

[Before the Breach, Equifax Sought to Limit Exposure to Lawsuits](#)

Before Equifax discovered a massive computer breach that exposed sensitive information about millions of Americans, the company lobbied Congress on legislation to limit how much it could be forced to pay if sued by consumers, reports [The Washington Post](#).

The company also pressed lawmakers to roll back the powers of its regulators, according to reporters [Renaë Merle](#) and [Hamza Shaban](#).

“Since at least 2015, the credit reporting agency has repeatedly lobbied lawmakers on issues related to ‘data security and breach notification,’ according to federal disclosure forms,” the *Post* reports.

[Read the Post's article.](#)

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[Blank Rome Welcomes Former Small Business Administration](#)

Deputy GC in Washington, D.C.

Blank Rome LLP announces that Martin Teckler has joined the firm as a partner in the Finance group in the Washington, D.C., office. He joins the firm from Kelley Drye & Warren LLP.

As former deputy general counsel for the U.S. Small Business Administration and senior counsel for the SBA's Business Lending, Small Business Investment Company, and Development Company programs, Teckler routinely prepared security transactions and interacted with sources of lending and venture capital for small businesses.

In a release, the firm says:

In his private practice, Teckler primarily represents lenders who participate in government-guaranteed loan programs—particularly SBA and U.S. Department of Agriculture programs, among other agencies—that make assistance available to small and mid-sized businesses. Furthermore, Teckler represents private equity funds, which are often licensed as Small Business Investment Companies (“SBICs”) and regulated by the SBA, that make investments in the middle-market and small businesses. His experience also includes the formation and licensing of multiple SBICs, including the structuring of fund entities, representation of principal groups before the SBA, resolution of investor issues, obtaining leverage from the SBA, and resolving regulatory matters on behalf of licensed SBICs. Teckler has also structured multiple venture capital and private equity investments by SBICs and other funds in a manner that complies with applicable SBA regulations.

“We are thrilled to welcome Martin to the firm,” said Alan J. Hoffman, Chairman and Managing Partner. “Martin’s previous role as deputy GC for the SBA for more than a decade brings substantive, first-hand knowledge of what it

takes to close an SBA-related transaction to Blank Rome. His insider experience at the SBA will be an excellent addition to the team's capabilities, and we look forward to offering his knowledge of funding sources and related programs to our clients."

"Martin's experience with the SBA and other federal agencies, combined with his private practice experience, provides him with a unique perspective," said Lawrence F. Flick II, Partner and Chair of Blank Rome's financial services industry team. "Focused on achieving successful outcomes for his clients, Martin is a top-notch negotiator, blending his government experience with knowledge of the law to consider all possible outcomes and deliver unique solutions for his clients."

In addition to his work with small to mid-size businesses and lenders, Teckler also has experience in government contacts, mergers and acquisitions—particularly with businesses that are acquiring or investing in other businesses—securities, and securitization and secondary market work in securities generated out of loan programs where originators sell portions of loans in secondary market transactions or securitization transactions.

"I am very excited to join Blank Rome, as the Firm's client base is very compatible with my existing clients," said Mr. Teckler. "Additionally, I look forward to tapping into Blank Rome's vast resources and legal talent within the mergers & acquisitions group and financial services industry team, allowing me to better serve my existing clients while simultaneously enhancing Blank Rome's current service offerings."

Teckler is a frequent speaker on SBICs, Certified Development Company, and Small Business Lending Fund matters. He participates in, and has presented before, the Small Business Investor Alliance and the National

Association of Government Guaranteed Lenders. Mr. Teckler earned his J.D. from George Washington University Law School and his B.A. from Boston University.

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[Valeant's Latest Legal Threat Could Be Especially Costly](#)

Valeant Pharmaceuticals International Inc. has been selling assets, paying down debt and riding a recovery of its shares from their lowest point last spring. But one big uncertainty – its potential legal costs – just got bigger, [reports Bloomberg](#).

Mutual fund company Lord Abbett & Co. filed a securities fraud lawsuit against Valeant, alleging that it bought shares in the drug giant at an artificially high price because of misinformation provided by Valeant, write [Greg Farrell](#) and [Neil Weinberg](#). The suit, alleging violations of New Jersey's racketeer influenced and corrupt organizations (RICO) law, represents a new and potentially costly legal attack on Valeant, which is already facing lawsuits over alleged manipulation of drug prices.

“If other investors were to follow Lord Abbett's lead, Valeant's legal exposure could balloon,” according to Bloomberg. “In its filings with the Securities and Exchange Commission, Valeant says that the class action suits are

without merit and that it intends to fight them.”

