

# When clowns go bad

been there,  
done that

by Tony Wilson



**T**he interesting case of Marc Dreier of Dreier LLP is a fascinating example of hubris gone amuck, pride before the fall, and what happens when clowns go bad.

Dreier, as we all know by now, was a big player in the New York legal scene, the managing partner and the only equity partner of Dreier LLP. He went to Yale and Harvard. He had dapper suits. He owned a Picasso, a Warhol, and a much bigger boat than me. Flouting his Big Apple credentials, he showed up at the offices of the Ontario Teachers' Pension Plan and, as the police report alleges, used a meeting room at Teachers' offices to flog bogus securities pretending to be someone else; an activity that led to three nights in a Toronto crowbar hotel and the very quick cancellation of the Dreier LLP Christmas party.

After posting bail and flying back to New York, Dreier was immediately arrested and charged with fraud calculated somewhere near \$100 million. At the time of writing, he still languishes in a New York jail without bail. The 300-lawyer, seven-office firm blew up so fast, no one was left to take the firm's web site down for a month. Oh yeah. Apparently, some of the firm's trust funds mysteriously went missing and the firm's lawyers' liability insurance wasn't paid.

Assuming he's convicted (and even if he's not), I predict the name Dreier will enter the English legal lexicon in the same manner that Charles Ponzi's name became synonymous with "Ponzi schemes" and Vidkun Quisling's name became shorthand for "traitor." It's only a matter of time before the terms "going for a spin in the Dreier" and "hung out to Dreier" become famous.

The whole affair was slightly, (though not criminally) reminiscent of the merger between Torys and Haythe &

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Curley of New York in 1999. Named New York partner Tom Haythe is reported to have sexually harassed one or more of his new female Canadian colleagues at a merger party, leading to his resignation from the firm and a very quick firm name change to remove the word "Haythe" from all branding, letterhead, and firm history. (Duh!) Tory Haythe became Torys, thankfully.

What the heck is it with New York lawyers when they come to Toronto? Is it the weather? The great falafel? The Leafs? Actuaries and statisticians might conclude, by these two events alone, that New York City lawyers invariably leave their brains and their ethics in Manhattan before they land at Pearson.

But the Bad Clown Club isn't limited to New York lawyers who visit Toronto. It gets more serious, as with the case of Manhattan financial guru Bernie Madoff. Madoff is alleged to have swindled \$50 billion from his investors, including Thierry Magon de la Villehuchet, the unfortunate French aristocrat who put his trust and his client's investments in Madoff's care, and who subsequently killed himself when he learned that Madoff had bilked his clients out of much of their fortunes.

A financial boom like we've had over

the past decade produces a lot of things, (especially when the bubble bursts), but the most interesting thing it produces is something as old as time: hubris. Hubris is a Greek word meaning excessive pride, ambition, and arrogance; characteristics which ironically are in abundance among CEOs, financial gurus, former governors of Illinois, and sometimes lawyers. But in the ancient world, hubris was one of the greatest sins you could commit, because hubris offended the gods, and led to a humiliating downfall.

New York has, of late, been the Holy Grail of hubris, exemplified by Dreier, Madoff, and the ones we have yet to hear about. The gods, true to form, must be laughing all the way to the bank (if there were any solvent banks left). But unlike the gods, we humans are left to dole out an earthly justice for what these Wall Street clowns have done, which regrettably, doesn't include putting their heads on pikes anymore.

The commercial world (which we lawyers are a part) tends to over-reward the proud, the ambitious, and the arrogant with money, or power, or both. We bestow garlands on the cocky, but not on the careful. Thoughtfulness, caution, and humility are often treated as the attributes of also-rans and losers. Thus, we're drawn to those with hubris like moths to the flame, until of course, we're burned.

Next time, let's remember not to get burned again. Let's remember that with every boom, there's a bust. If something's too good to be true, it probably is. Bullshit doesn't always have to baffle brains. And if a lawyer from New York with a dapper suit visits your offices in Toronto, you might want to check his ID. ■

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