

## UPDATE 3-Milberg Weiss, two partners charged with fraud

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(Recasts with indictment)

By Gina Keating

LOS ANGELES, May 18 (Reuters) - Milberg Weiss Bershad & Schulman LLP, the most prominent class-action securities law firm, was indicted on Thursday by a federal grand jury on fraud, conspiracy and other charges related to an alleged kickback scheme.

A Los Angeles grand jury issued a 20-count indictment against the firm and partners David Bershad and Steven Schulman. Prosecutors accused them of making illegal payments over a 20-year period to clients who agreed to act as plaintiffs.

The charges include perjury, bribery and obstruction of justice in more than 150 lawsuits against a wide swath of corporate America. More than \$200 million in attorneys fees were collected in the cases, prosecutors said.

U.S. Postal Inspector Oscar Villanueva told a news conference that more indictments could be forthcoming.

The firm and its lead attorneys, Melvyn Weiss and William Lerach, who has since left Milberg to form his own firm, have been cast as villains by the corporations they target, and as a white knight by consumers groups.

By its own account, Milberg Weiss has won more than \$45 billion in its suits against corporations.

"This is unprecedented for a law firm to be indicted," said Les Corwin, an attorney with Greenberg Traurig, in New York, who represents law and accounting firms.

"We are in uncharted waters," he added.

The indictment, which was expected, would not have a chilling effect on shareholder litigation but could cripple the firm itself, said Richard Samp, chief counsel for the conservative public interest law firm **Washington Legal Foundation**, ahead of the announcement of charges.

"It will make it very difficult for the firm to continue. Many of the top attorneys will likely leave," Samp said. "But I don't think this will lead to a shortage of attorneys willing to take on plaintiffs' cases." (Additional reporting by Anna Driver)