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Portfolio Media, Inc. | 111 West 19th Street, 5th floor | New York, NY 10011 | www.law360.com  
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

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## Investors' Attys In Cobalt Bribery Case Seek \$43.5M In Fees

By **Rachel Graf**

Law360 (January 10, 2019, 5:34 PM EST) -- Attorneys asked a Texas federal court on Wednesday to award them \$43.45 million in fees for securing \$173.8 million total for investors who brought allegations involving a potential foreign bribery scheme by now-bankrupt Cobalt International Energy Inc.

The requested amount represents 25 percent of the value of three settlements the attorneys have secured for investors and is in line with what courts in the Fifth Circuit "regularly award" in similar cases, the attorneys said. The settlements, which have all been preliminarily approved, would resolve allegations that the value of investors' Cobalt stock declined after the company disclosed federal investigations into potential violations of the Foreign Corrupt Practices Act and federal securities laws.

"Plaintiffs' counsel have vigorously litigated this case for four years on an entirely contingent-fee basis against numerous prominent defense firms," the filing said.

Brought in 2014, the suit claimed a class of investors lost "billions of dollars" because Cobalt failed to disclose that it allegedly bribed Angolan officials to gain access to local oil wells. Shares of the company declined when it revealed information about investigations by the U.S. Securities and Exchange Commission and U.S. Department of Justice into the alleged wrongdoing, as well as made disclosures that Cobalt had overstated the amount of oil in certain wells, the complaint said.

The DOJ and SEC have since dropped their investigations.

The investors nonetheless reached settlements with three groups of defendants they claimed were involved in the alleged wrongdoing.

The investors reached a **\$147 million deal** resolving allegations against a group of defendants, including Goldman Sachs Group Inc., that owned significant stakes in Cobalt; a **\$23 million settlement** with investment banks including Morgan Stanley & Co. LLC that underwrote stock and note offerings for Cobalt; and a \$4.2 million settlement with Cobalt and its debtor affiliates.

The total settlement amount could increase further, depending on the outcome of an insurance coverage dispute, the attorneys said Wednesday.

"Here, lead counsel have achieved a substantial recovery of at least \$173.8 million for the benefit of the settlement class with additional potential recoveries from insurance carriers," the filing said. "The result achieved, given the substantial risks, is very significant and supports the requested fee."

The attorneys requested an additional roughly \$2 million in reimbursement for litigation expenses, almost half of which was spent on experts and consultants, they said.

Counsel for the investors declined to comment. Counsel for the defendants didn't respond Thursday to requests for comment.

The class is represented by Bernstein Litowitz Berger & Grossmann LLP, Entwistle & Cappucci LLP,

Ajamie LLP, Kessler Topaz Meltzer & Check LLP and Motley Rice LLC.

The underwriter defendants are represented by Skadden Arps Slate Meagher & Flom LLP.

The sponsor defendants are represented by Dobrowski Larkin & Johnson LLP.

The case is In re: Cobalt International Energy Inc. Securities Litigation, case number 4:14-cv-03428, in the U.S. District Court for the Southern District of Texas.

--Editing by Jack Karp.

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