

CATCHING UP WITH GRANGER AND GERTRUDE

Now in their second year of practice at their firm, Granger and Gertrude decided to grab lunch off-campus to catch up on matters of mutual interest. No sooner had they been seated than Gertrude asked Granger whether he had heard about the ruckus caused at the largest firm in town—and one of their firm’s major competitors—by a young associate who inadvertently publicly disclosed the existence of a discreet corporate transaction affecting one of his firm’s largest clients. “No I’ve not,” responded Granger. “Tell me. It makes me feel good to know that I am not the only one who screws things up.”

Gertrude allowed that a young corporate lawyer at the competition’s firm had been assigned to a major project for one of his firm’s largest clients. The work entailed travelling to San Francisco with a team of transactional lawyers and litigators from his firm. The litigators were involved because the deal involved a potential take-over bid to be on a target company based in San Francisco. There had been some publicity recently that the firm client involved had been mulling a bid for the stock of the target company. But, that publicity had ebbed and most people in the know thought the idea was dead. But wrong they were as they were soon to discover.

So excited was he to be involved in such an important assignment, the young associate tweeted several of his close friends that he was having an interesting week in San Francisco with a bunch of lawyers from his firm working on a big project. He said it had been fun getting to know the litigators assigned to the project because he had never had the occasion to work closely with trial lawyers before. He then took a photo of his client’s building—it was a big one—and texted it to his friends. He said he was getting to know the building well because of all the time he was having to spend inside it. He complained that the partners got to go to the Giants’ games at night, but he had to remain holed up in the building.

His tweets and texts ended up being forwarded and otherwise circulated among his peers back at home. Unfortunately for him some of those peers worked for the firm that represented the target company. It dawned on those young associates that their friend could be working on something involving their client—the target company. After all, there had been recent rumors of a hostile action against their client by a large client represented by their friend’s firm. They certainly did not want to drop their friend in the grease, but business is business. So they went to their supervisor and talked about their suspicions. And what they learned? A lot.

First, they learned that young associate’s law firm had sent a team of transactional lawyers and litigators on a major assignment to San Francisco.

They learned that the team of lawyers was “holed up” in the building that served as the headquarters for the company that was rumored to be interested in initiating a hostile takeover of their client.

They knew that the young associate’s firm represented that company. And, of course, they knew that their client—the target company—was located in San Francisco.

The young lawyers and their supervisor quickly agreed that something was up and that they should alert their client that hostile action appeared imminent. So they put in a call to their client. But, as fate would have it—the cat was already out of the bag. A reporter from Bloomberg had called their client moments before to discuss the possibility of a hostile bid. It seems that a young Bloomberg reporter was amongst that group of young professionals who hung around together and who routinely tweeted and texted one another about matters of interest. The young associate who had been shipped off to San Francisco was part of that group—as were the young associates at the firm that represented the target company. The young Bloomberg reporter—being industrious and always looking for a story—had put the pieces together after reading his friends’ tweets and texts. He had heard rumors of a take-over attempt. Now he was calling both companies to run the story to ground. After he called the target company, he called the young associate’s firm’s client at its San Francisco headquarters to determine if a tender was in the offing. As you can imagine, the inquiry caused major consternation at the client’s headquarters. Why would you make such an inquiry the reporter was asked. Simple. We knew your company has been considering a tender. We know a phalanx of your law firm’s attorneys have been holed up in your offices for several weeks. We know those lawyers include litigators. And when he called the target company earlier today we were advised that it has commenced taking defensive action.

Proud that he had been able to connect the dots, the Bloomberg reporter informed the company how he had come up with the lead. As you would expect, the company’s spokesperson offered “no comment” to the reporter’s questions. But, the young associate who had so innocently sent the tweets and texts was summarily summoned upstairs to the General Counsel’s office where his supervisor and the General Counsel were waiting.

All Granger could say was “Wow!” That could happen to anyone. Indeed, it can. And it does. They both agreed to share what they had learned with other young lawyers at their firm in the hopes of seeing others spared from such fate.

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