

HEDGE FUND LITIGATION

Cornerstone Research staff and experts have worked on a number of matters involving disputes over the performance of hedge funds and the failures of hedge funds and other financial institutions. In hedge fund matters, we have addressed such issues as investment strategy, risk management, and valuation.

Investment Strategy

Our analyses of investment strategy have involved:

- Comparing the actual investment approach to that which had been stated to investors.
- Analyzing market developments that affected the value of investments (assessing causes, foreseeability, and liquidity).
- Understanding the extent to which investment practices adapted to changing market conditions.
- Assessing the performance of a given fund relative to that of peer funds.
- Evaluating the relative performance of different funds invested by the same manager.
- Assessing the marking to market of positions.
- Determining the values of complex derivatives and other illiquid assets held.
- Considering the ways that investment results were accounted for and reported.

Risk Management Practices

Our evaluations of risk management practices have involved:

- Understanding the procedures used and the information considered in risk management.
- Comparing actual risk management activities to approaches that had been stated to investors and to contemporaneous standards in the field.

- Determining the extent to which available information was appropriately considered.
- Assessing the effectiveness of risk management efforts.
- Considering the ways that risk management practices evolved in response to market developments.
- Understanding the sensitivity of risk management practices to the quality of available information.

Valuation of Fund Positions

Valuation analyses have focused on the value of both positions held by funds and of fund enterprises. Our valuation analyses of fund positions have involved:

- Considering contemporaneous valuations by the fund managers and other sources.
- Conducting valuations of illiquid and idiosyncratic instruments (including complex derivatives).
- Relating changes in value to market factors.

Valuation of Fund Enterprises

Our valuation analyses of fund enterprises have involved:

- Assessing capital structure (including performance incentives for managers and pricing structures for investors).
 - Considering the nature of the risks taken by the funds managed by the enterprise in question.
 - Examining the size and performance of the funds and their peers over time.
 - Analyzing investment flows to and from the funds, the sensitivity of those flows to performance and other factors, and fund fee structures.
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Selected Client Law Firms

Akin Gump Strauss Hauer & Feld	Drinker Biddle & Reath	Kirkpatrick & Lockhart Preston Gates Ellis	Richards, Layton & Finger
Alston & Bird	Farella Braun + Martel	Latham & Watkins	Robins, Kaplan, Miller & Ciresi
Arnold & Porter	Fenwick & West	Manatt, Phelps & Phillips	Schulte Roth & Zabel
Axinn, Veltrop & Harkrider	Finnegan, Henderson, Farabow, Garrett & Dunner	Mayer Brown	Shartsis Friese
Baker Botts	Folger Levin & Kahn	McDermott Will & Emery	Shearman & Sterling
Baker & Hostetler	Fried, Frank, Harris, Shriver & Jacobson	McKenna Long & Aldridge	Sheppard, Mullin, Richter & Hampton
Baker & McKenzie	Fulbright & Jaworski	Milbank, Tweed, Hadley & McCloy	Sidley Austin
Bartlit Beck Herman Palenchar & Scott	Gibson, Dunn & Crutcher	Mintz Levin Cohn Ferris Glovsky and Popeo	Simpson Thacher & Bartlett
Bingham McCutchen	Goodwin Procter	Mitchell Silberberg & Knupp	Skadden, Arps, Slate, Meagher & Flom
Boies, Schiller & Flexner	Harkins Cunningham	Montgomery, McCracken, Walker & Rhoads	Snell & Wilmer
Cadwalader, Wickersham & Taft	Haynes and Boone	Morgan, Lewis & Bockius	Sonnenschein Nath & Rosenthal
Cahill Gordon & Reindel	Heller Ehrman	Morris, Nichols, Arsht & Tunnell	Stroock & Stroock & Lavan
Chadbourne & Parke	Hogan & Hartson	Morrison & Foerster	Sullivan & Cromwell
Choate, Hall & Stewart	Holland & Hart	Munger, Tolles & Olson	Thompson & Knight
Cleary Gottlieb Steen & Hamilton	Howrey	O'Melveny & Myers	Vinson & Elkins
Clifford Chance	Hunton & Williams	Orrick, Herrington & Sutcliffe	Vorys, Sater, Seymour and Pease
Cooley Godward Kronish	Husch & Eppenberger	Patton Boggs	Wachtell, Lipton, Rosen & Katz
Covington & Burling	Irell & Manella	Paul, Hastings, Janofsky & Walker	Weil, Gotshal & Manges
Cravath, Swaine & Moore	Jenner & Block	Paul, Weiss, Rifkind, Wharton & Garrison	Weston Benschop Rochefort Rubalcava MacCuih
Davis Polk & Wardwell	Jones Day	Pepper Hamilton	Wiley Rein
Debevoise & Plimpton	Katten Muchin Rosenman	Perkins Coie	Williams & Connolly
Dechert	Kaye Scholer	Pillsbury Winthrop Shaw Pittman	Willkie Farr & Gallagher
Dewey & LeBoeuf	Kelley Drye & Warren	Powell Goldstein	Wilmer Cutler Pickering Hale and Dorr
Dickstein Shapiro	Kilpatrick Stockton	Proskauer Rose	Wilson Sonsini Goodrich & Rosati
DLA Piper	King & Spalding	Quinn Emanuel Urquhart Oliver & Hedges	Winston & Strawn
Dorsey & Whitney	Kirkland & Ellis	Reed Smith	

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