[Read the Bloomberg article.](#)

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[Seven Charged in U.S. Insider Trading Ring](#)

Reuters [is reporting](#) that U.S. authorities announced insider trading charges accusing seven people of generating more than \$5 million of profit based on tips from a Bank of America Corp. employee about dozens of pending corporate transactions.

The alleged tipster, Daniel Rivas, who later worked at Royal Bank of Canada, and James Moodhe, the father of Rivas' girlfriend, both pleaded guilty to charges of fraud, conspiracy, and making false statements to Federal Bureau of Investigation agents, report [Brendan Pierson](#) and [Jonathan Stempel](#).

“Prosecutors said Rivas, who worked in Bank of America's capital markets technology group, leaked material nonpublic information about potential mergers, acquisitions and tender offers involving clients and prospective clients more than 50 times to co-conspirators, who then traded on the tips,” according to the report.

[Read the Reuters article.](#)

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[GM Accuses Bankruptcy Trust of Secret \\$1 Billion Stock Plot](#)



General Motors Co. accused the trust set up to handle its bankruptcy claims of secretly plotting with plaintiffs' attorneys to make it pay \$1 billion in stock as part of a \$15 million class-action settlement. [Bloomberg Law](#) is reporting.

As Bloomberg's [Erik Larson](#) explains, the accord will pit GM against the "Old GM" General Unsecured Creditors Trust for the first time since the 2009 bankruptcy sale created the split to save the company.

Larson writes that attorney Steve Berman said that the settlement "between the plaintiffs and the trust for old GM will resolve hundreds of personal-injury cases stemming from GM's faulty ignition switches, as well as a class-action suit over millions of vehicles that allegedly lost value due to a series of recalls in 2014."

[Read the Bloomberg article.](#)

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Has the Era of the Consumer Class Action Waiver Passed?

As a result of a rule imposed by the Consumer Financial Protection Bureau, consumer contracts entered into after March 19, 2018, with a wide range of consumer financial services companies will need to be revised in regard to their agreements' arbitration clauses.

Pillsbury Global Sourcing explains on its website that those companies "will need to: (a) remove language in pre-dispute arbitration provisions that bars consumers from participating in class actions; and (b) add language informing consumers of their rights to participate in class actions. The Rule will also require such companies to provide information on individual arbitration awards to the CFPB for publication in a public database (redacting consumers' private financial information)."

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PwC to Pay \$1 Mln to Settle Merrill Lynch Audit Complaint



Reuters is [reporting](#) that accounting company PricewaterhouseCoopers LLP will pay \$1 million to settle a civil complaint alleging it conducted a flawed audit into Merrill Lynch's compliance with federal brokerage customer protection rules, U.S. audit watchdogs said on Wednesday.

"The PCAOB's penalty against PwC comes a little over a year after the Securities and Exchange Commission ordered Bank of America's Merrill Lynch to pay \$415 million to settle charges it had put its brokerage clients' cash at risk in violation of customer protection rules," writes [Sarah N. Lynch](#).

[Read the Reuters article.](#)

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New U.S. Rule on Class Actions Survives First Challenge



A new U.S. rule aimed at restoring consumers' ability to band together to sue financial companies has survived its first challenge, as a top banking regulator said he would not petition for it to be suspended, [Reuters reports](#)

[Lisa Lambert](#) and [Pete Schroeder](#) write that the Consumer Financial Protection Bureau's rule abolishing "mandatory arbitration clauses" was released on July 10, and was immediately threatened by Republicans in Congress and President Donald Trump's administration.

Acting U.S. Comptroller of the Currency Keith Noreika publicly argued with CFPB Director Richard Cordray, appointed by former President Barack Obama, a Democrat, over whether the rule could endanger the banking system.

[Read the Reuters report.](#)

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[Wells Fargo Lawyer Accidentally Releases Trove of Data on Wealthy Clients](#)



A Bressler, Amery & Ross lawyer representing Wells Fargo, responding to a third party subpoena in a case between two financial advisors, produced documents without redaction or confidentiality designations that revealed "billions of dollars of client

account information, from residents of numerous states and possibly Europe.”

[Above the Law](#) describes how the mistake got worse: “To compound the issue, [the lawyer] alleges that plaintiffs showed the documents – which, remember, weren’t protected by a confidentiality agreement – to the New York Times, which then wrote about the consumer information that was produced. All in all, an incredibly messy affair.”

