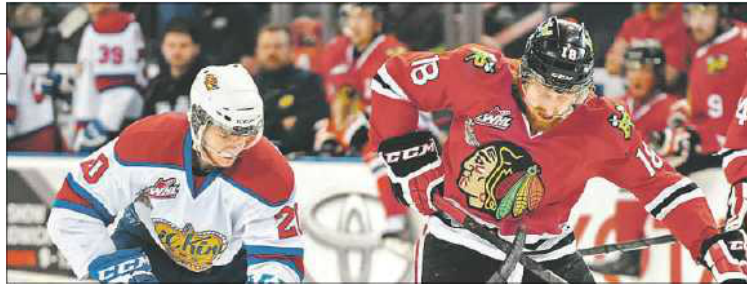




ALWAYS ON OREGONLIVE.COM



SPORTS Winterhawks lose in Edmonton; series tied 2-2 **B1**

METRO

Firefighters to get notice about some oil trains in Oregon **A3**

BUSINESS

Jet Midwest interested in buying Evergreen assets **B6**

LIVING

Michael Jackson has a new album

B8



Portland firms to pay for link to hedge fund scam

Ater Wynne, Perkins & Co. agree to pay \$14.65M total for Grifphon Asset Management involvement

By Jeff Manning
jmanning@oregonian.com

A Portland law firm and an accounting firm have agreed to pay \$14.65 million to settle claims they materially aided fraudulent securities sales by a now-imprisoned hedge fund impresario, Yusaf Jawed.

The Ater Wynne law firm will pay

\$8 million to the settlement. Local accounting firm Perkins & Co. will pay \$6.65 million.

The settlement is one of the last steps in the long-running drama of Grifphon Asset Management and Jawed, the Pakistani ex-pat and Reed College alum who founded it. Grifphon – Jawed chose the old English spelling for his investment firm – collapsed in 2010 after raising about \$43 million from some 500 investors.

Federal prosecutors charged Jawed with multiple counts of wire and mail fraud. He pleaded guilty and began

serving a 78-month sentence last fall.

Mike Esler, whose Portland law firm specializes in representing investors in securities fraud cases, has been working on the Grifphon case since 2009. If approved by Multnomah County Circuit Judge Youlee You, the new settlement with Ater Wynne and the accounting firm will conclude the class action.

Esler contended that neither the Ater Wynne lawyers nor the Perkins accountants were aware Jawed's hedge fund was a scam. "They didn't know," Esler said. But under Oregon

securities laws, professions who offer material aid to a securities offering "have a higher duty to perform reasonable due diligence and investigation."

Jawed's investors included some fairly big names in local business circles. Wally Remmers, a founding partner of residential builder Arbor Homes, and Richard Wollenberg, former CEO of Longview Fibre, both invested in Grifphon.

"That's what is really astounding about this case," Esler said. "How do

See *Scheme*, A4

Scheme

Continued from A1

you create out of whole cloth a fictional investment company and keep it going for 10 years?”

Grifphon worked closely with another hedge fund, Sasquatch Capital. Sasquatch was headed by Lyman Bruhn. Jawed and Bruhn met while working together at a Portland stock brokerage in the 1990s.

Esler initially named Jawed and Bruhn as defendants in his class action.

He opted to drop them from the case because neither Jawed nor Bruhn had any money. The Securities & Exchange Commission brought its own civil action against Jawed and Grifphon in 2012 and has been unable to collect a dime of the \$33 million judgment obtained against Jawed, SEC officials confirmed.

Ater Wynne worked for Grifphon for just two years, from 2004-06. Grifphon tended to bounce from firm to firm, Esler said. James N. McDermott, a young Ater Wynne associate who handled the Grifphon account, was named a defendant in the class action suit. He has since left the firm. His lawyer, Steven Voorhees, opted not to comment for this story.

Joe Arellano, a Portland

attorney representing Ater Wynne, pointed out his client was just one of several reputable firms misled by Grifphon and Jawed.

“Ater Wynne is pleased to have this matter resolved as part of a global settlement,” he said.

Perkins & Co. worked for Grifphon for nearly a decade. Perkins accountants Fred Williams and Hoang Nuygen oversaw the issuing of K-1 tax documents for Grifphon investors. The K-1 documents showed large annual returns upward of 20 percent, which investors relied on to make subsequent investment decisions, the investors alleged in the suit.

Neither Grifphon nor Sasquatch was posting 20 percent annual gains. In the end, it appears the funds blew through all of the investors’ \$43 million on operations, commissions and bad investments.

Williams is now deceased. Nuygen has since left Perkins. “There certainly was no evidence that Nguyen knew of any of the wrongful acts allegedly committed by Yusaf Jawed,” said Laura Caldera Taylor, Nuygen’s attorney.

Esler’s firm is seeking attorney fees of \$4.6 million, which would come out of the \$14.65 million settlement. Judge You will address the settlement and the Esler firm’s fee at a July 24 fairness hearing.