

Lawyers, Firm Face Subpoenas for Alleged Interference With Dreier Trustee

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Two lawyers who worked at a California-based affiliate of now-defunct Dreier LLP could be subpoenaed for allegedly interfering with a trustee's efforts to marshal assets of Marc S. Dreier's estate.

Last week, Southern District Chief Bankruptcy Judge Stuart M. Bernstein issued [an order](#) granting Chapter 7 trustee Salvatore LaMonica's [request to examine Peter J. Rho](#), whose "possible deceptive actions" have stalled the trustee's collection of Dreier Stein Kahan Browne Woods George's outstanding accounts receivables.

Rho, who represented such high-profile clients as South Korean pop star "BoA" during a two-year stint at Dreier Stein, joined the Los Angeles office of Snell & Wilmer in the wake of the collapse of the Dreier affiliate.

The order came a week after [Judge Bernstein granted the trustee's application](#) to examine John C. Kirkland, a former Dreier Stein partner now at Luce, Forward, Hamilton & Scripps, whom LaMonica claims "failed to respond to countless telephone calls, e-mails and letters from the Trustee and his counsel."

The judge also has given the trustee [the green light to subpoena the managing partner of Luce Forward's Los Angeles office](#) and request documents relating to clients Kirkland brought with him from Dreier Stein.

Under Rule 2004 of the Federal Rules of Bankruptcy Procedure, the orders are issued ex-parte and give LaMonica, a partner at LaMonica Herbst & Maniscalco of Wantaugh, N.Y., authority to issue subpoenas to Kirkland and Rho and Kathy A. Jorrie, Luce Forward's managing partner, who can in turn challenge the trustee's request.

Earlier this month, Dreier, 59, [pleaded guilty](#) to selling more than \$700 million in fictitious real estate development notes and fake pension plan notes. The elaborate four-year scheme, which netted roughly \$400 million, led to the implosion of Dreier's 250-attorney firm, Dreier LLP, and its affiliates, including Dreier Stein.

In an e-mail, LaMonica explained that since Dreier was the sole equity holder of Dreier Stein, "his bankruptcy estate has a direct interest in the collection and liquidation" of the firm's assets, including its accounts receivable.

And while many of Dreier Stein's attorneys have cooperated with the trustee, Kirkland and Rho have not been so forthcoming, according to the trustee.

"[D]espite repeated professional requests," Kirkland "has refused to cooperate with the

Trustee, return a phone call or provide information regarding accounts receivable" of Dreier Stein, LaMonica's attorney, Joseph Maniscalco, wrote in an application in support of an order directing Kirkland's examination.

"As a result of the Witness' willful refusal to cooperate with the Trustee," a "significant portion" of the firm's accounts receivable remain outstanding, Maniscalco wrote.

The filings do not specify how or when LaMonica attempted to contact Kirkland.

As for Rho, the associate initially appeared willing to cooperate with the trustee's effort to collect his "substantial outstanding accounts receivable," according to court papers filed by the trustee's attorney.

Rho claimed to have reached out to and even encouraged LaMonica to directly contact clients, the papers state.

But when the trustee followed up with Rho's clients, the papers say he "received conflicting information." Some of the clients received Dreier Stein's bills, but were "unsure why payment was not authorized." And on one occasion, an accountant "may have informed the Trustee that she was told to disregard the Firm's bill."

As a result of Rho's "possible deceptive actions, the collection of outstanding accounts receivables is stalled," according to the trustee's filings.

'MUDSLINGING' ATTEMPTS

In an interview last week, Kirkland said, "So far this has all been one-sided, no one has heard my side of the story."

Calling LaMonica's accusations "generic" attempts at "mudslinging," Kirkland insisted he does not quarrel with LaMonica's attempts to liquidate Dreier Stein's assets.

All the accounts receivable for "work done before I left Dreier is payable to the old firm," Kirkland said. "That's just the rule," even if you move because a firm is "vaporized," he explained. "That's got nothing to do with me."

In fact, last month, LaMonica sent a letter to Kirkland's clients informing them that attempts by Kirkland to "act or bind" his old firm "with respect to outstanding accounts receivable" would "be met with an order of the court."

Asked if Dreier Stein still existed, Kirkland said he had a sense that a winding-down team was collecting old accounts receivable, but had been kept in the dark.

They treated ex-employees like "mushrooms," he said.

As for the trustee's purported attempts to contact him, Kirkland said he received an e-mail

from LaMonica and a phone call from Dreier Stein's managing partner around the same time.

While he did not return the e-mail, Kirkland and the managing partner exchanged a couple of calls, but never connected.

Kirkland explained that he will respond to LaMonica's requests "if and when" he is served with a subpoena in California. Until then, LaMonica has no jurisdiction over him, he said.

In any case, Kirkland said that neither he nor Jorrie have documents that would be "responsive" to LaMonica's subpoena since he left all documents relating to old accounts receivable behind when he left Dreier Stein in late January.

The trustee and his attorney declined to comment on the substance of the Rule 2004 applications or orders.

Rho and Jorrie did not return requests for comment.

Meanwhile, Dreier remains under house arrest at his 151 E. 58th St. penthouse pending his July 13 sentencing.

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