

LJP LAW JOURNAL PRESS®
Newly Updated Book!
Due Diligence in Business Transactions
by Pauline B. Heller and Melanie L. Fein
Save 25%



Law.com Home Newswire LawJobs CLE Center LawCatalog Our Sites Advertise

Sign Out

The Legal Intelligencer

THE OLDEST LAW JOURNAL IN THE UNITED STATES

This Site Law.com Network Legal Web

30 Day FREE Web Trial

Contact RSS Twitter Facebook

Home News Firms & Lawyers Courts Judges Surveys/Lists Columns Verdicts Public Notices Advertise Subscribe

Home > Former Partner at Failed BigLaw Firm Sues for Severance Payments

Font Size: + -

Former Partner at Failed BigLaw Firm Sues for Severance Payments

Gina Passarella
The Legal Intelligencer
March 03, 2010

Print Share Email Reprints & Permissions Write to the Editor



Nearly a year after Wolf Block partners voted to dissolve the firm, a former partner has filed suit against the defunct firm over its failure to pay out certain severance benefits.

This is the first lawsuit filed against Wolf Block involving partner payments in the wake of the firm's dissolution.

In the suit, *Budin v. Wolf Block*, filed in Philadelphia Common Pleas Court late Tuesday afternoon, former partner Michael A. Budin sued Wolf Block and its former chairman, Mark Alderman, individually.

The complaint described an exchange between Budin and an attorney for Wolf Block's wind-down committee over whether his severance could be considered a pension, and therefore not payable until obligations to third-party creditors are satisfied, or if Budin himself is a third-party creditor falling outside the scope of the partnership agreement's section on pensions.

Gavin Lentz of Bochetto & Lentz is representing Budin. Lentz said Budin didn't receive his latest payment, due Feb. 28, and there was no indication he would.

According to the complaint, Budin was an attorney at Wolf Block for 27 years in its corporate, securities and municipal finance practice groups. In the beginning of 2003, when Budin was 59, Alderman told Budin the firm wanted Budin to switch from a full equity partner to a fixed-income partner. Several weeks later, according to the complaint, Alderman asked Budin to leave the firm.

Budin left the firm by the end of February 2003 and began working as chief counsel for the Pennsylvania State Employees' Retirement System. He signed a separation agreement with Wolf Block in May 2003 as well as a memorandum of understanding that Budin was to receive severance payments commencing upon his withdrawal as a partner and termination and liquidation of rights under the partnership agreement as well as his release and waiver of all rights and claims against the firm, according to the complaint.

The agreement provided Budin would receive an annual payment of \$26,646 for 15 years for a total of nearly \$400,000. The payments are set to end in 2017, according to the complaint.

After the firm adopted the wind-down plan, Budin began seeking assurances his annual payments would continue. In early April 2009, he e-mailed Leslie Corwin of Greenberg Traurig and Bradford Hildebrandt of consulting firm Hildebrandt, who are handling the wind-down.

In an April 14 e-mail, Corwin said the firm was declared in default under its senior secured credit facility and the ability for it to make any payments was subject to approval by the banks. Corwin directed Budin to Article VIII(5)(e) of the partnership agreement dealing with distribution of proceeds from liquidation of the firm, according to the complaint.

Under that section "payments to partners, of counsel, and former partners on account of disability, pension or death benefits cannot be made until after payments to third party creditors and certain other specified payments are made," Corwin responded, Budin said in the complaint.

Budin replied to the e-mail that day, pointing out he didn't think the section of the partnership agreement applied to his severance payments because they weren't being paid on account of "disability, pension or death."

Advertisement



MOST POPULAR HEADLINES

JCB Admits It Never Investigated Complaints Against Conahan

Midsized Firms Vary in Hiring, Compensating Support Staff

Reclaiming Revenue: Firms Look to Build Income in 2010

Med Mal, Privacy, Headline High Court's Phila. Argument Session

Montco Litigation Boutique Merges With N.Y. Firm, Moves to Phila.

Advertisement



TOP JOBS

ASSOCIATE
CONFIDENTIAL SEARCH
Philadelphia, PA

Legal Secretary/Receptionist
Holsten & Associates
Media, Pennsylvania

"Instead, those payments are fixed payments that were agreed upon in connection with my separation from the firm, resolving all claims that I might have against the firm, and, unlike pension payments, would continue to be payable to my wife after my death," Budin told Corwin, according to the complaint.

He said he considered himself a third-party creditor of the firm.

Corwin responded, saying the firm continues to maintain Budin is subject to the provision in the partnership agreement. Even if Budin were a creditor, Corwin said, any payments to him would be subject to approval by the secured creditor, according to the complaint.

"As I mentioned in my email to you dated April 14, 2009, the firm adopted a wind-down plan," Corwin said, according to the complaint. "I think it would behoove you to allow the plan time to run its course and for us to revisit this issue in a couple of months."

Budin requested a copy of the wind-down plan and was asked to sign a non-disclosure and confidentiality agreement because of the sensitive nature of the document. Budin did not sign the agreement, according to the complaint. He filed the suit days after not receiving his Feb. 28, 2010, severance payment.

Budin alleged a breach of contract claim and a wage payment and collection claim.

Documents signed when Budin left the firm refer to the payments as both severance and retirement payments.

In the separation agreement, which was attached as an exhibit to the complaint, Budin is said to get "severance payments measured by the retirement payments referenced in the firm's partnership agreement." The memorandum of understanding, also attached to the complaint, said the firm decided to make the payments to Budin "even though under the specific provisions of the partnership agreement he arguably would not have been eligible for the retirement benefits referenced in the partnership agreement in light of his departure from the firm prior to age 63."

Lentz said his position is that, under Pennsylvania law, these are severance wages. Corwin said late Thursday he couldn't comment on the suit.

[MORE JOBS >>](#)
[POST A JOB >>](#)

Advertisement

Defensible Legal Hold & Early Case Assessment

Advanced Technology Best Practices & the Changing Reasonableness Standard

One-hour Webcast
CLE Credit Available

[View On Demand](#)

Autonomy
Fastest Growing EDD Provider

[Subscribe to The Legal Intelligencer](#)

[Print](#) [Share](#) [Email](#) [Reprints & Permissions](#) [Write to the Editor](#)

[About ALM](#) | [About Law.com](#) | [Customer Support](#) | [Reprints](#)
 Copyright 2010. ALM Media Properties, LLC. All rights reserved.


 An Integrated Media Company