

In the Trenches: Page Perry Lures Litigators with Subprime Mortgage Work

By Meredith Hobbs

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The Daily Report - Securities litigators David J. Worley and James M. Evangelista have found a new firm, Page Perry, attracted in part by a shared interest in pursuing plaintiffs litigation for investors who've suffered subprime mortgage-related losses.

Page Perry is the second firm for the pair since February 2006, when they left Atlanta plaintiffs firm Chitwood Harley Harnes with two other partners, Lauren S. Antonino and Stuart J. Guber, to launch a local office of South Carolina rival Motley Rice. But they left Motley Rice at the end of 2007 rather than relocate to that firm's Charleston headquarters when the Atlanta office was closed.

Worley and Evangelista joined Page Perry as partners Feb. 13.

The firm has been pursuing litigation related to investors' losses in funds with heavy exposure to subprime real estate mortgages, said J. Boyd Page, the senior partner at Page Perry, and Worley and Evangelista are also working on subprime-related litigation.

"Their addition will help us both in representing large institutional investors who've lost money and, if we find one, in bringing class actions in that area," said Page.

Page Perry, which has 10 lawyers, including Worley and Evangelista, is known primarily for securities arbitration work for plaintiffs, but Page said the firm has also done class action work.

Evangelista and Worley said Page Perry's work on subprime litigation was part of the draw for them. "Any lawyer in this area wants to work in the cutting edge stuff, and Page Perry is in the forefront of this," said Worley.

Evangelista said the two have not yet filed any subprime litigation but are "on the verge of a floodgate of this type of litigation."

The subprime crisis, he pointed out, "affects a wide swath of the investment community. The ramifications of the losses are extreme and many have not come to bear yet since many investment funds have not yet disclosed the true losses in their funds."

"There are many tentacles to this octopus—many types of potential claims. It takes a thorough analysis to determine the type of claims," said Evangelista.

He said he and his partners are looking at representing institutional and individual investors and corporations who've sustained significant losses from their investments in mortgage-backed securities, "including enhanced cash funds, where the funds have lost significant amounts of money from investments in subprime mortgage loans." He said that enhanced cash funds are "money market funds on steroids," with the liquidity of money market funds but the promise of greater returns.

“This is a super platform for us to advance our practice in securities class actions, shareholder derivative suits, consumer class action cases and business tort litigation,” said Evangelista, who had worked with Allen R. Page Jr. at Chitwood Harley before Page left to form Page Perry.

Page Perry joined forces with three plaintiffs' securities firms in other parts of the country to bring its first subprime litigation in November – two arbitration demands for individual investors filed with the Financial Industry Regulatory Authority, or FINRA (formed last July from the National Association of Securities Dealers). One was against Morgan Keegan & Co. for a client who invested in a Morgan Keegan fund that lost value, and the other was against Bear Stearns Cos. for losses in an offshore hedge fund that collapsed in July.

The firm has filed additional complaints against Bear Stearns and Morgan Keegan, said Perry, and it has other cases in the works.

“I've been living on airplanes, talking with a number of very large institutions about representing them,” Perry said. “I've been everywhere from Texas to New York and am going to Memphis [this week].”

He said he is getting referrals from defense firms since many of the investors that have lost money are large pension funds, insurance companies, banks, charitable organizations and endowments. “They are traditionally represented by the defense bar, but now the defense bar can't represent them because of conflicts of interest,” he explained.

Perry said the firm is looking at class actions and large individual investors, since a lot of investors who've sustained losses are “big hitters whose losses stand on their own merits.”

“Dave and Jim have experience that opens a lot of doors for us and we open a lot of doors for them,” he said.

Evangelista, 42, started his career on the defense side, working at LeBoeuf, Lamb, Greene & MacRae and then Skadden, Arps, Slate, Meagher & Flom for more than a decade, representing companies in class actions and internal corporate investigations. He said he did some plaintiffs work at Skadden, before switching to the plaintiffs side, where he's represented institutional pension funds, corporations and individual investors in securities and business tort litigation as a partner at Chitwood Harley, then Motley Rice. He said he's been doing plaintiffs work exclusively since 2003.

Worley, 49, has spent his entire career in Atlanta. As a partner at Jacobs, Slawsky & Barnett, he focused on plaintiffs litigation for unions, union pension funds and individuals before joining Chitwood Harley, then Motley Rice. He said he started handling securities class actions four years ago, often for union pension funds that had been clients in earlier cases.

Worley has been the chair of the labor and employment law sections of both the State Bar of Georgia and the Atlanta Bar Association. He is a member of Georgia's State Election Board and was chairman of the Democratic Party of Georgia from 1998 to 2001.

Worley said he and Evangelista brought a consumer class action against EarthLink with them to Page Perry, where they are contesting the \$149.95 early termination fee for subscribers, arguing that it's an unlawful penalty under Georgia law.