





From Wall Street to Regulatory Reform

GW Establishes Center for Law, Economics & Finance

BY JAMIE L. FREEDMAN

The global economic crisis left the world reeling and searching for solutions. GW Law is answering the call through its comprehensive new Center for Law, Economics & Finance. A think tank for the study and debate of major issues in business and financial law, C-LEAF is quickly gaining a reputation as a leading voice in the fast-growing field.

The brainchild of Lawrence Mitchell, GW's Theodore Rinehart Professor of Business Law and executive director of C-LEAF, the center was officially launched this spring at a lively on-campus round table marking the first anniversary of the Bernard Madoff investment scandal (see sidebar). In addition to hosting worldwide events on cutting-edge topics in the field, C-LEAF will offer an innovative destination program, GW in New York; an annual junior faculty workshop aimed at stimulating scholarly work in business law; a soon-to-be-launched LLM program in finance; and a working paper series featuring the scholarship of C-LEAF members and fellows.

C-LEAF brings together the experience, research, and leadership of expert faculty members including (seated, left to right): Lisa M. Fairfax, Donald C. Clarke, Lawrence Mitchell, Susan L. Karamanian, and (standing, left to right): Jeffrey Manns, Mark Klock of the GW School of Business, Susan R. Jones, Michael B. Abramowicz, F. Scott Kieff, Arthur E. Wilmarth Jr., and Lawrence A. Cunningham. Theresa Gabaldon, Dalia Mitchell, John Duffy, and Karen Brown are not pictured.



Bernard Madoff's attorney Ira Lee Sorkin, JD '68, visited GW Law School in March as part of a high-powered group of panelists at C-LEAF's official launch event, "Madoff One Year Later: What Have We Learned?"



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From left to right: Professor Lawrence Mitchell, executive director of C-LEAF, moderates the April panel discussion "Proxy Access: Where are We and What Does it Mean?" with Leo Strine Jr., vice chancellor of the Delaware Court of Chancery and Kenneth A. Bertsh, executive director of corporate governance at Morgan Stanley.

Capitalizing on GW's strong cadre of business law faculty and alumni, the center is uniquely positioned to advance dialogue on a wide range of critical financial issues confronting the United States and the world, professor Mitchell says. "Over the past decade, GW Law has hired a number of top business and economics law professors who think broadly and deeply about these subjects, giving us a critical mass in the field," he explains. "The financial crisis has led to a strengthened focus here in Washington on improving the U.S. and world economies, making this a propitious time to create a center for scholarly exploration of these topics of global importance."

A dozen GW faculty members are on the center's founding executive board, advancing C-LEAF's mission in tandem with a high-powered advisory board chaired by John A. Buchman, a longtime adjunct professor at the law school and general counsel of E*TRADE Bank, plus a growing slate of fellows from across the disciplines. "My wonderful, committed

colleagues have been working very hard and diligently to move C-LEAF forward," professor Mitchell says. "They are deeply concerned about issues ranging from improving corporate governance to how to make markets better. C-LEAF and its various initiatives provide an umbrella for scholarly exploration of these important topics."

One exciting component of the center will be a trailblazing national junior faculty workshop in business and financial law, conceived of and coordinated by C-LEAF executive board member Lisa M. Fairfax, GW's Leroy Sorenson Merrifield Research Professor of Law. The annual event, to be launched next year, will showcase outstanding scholarship by newer faculty members from across the nation.

"To my knowledge, this is the only face-to-face national workshop targeting young business and financial law scholars," says professor Fairfax, who personally experienced the benefits of junior faculty workshops after earning a coveted slot in a similar program run by GW's Sloan Program for the Study of Business in Society in 2002. "I learned firsthand how invaluable these workshops can be to new scholars, and I want to provide the same opportunities for others," she says.

The competition, open to scholars who have been teaching for less than seven years, kicks off this fall with a call for papers featuring new work in the field. "Seven to 10 of the

most impressive papers will be selected for presentation at a two-day celebratory academic workshop attended by C-LEAF faculty, senior scholars from other institutions, and invited guests," she says. Three competitors will be awarded the Junior Faculty Scholarship Prize, which includes a cash reward. The New York firm Schulte Roth & Zabel, and its partner, John M. Pollack, JD '98, have generously agreed to provide financial support for the first five years of the workshop.

"It is so enriching for junior faculty members to exchange ideas with, receive input from, and build relationships with senior scholars from across the nation," professor Fairfax says. "We hope that in addition to supporting and showcasing wonderful scholarship, C-LEAF will promote future mentorship by inspiring workshop participants to become mentors themselves, thus paying it forward."

C-LEAF executive board members are also hard at work laying the groundwork for a semester in New York program. "Destination externships are among the most visible trends in legal education, and New York City is a leading, vibrant legal market, especially in financial matters," says Lawrence A. Cunningham, GW's Henry St. George Tucker III Research Professor of Law, who is spearheading the effort. "Our New York program will give GW students the chance to spend a semester in Manhattan, engage in supervised externships, and take courses taught by me and a rotating slate of my wonderful GW business law colleagues and GW Law alumni practicing in New York," professor Cunningham says.

The program, to be launched in 2011, will feature courses such as financial regulation, corporate law, and securities law, along with seminars and extracurricular activities. "New York is an amazing destination externship city with extensive experience in this form of pedagogy," says professor Cunningham, who organized and ran a corporate law externship program in Manhattan for Cardozo Law School in the



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In April, GW Law and C-LEAF presented "Securing the Ballot: A Conference on Proxy Access." Lisa Fairfax, Leroy Sorenson Merrifield Research Professor of Law at GW, discussed the potential impact of reform.

1990s. "We are looking forward to rolling out this enriching new feature of our curriculum, which will further illuminate GW's extraordinary commitment to business law."

