

Firms Laying Down the Law to Wall Street

By John Ketzenberger

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The Indianapolis Star - Tom Hargett has seen this cycle before on Wall Street.

This time Wall Street pros made a killing packaging up bad loans and selling them off to investors who now wonder where their money went. The time before it was the dot-com cycle, and the time before that it was the fallout from the Asian financial crisis.

"Every time there's a slow period, I don't get too worried," said Hargett, a partner in the securities law firm of Maddox Hargett & Caruso. "Sooner or later Wall Street is going to (hurt) the investing public -- again."

Last week came news that a federal grand jury in New York had indicted two Bear Stearns fund managers on fraud charges. "Between our firms, there are 25 lawyers working full time six days a week," Hargett said. "Good times are here again for guys in our line of work."

The local firm takes the cases of bilked investors into arbitration and has done pretty well -- it has recovered more than \$50 million for investors in 16 years.

Just as the subprime debacle was heating up last summer, Maddox Hargett & Caruso joined three others across the country to specialize in subprime cases. Hargett said the Bear Stearns indictments bolster the firm's pending subprime cases and probably will lead to more.

You just knew something was up when the investment banks continued to report huge profits even as their bread-and-butter merger and acquisition business slowed. Any bets on whether commodities -- especially oil -- will be next in the cycle?