick Gibbons, a partner of Speechly Gibbons, said: "We act for private clients who are small or large investors. It is early days. I think people are recovering from the shock of losing their money and are taking stock and deciding what to do."

Lawyers involved in the group will travel to the US next month for a meeting with Mary Shapiro, chairman of the Securities and Exchange Commission (SEC).

They may also meet Barney Frank, of the US Congress House Committee on Financial Services and Senator Christopher Dodd, president of the Senate Banking Committee.

Mr Cremades said all law firms involved in the alliance may take legal actions against intermediaries who advised their clients to invest in Madoff products, rather than against Mr Madoff.

So far it is not believed any cases related to the alleged Madoff fraud have been started in Britain.

Mr Cremades believes the overall amount involved could turn out to be higher than the \$50 billion which has been estimated so far.

Cremades Calvo-Sotelo has filed a US lawsuit in the name of 600 victims who claim they lost €120 million (£108.5 million) in total.

The firm filed a class action lawsuit in Florida in the name of people who invested in Madoff through a fund run by Banco Santander, which owns Britain's Abbey, Bradford & Bingley and Alliance and Leicester.

The Spanish law firm claims Santander did not adequately scrutinise products offered by Mr Madoff. But Santander refutes the claim, saying it acted with due diligence.

Santander said in December it had a total of €2.33 billion in client funds exposed to Mr Madoff's alleged fraud. The bank itself has lost €17 million.

The bank has reportedly sweetened a deal to compensate selected private banking clients who lost money to Mr Madoff, according to the Wall Street Journal.

Santander in January offered to return some of the money lost by its clients but lawyers representing some investors dismissed the original offer as inadequate.

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