New York will also be the site of an annual C-LEAF conference focusing on developing issues in financial and economic law. The inaugural C-LEAF in New York program, focusing on executive compensation and risk regulation, took place on June 3 at The Century Club. The well-attended event featured panel discussions, as well as GW's 29th annual Manuel F. Cohen Memorial Lecture, delivered by Kenneth R. Feinberg, special master for executive compensation at the U.S. Department of the Treasury. Damon Silvers, director of policy and special counsel for the AFL-CIO, gave the keynote address.

A C-LEAF international conference series, focusing on the most important topics in business law, will kick off this academic year in Hong Kong. "C-LEAF's annual conferences in New York and around the globe will bring together top scholars and major thinkers in the field to influence the course of debate on these vital issues," professor Mitchell says. "A healthy and growing financial world is our moral obligation to future generations, and GW Law is proud to be making a strong contribution to the dialogue through C-LEAF" 



ABDUL EL-TAYEB/WPTI

Josephine Wang, general counsel of the Securities Investor Protection Corp., discussed the complex process of returning funds to victims of Madoff's Ponzi scheme during the C-LEAF kickoff event. James T. Conversano, director of forensic litigation for FTI Consulting; Javier Bleichmar of Labaton Sucharow; and GW Law professor Paul Butler were also on the panel.

Moving on After Madoff

Experts exchange insights at C-LEAF's launch event

In December 2008, Bernard Madoff confessed to perpetrating the largest investment fraud of the 21st century, sending shock waves through the global financial community. A high-powered group of panelists—including Madoff's attorney Ira Lee Sorkin, JD '68, and award-winning *New York Times* financial reporter Diana B. Henriques, BA '69, who is writing a book about the Madoff scandal—gathered at GW Law School in March to discuss the case and outline strategies to move forward.

The event, celebrating the launch of GW's Center for Law, Economics & Finance, examined the climate and controversy surrounding the Madoff affair through several different lenses—the law, the media, academia, and finance.

During the first panel discussion, titled "What Happened and Why," Mr. Sorkin, co-leader of the securities litigation and white-collar criminal defense practices at the New York law firm Dickstein Shapiro, gave a detailed account of the day the scandal broke. "On December 11, I was visiting my 2-year-old granddaughter's preschool class in suburban Maryland when my cell phone rang," he said. "It was Bernie Madoff. He told me that he'd been arrested by the FBI, was handcuffed to a chair, and needed my help."

Since Mr. Madoff had already confessed to the FBI, Mr. Sorkin's role centered primarily on damage control. He managed to keep Mr. Madoff out of jail on bond for several months—no easy feat given the immense public outcry. As legal counsel to the man who had executed the largest Ponzi scheme in history—swindling \$65 billion from investors—Mr. Sorkin was the victim of death threats and a plethora of anti-Semitic e-mails and attacks. "People couldn't understand how I could possibly represent this man," he said. "There was a real lack of understanding of what defense attorneys do."

Mr. Sorkin, who spoke the previous week at GW's Luther Rice Society's second annual Wall Street Symposium in New York City, also shared his views on the Securities and Exchange Commission. "The SEC has not been able to keep pace with the growth of the financial industry," the former SEC regional director said. "How can an agency with 3,700 staff members possibly stay on top of hundreds of thousands of brokers, investment advisers, and hedge funds managing trillions of dollars worth of money worldwide? If I had my way, I would reduce the staff at the SEC in Washington by two-thirds and send them out to regional offices around the country where the frauds are occurring. If we had more examiners and inspectors out in the regions, they could pick up problems early and stop them in their tracks."

Mr. Sorkin reflected on his two stints at the SEC's New York office—as a staff attorney straight out of law school and as regional director from 1984 to 1986, responsible for supervising investigations and prosecutions of numerous violations of the federal securities laws, including stock manipulation, insider trading, mutual funds fraud, and fraud by investment advisers. "It was one of the most exciting times of my career," he said.



(Above) Bernard Madoff's attorney Ira Lee Sorkin, JD '68, (right) chats with professor Lawrence Mitchell and Dean Frederick M. Lawrence during Mr. Sorkin's visit to GW Law in March. (left) During the Madoff event, award-winning financial journalist Diana B. Henriques, BA '69, who is writing a book about the investment scandal, spoke about how to better protect investors in the wake of the case.

Ms. Henriques—widely credited as the chief chronicler of the Madoff investment scandal—offered unique perspectives on how to better protect investors in the wake of the case. "One of the principal lessons of the Madoff scandal is that regulators are from Mars and investors are from Venus," she said.

The journalist stressed the importance of mandatory investor education, compulsory broker licensing, severe punishments for fraudulent brokers, and a return to defined benefit pension plans. "We must design a regulatory system to protect investors and make our existing financial world better," she said. "Young people today are charged with managing their own pension plans and, therefore, must take enormous investment risks that their grandparents never dreamed of. It is the ultimate mismatch in skills. We need to educate investors to become informed skeptics capable of asking the right questions so that they can verify and trust."

The second panel discussion, featuring experts in law, finance, and investigation, focused on what the public has learned from the Madoff case and how to keep it from happening in the future. "Clearly significant changes are needed," said James Conversano, director of forensic litigation for FTI Consulting. "The SEC's enforcement system has been broken for a long time, and there will be fundamental change and movement going forward, including enforced layers of accountability in the exam process."

In his welcoming remarks, GW Law School Dean Frederick M. Lawrence said C-LEAF will play a major role in the field of banking reform, corporate governance, and regulation of finance in the legal system. "Washington is the center of so many of these issues," he said, "and it makes compelling sense that our Law School serve as a place for serious reflection on these important real world issues with real world implications."

—Jamie L. Freedman