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last year's attorney census of 121,423.

The 5.6 percent increase represents the largest growth among NLJ 250 firms since 2001 when the census ballooned by 8.2 percent. Last year, firm growth slowed to 4 percent, compared with 4.4 percent in 2005.

Also this year, Baker & McKenzie was

• Law firm plots global growth

IN PRINT

Coming Friday

- Dubai: The new law firm hot spot

largest law firms. This year, the cutoff point for law firms to make the NLJ 250 was 172 attorneys — the same cutoff point as in 2006.

A relative newcomer to the upper tier, DLA Piper made its debut into the top 25 just five years ago and bounded up the ranks to hold the No. 2 spot in 2005 and 2006.

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a Miami attorney who has since resigned from The Florida Bar.

In August 2005, Miami-Dade Circuit Judge Jerald Bagley ordered Berg to pay Julio Capó \$9.7 million stemming from a counterclaim Capó filed.

The Capos owned BCC Enterprises, RAU Enterprises and Atlantic Holdings. Berg had partnered with the Capos since 1985 to invest in real estate developments, providing the investment capital while the

See On Appeal, Page A5

DEVELOPMENT

Court rejects Stranahan challenge to condo tower

by **Terry Sheridan**
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Supporters of Fort Lauderdale's historic Stranahan House lost their legal challenge Wednesday to one round of city approval for Related Group's 42-story Icon Las Olas condo tower next door.

The 4th District Court of Appeal denied the landmark's petition to

review its claim that Broward Circuit Judge Robert Lance Andrews applied the incorrect law in allowing an alternative site plan and a lawsuit settlement between the city and Related.

Judge Martha C. Warner wrote for the unanimous three-judge panel. Chief Judge George A. Shahood and Judge W. Matthew Stevenson concurred.

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SECURITIES

Suit claims Morgan Stanley let banned adviser make trades

by **Jordana Mishory**
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A class action lawsuit filed against Morgan Stanley in Broward Circuit Court alleges the financial behemoth allowed an investment adviser to trade stocks she was statutorily barred from trading.

The lawsuit, filed late Tuesday, claims that although

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the Securities and Exchange Commission barred West Palm Beach financial adviser Shelley Cohen from trading over-the-counter securities in the 1980s, Morgan Stanley's predecessor Dean Witter incorrectly told her in 1995 that the ban had been lifted.

See Morgan Stanley, Page A6



MELANIE BELL

Plaintiff lawyers **Jeffrey Sonn, left, and Jeffrey Erez. 'Morgan Stanley screwed up,' Sonn says.**

FINANCIAL REVIEW

Investment woes

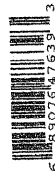
Florida holds \$2.2 billion of debt that has been cut to junk status

See Page A3



Florida CFO **Alex Sink**

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MORGAN STANLEY

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Morgan Stanley then allowed Cohen to sell, solicit and trade securities from 1995 until she was fired in 2004, the lawsuit contends. Dean Witter and Morgan Stanley merged in 1997.

Represented by Needham, Mass., resident Steven Drooker, the class consists of nearly 35 investors who traded with Cohen from October 2001 to October 2004. The statute of limitations prevents people who invested before October 2001 from filing suit. The purported class members claim Morgan Stanley breached its contract to uphold securities regulations and its fiduciary duty by telling Cohen she could trade stocks.

Morgan Stanley spokeswoman Christine Pollak said the firm is reviewing the complaint and has no immediate comment.

In a response to an employment suit Cohen brought against the firm after she was fired, Morgan Stanley admitted a member of its compliance department incorrectly advised Cohen she could trade the stocks. The admission came in a court document Morgan Stanley filed to defend its actions before an NASD arbitration panel.

Due to disputes over the time period of how long statutory disqualifications last for, "it was reasonable for [the compliance department] to believe Ms. Cohen was no longer subject to a statutory disqualification in November 1995," Morgan Stanley wrote in its response.

Jeffrey Sonn, a partner at Sonn & Erez in Fort Lauderdale who is representing the plaintiffs with his law partner Jeffrey Erez, said he is not suing Cohen because it was Morgan Stanley's mistake that caused her to start trading the off-limits securities.

"This is a sexy case — how often do you have a firm admitting to their mistake in writing?" Sonn asked. "Morgan Stanley screwed up and somehow told Cohen and her manager that she was no longer disqualified, but the disqualification was never removed."

He is seeking to recover for his clients all the money they lost as a result of investing with Cohen, plus interest. Sonn estimates damages will run into the millions, although he said he could not be more specific until after discovery occurs.

Cohen's attorney in her employment case before NASD, Curtis Carlson, said his client remains unemployable since her firing from Morgan Stanley.

"Morgan Stanley's conduct was inexcusable — telling her that she was clear to do all business when in fact she was not, said Carlson, of Carlson & Lewittes in Miami. "Jeff Sonn's case has a lot of merit."

The Greenberg Traurig attorneys who represented Morgan Stanley in the Cohen case — Bradford Kaufman and Tracy Gerber —

did not return calls for comment by deadline.

In the early 1980s, the SEC filed a claim against Cohen in federal court in Washington, D.C., for the violation of anti-fraud procedures, which resulted in the manipulation of the market price of Diamond warrants, according to the complaint. It also filed an administrative proceeding against Cohen.

In 1983, Cohen consented to the entry of a permanent injunction barring her from violating securities law. She also settled the administrative proceedings with the SEC, with an agreement stating that she "shall not make recommendations to customers to purchase nonexchange securities unless authority for such recommendations is obtained in writing for her branch manager." She was also barred from holding any supervisory positions. The agreement was attached to the lawsuit brought by Sonn.

According to the complaint, the settlement and judgment made Cohen, who worked as a registered representative of Dean Witter at the time, "statutorily disqualified" from serving as a registered representative of any broker-dealer.

Yet, Dean Witter and Morgan Stanley kept her employed. The lawsuit claims the New York Stock Exchange allowed Cohen to remain a registered

representative, but could not recommend, accept or solicit orders for unlisted securities.

In 1995, the lawsuit contends someone in Dean Witter's compliance department incorrectly notified Cohen and her supervisor that the ban against her no longer applied because it had been a decade since it was instituted. At that notification, Cohen began to recommend, accept and solicit orders on unlisted securities, even though she was still banned from doing so.

She continued to trade until Morgan Stanley realized in 2004 that the ban against Cohen was still in force. According to Morgan Stanley's response to the employment case, Cohen's supervisors told her she was not to trade these securities. Yet, Cohen placed two orders to sell certain securities for clients, one using another financial adviser's identifying number, just days after she received these warnings.

Morgan Stanley fired Cohen. She lost her employment action against the firm in June 2006.

"I don't think Morgan Stanley has any defense," Sonn said. "What, are they going to say? 'It's Shelley [Cohen's] fault,' when they were the ones that told her 'You can go out and sell?'" ■

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Shelley Cohen, barred from making trades in 1980s, was incorrectly told by her employer in 1995 that the ban had been lifted.