Kathryn Rubino writes that a broadly worded confidentiality agreement could have mitigated the damage.

[Read the Above the Law article.](#)

[Defense Lawyer: Shkreli Would Lose \\$65 Million If Convicted](#)

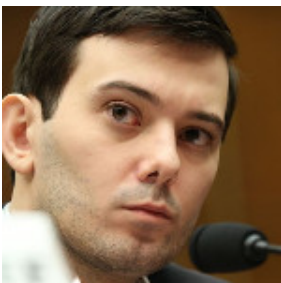


Image by [OversightandReform](#)

A defense lawyer says former pharmaceutical CEO Martin Shkreli

would lose a \$65 million stake in a drug company he founded if he's convicted at his securities fraud trial, reports the Associated Press through [ABC News](#).

The lawyer told jurors that a drug company official who testified against Shkreli was biased because the company would benefit financially if Shkreli is convicted of a felony.

"Shkreli is best known for raising the price of a life-saving drug by 5,000 percent and trolling his critics," the AP reports.

[Read the article.](#)

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[Republicans Introduce Bills to Scrap New Bank Arbitration Rule](#)

Republican lawmakers in the House and Senate have introduced bills calling for the repeal of a just-announced regulation that would make it easier for consumers to bring class-action lawsuits against banks, reports [The Los Angeles Times](#).

The new Consumer Financial Protection Bureau rule would ban banks and other financial institutions from forcing arbitration clauses on customers to prevent them from bringing or joining class-action suits.

Some Republicans have introduced resolutions calling for use of the Congressional Review Act, which allows Congress to new regulations created by federal agencies, writes [James Rufus Koren](#).

[Read the LA Times article.](#)

[CFPB Hits Back at Efforts to Kill Rule Easing Bank Lawsuits](#)



Just days after approving a controversial rule that will make it much easier for Americans to sue their banks, the U.S.'s top consumer watchdog is already fighting back against attempts to prevent the regulation from taking effect, [reports Bloomberg](#).

Bloomberg's [Elizabeth Dexheimer](#) reports that Consumer Financial Protection Bureau Director Richard Cordray said there is "no basis" to claims that his agency's action will put the nation's financial system at risk. Cordray was responding to concerns raised by acting Comptroller of the Currency Keith Noreika, a regulator appointed by the Trump administration who had a long legal career representing banks.

Under the new rule, financial firms are restricted from forcing consumers to resolve their disputes through

arbitration, a practice that has been used by the industry for years to keep grievances tied to payday loans, credit cards and other products out of courts.

[Read the Bloomberg article.](#)

[My Smart Contract Just Ate \\$14 Million – Now What?](#)



A Canadian digital currency exchange (QuadrigaCX) reported recently that a malfunction in a smart contract is responsible for a \$14 million dollar loss of the cryptocurrency ether, reports [Jared Butcher](#) in the [Steptoe Blockchain Blog](#).

He explains that a software upgrade performed by the company had an error in the code that prevented the smart contract from properly processing incoming amounts of the cryptocurrency Ether. During the time it took to discover the problem, Ether sent to the company's exchange was "trapped" in the smart contract.

"The potential for new risks and severe consequences arising from smart contracts (compared to traditional contracts) suggests that a re-consideration of indemnification strategies is warranted," Butcher writes. "Risks arising from coding errors or other human errors are not the product of intentional wrongdoing or a catastrophic event and may not

involve any injury to a third party.”

[Read the article.](#)

[HSBC, UBS Settle U.S. Rate-Rigging Litigation; 10 Banks' Total Payout Tops \\$408 Million](#)



Image by [Mark Moz](#)

[Reuters is reporting](#) that HSBC Holdings Plc and UBS Group AG have each agreed to pay \$14 million to settle private U.S. litigation accusing them of rigging an interest rate benchmark used in the \$483 trillion derivatives market.

If approved by the judge overseeing the case, the settlements would boost the total payout from 10 settling banks to \$408.5 million. HSBC and UBS denied wrongdoing.

“Several pension funds and municipalities had accused 14 banks of conspiring to rig the ISDAfix benchmark for their own gain from at least 2009 to 2012,” writes reporter [Jonathan Stempel](#).

[Read the Reuters article.](#)

[Wells Fargo's \\$142-Million Sham Accounts Settlement: What You Need to Know](#)



Image by [firedoglakelakedot.com](#)

A federal judge has signed off on a deal under which Wells Fargo & Co. will pay \$142 million to settle a bevy of class-action lawsuits over the bank's creation of unauthorized accounts.

