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# Hughes Hubbard & Reed

## Firm Wins Dismissal of \$492 Million Lawsuit Against WestLB

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Hughes Hubbard & Reed won a significant victory for WestLB when a New York state judge dismissed a lawsuit seeking \$492 million in damages for alleged investment losses.

Four banks – Israel-based Bank Hapoalim BM, Bahrain-based Arab Banking Corp. BSC, Israel-based Mizrahi Tefahot Bank Ltd. and Ireland-based Anglo Irish Bank Corp. Ltd. – and Cayman Islands-based special-purpose corporation Justinian Capital SPC sued WestLB in 2009, alleging that they lost \$492 million in two WestLB-controlled structured investment vehicles. They accused the German bank of mismanaging those vehicles and hiding information from them.

On Sept. 24, New York State Supreme Court Justice Shirley Werner Kornreich said in her dismissal ruling that the plaintiffs are “highly sophisticated business entities” that had access to information that they contend WestLB used to misrepresent the portfolio.

“The amended complaint fails to support any inference that plaintiffs were unaware of the same information or unable to apprise themselves of it,” she said in her ruling. “It establishes the opposite.” Justice Kornreich also noted that the alleged damages were “speculative.”

Justice Kornreich, citing numerous reasons, threw out the other claims in the case, including finding that the banks had improperly combined all the accusations against the various WestLB entities named as defendants.

“Our client’s very happy with the decision. They think that the decision is supported by the facts and the law,” Chris Paparella, the lead attorney on the case, told Law360. The victory came just one month after Hughes Hubbard secured a ruling for WestLB that pushed a \$200 million-plus fraud suit brought by Justinian to the verge of dismissal.

In addition to Paparella, the Hughes Hubbard team included Marc Weinstein, Andrea Engels, and Seth Schulman-Marcus.

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