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Quinn Emanuel, Cohen Milstein tapped as leads in interest rate swaps case

(Reuters) - It's no wonder that 11 elite plaintiffs' firms wanted to be named lead counsel of consolidated antitrust litigation accusing more than two dozen global banks of conspiring to exclude investors from electronic trading platforms in the market for interest rate swaps. The allegations are broadly similar to those leveled against many of the same defendants in litigation over the credit default swaps market - and that case settled last year for nearly $2 billion. The fee award for lead counsel in the credit default swaps case was $253 million.

And it's no accident that one of the leads in the CDS case, Quinn Emanuel Urquhart & Sullivan, filed the first complaint claiming antitrust violations in the interest rate swaps market, which is even bigger than the CDS market. Working with co-counsel from Cohen Milstein Sellers & Toll, Quinn Emanuel leveraged its knowledge of swaps trading to develop a theory that global banks colluded to protect their intermediary role, blocking swaps buyers from dealing directly with sellers. Quinn Emanuel invested six months of time and $1 million in the case before it teamed up with Cohen Milstein to file a complaint for the Public School Teachers' Pension and Retirement Fund of Chicago, a longtime client of Cohen Milstein partner Carol Gilden, in federal district court in Manhattan in 2015.

"Unlike many antitrust cases, this case does not piggyback off the work of government regulators or follow a public disclosure of wrongdoing," the two firms said in a July 22 brief asking for appointment as lead counsel brief. "The claims brought here were identified by Quinn Emanuel and developed with Cohen Milstein. Put simply, this case would not exist without our efforts."

On Wednesday, U.S. District Judge Paul Engelmayer of Manhattan cited that early investigation in an order appointing Quinn and Cohen Milstein lead counsel of the consolidated case. "Although the court has no doubt that the other counsel seeking leadership positions also invested a degree of time and energy investigating the claims of their clients before filing their complaints, the court's assessment is that the efforts undertaken by Quinn Emanuel and Cohen Milstein were more generative and exceeded the investigative work of the other applicants by an order of magnitude." The judge was also swayed, he said, by support for Quinn and Cohen Milstein from two businesses that wanted to provide exchange platforms for interest rate swaps investors but allege in their own suits that global banks shut them out.

The judge declined to appoint a formal committee of additional plaintiffs' firms but did designate three other firms - Hagens Berman Sobol Shapiro, Kellogg Huber Hansen Todd Evans & Figel and Susman Godfrey - to be "available, at interim co-lead counsel's sole discretion, as a resource." The other firms that submitted lead counsel applications were Berger & Montague, Labaton Sucharow, Hausfeld, Bernstein Litowitz Berger & Grossmann, Korein Tillery and Scott & Scott.

Daniel Brockett of Quinn, the firm's lead on both swaps cases, said he was gratified that Judge Engelmayer "quite rightly recognized that we developed the case." Cohen Milstein's Gilden said she is expecting a hard fight from the banks, but the Chicago fund is ready for it. "This is a client that believes in righting wrongs," she said. "They take market injustices very seriously."

(Reporting by Alison Frankel)