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Phone: +1 212 537 6331 | Fax: +1 212 537 6371 | customerservice@portfoliomedia.com

Q&A With Sheppard Mullin's John P. Stigi III

Law360, New York (July 16, 2009) -- John P. Stigi III is corporate/securities litigation team leader at Sheppard Mullin Richter & Hampton LLP, Stigi's practice focuses on securities class action and shareholder derivative action defense, U.S. Securities and Exchange Commission investigation defense, internal corporate investigations, and mergers and acquisitions and corporate governance litigation.

He has extensive experience representing issuers, officers, directors and auditors in all areas of securities and corporate litigation, from before a complaint is filed through pleading motions, discovery, mediation, trial and appeal. Stigi also advises companies on disclosure and corporate governance issues, as well as directors and officers insurance matters.

Q: What is the most challenging case you've worked on, and why?

A: The i2 Technologies Securities and Derivative Litigation. The cases involved extraordinarily complex computer software technology, highly judgmental revenue recognition accounting rules, as much as \$32 billion in potential damages, two separate \$50 million towers of D&O insurance, massive insider stock sales and parallel U.S. attorney and SEC investigations.

But most of all, it involved personalities. Ken Lay and Bob Crandall were outside directors of the client. Although Lay became embroiled in other matters, Crandall became actively involved in the conduct of the case. His lawyers soon became quiet rivals. David Bershad was lead plaintiffs' counsel. We didn't know at the time, of course, that he was just a few short years away from going to prison. Senior management at the client included brilliant, brash Internet tycoons. Balancing all of this to achieve a remarkably palatable settlement for the client was, to say the least, challenging.

Q: What accomplishment as an attorney are you most proud of?

A: I was front-and-center on the winning trial team in Hewlett v. Hewlett-Packard. We had 33 days from the filing of the case to the end of the trial. We had no time for mistakes, and we didn't make any. After the case was over, opposing counsel conceded publicly that he was outlawyered. Everyone, from senior partners to secretaries, pulled together as a team and performed flawlessly under very stressful circumstances. My only disappointment is that I wasn't able to keep off the 15 pounds I lost from having no time to eat.

Q: What aspects of law in your practice area are in need of reform, and why?

A: Discovery in the age of electronically stored information has become outrageously expensive and time consuming. Although there have been some reforms and rule revisions to address this problem, the law needs to do more to balance the costs of e-discovery against plaintiffs' interest in expansive discovery. The rising cost of e-discovery erodes significant amounts of D&O coverage and, if exhausted, can have a real impact on the company's assets. It has become a stand-alone leverage point, unrelated to the merits or magnitude of a case, for plaintiffs in securities class actions.

Q: Where do you see the next wave of cases in your practice area coming from?

A: All sides and everywhere, all at once and without warning.

Q: Outside your own firm, name one lawyer who's impressed you, and tell us why.

A: Keith Eggleton, a former partner of mine at Wilson Sonsini in Palo Alto. He is smart, cynically affable, even-keeled, a great writer and an even better oral advocate. But most of all, Keith has always demonstrated superb judgment in all aspects of running a case.

Q: What advice would you give to a young lawyer interested in getting into your practice area?

A: Be patient. The learning curve in securities litigation is very steep. Junior attorneys need to learn as much as they can from what might seem like "grunt work." Believe it or not, legal research and document review can be rewarding if it is used as an opportunity to learn about the client and the case, and not just treated as hours to be billed to fill a quota.