[The Los Angeles Times](#) offers some answers to typical questions that consumers may have about the settlement and what it can mean for the customer individually.

Reporter [James Rufus Koren](#) writes that Keller Rohrback, the lawyers who negotiated the settlement with the banking company, will ask the court for \$21.3 millions, which amounts to 15 percent of the total settlement fund.

The article answers such questions as: Am I eligible? How much will I get? How do I sign up? What if I want to sue the bank? When will I get paid?

[Read the *Times* article.](#)

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[Consumer Watchdog Makes It Easier to Sue Banks and Other Companies](#)



The government's consumer watchdog has finalized a rule that will make it easier for people to challenge financial companies in court, reports [The Washington Post](#).

The new Consumer Financial Protection Bureau rule targets arbitration clauses, which can show up on user agreements for credit cards, bank accounts and other consumer products.

"As a condition for receiving services or products, consumers

often give up their right to join a class-action lawsuit with these clauses, and instead agree to settle any disputes in a private process known as arbitration,” writes the *Post*’s [Jonnelle Marte](#).

Now the rule will ban companies from using these agreements to block consumers from joining group lawsuits. But supporters of arbitration say the clauses can help companies and consumers save money by minimizing legal costs.

[Read the *Post*’s article.](#)

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[**Fiduciary Rule Creates Breach of Contract Claim, No Private Right of Action**](#)

The first part of the Department of Labor’s Conflict of Interest Rule went into effect in June, and a large group of newly-defined “fiduciaries” are now subject to certain requirements of the Best Interest Contract (BIC) exemption, a portion of the Fiduciary Rule that according to some commentators creates a private right of action for investors, reports [Kilpatrick Townsend](#).

“The creation of a private right of action is one of the investment industry’s chief concerns with the Fiduciary Rule,” write [Paul Foley](#) and [John I. Sanders](#). “Industry leaders claim

that the BIC exemption creates a private right of action because it enables investors to bring breach of contract claims and class actions against the fiduciaries with whom they contract. However, a federal judge from the Northern District of Texas flatly rejected this claim in *Chamber of Commerce of the United States of America v. Hugler*.”

[Read the article.](#)

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[Ex-American Realty CFO Convicted of Falsifying Company's Accounts](#)

The former chief financial officer of American Realty Capital Properties Inc was convicted on Friday of deceiving investors by inflating the real estate investment trust's financial statements, [Reuters reports](#).

A three-week trial in federal court in New York ended with Brian Block guilty of fraud and conspiracy.

American Realty shares lost about \$4 billion in market value on one day in 2014 after the company said employees intentionally concealed accounting errors.

“Block was charged with securities fraud and conspiracy last year,” writes [Brendan Pierson](#). “Prosecutors said that in July

2014, he plugged fake numbers into a spreadsheet that was used to prepare the company's financial report for the second quarter of that year in order to disguise a calculation error in a previous report."

[Read the Reuters article.](#)

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[Law Firm Not Liable for \\$1.5B Loan Gaffe](#)



Image by [C_osett](#)

Entities that loaned General Motors \$1.5 billion before it went bankrupt cannot sue GM's law firm, Mayer Brown, for accidentally canceling the collateral on the loan, the Seventh Circuit ruled.

Courthouse News Service [is reporting](#) that the Chicago-based

appeals court ruled Wednesday that Mayer Brown has no duty to GM's lenders because it did not represent them.

The suit was based on a statement drafted by Mayer Brown that mistakenly terminated the collateral securing a \$1.5 billion loan. That mistake resulted in the lenders' loans becoming unsecured, putting their claims behind the claims of secured creditors, writes [Lorraine Bailey](#).

[Read the Courthouse News article.](#)

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[Shkreli Described by Prosecutors as Spinning 'Lies Upon Lies'](#)



Image by
[OversightandReform](#)

Pharma Bro Martin Shkreli is a liar who ripped off his

clients, a prosecutor told jurors, according to a [Bloomberg report](#).

Reporters [Patricia Hurtado](#) and [Misyrlena Egkolfopoulou](#) write that his lawyer said the former fund manager may be nuts, but he's also a genius who made millions for his investors.

Shkreli is accused of fraud in relation to his control of two hedge funds he ran as well as Retrophin Inc., a pharmaceutical company he founded in 2011. Prosecutors characterize him as a con man.

The defense paints Shkreli as an investment genius, prosecutors point out that he repeatedly lost money for investors and lied to them.

[Read the Bloomberg article.](#)

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