



Step toe & Johnson

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Step toe & Johnson's status as a firm that big business turns to in times of trouble was illustrated by embattled Chinese phone parts manufacturer Huawei hiring the firm as part of a star-studded legal team fighting against US trade-secret theft and sanctions violations allegations.

The firm

Step toe & Johnson was established in Washington DC in 1945, but its roots stretch back to West Virginia, where the firm's founding partners – Philip Step toe and Louis Johnson – set up shop in 1913. Step toe & Johnson grew rapidly under the influence of Johnson who was advising clients from the then new airlines industry. These days, Step toe has scores of partners who advise clients on internal investigations, ranging from anti-corruption and sanctions matters to antitrust.

One of the practice's pioneers is Reid Weingarten, a well-respected white-collar defence lawyer, who has been nominated to *Who's Who Legal: Business Crime Defence* and *Who's Who Legal: Investigations*. He represented US businessman Jeffrey Epstein, who was facing charges of sex trafficking, according to court documents. Epstein died by suicide in a Manhattan jail in August 2019. Since splitting with its West Virginia office in 1980, Washington, DC has remained the epicentre of the firm's investigations practice. Lucinda Low, a highly-regarded Foreign Corrupt Practices Act lawyer, is head of the compliance, investigations, trade and enforcement department, and also leads the firm's anti-corruption practice. Low is a *Who's Who Legal: Business Crime Defence* and *Who's Who Legal: Investigations* nominee. Low received GIR's Outstanding Career Award in 2017.

Other prominent partners in the DC office include Brian Heberlig, who co-heads the firm's compliance, investigations, trade and enforcement department, Edward Krauland, Jason Weinstein and Brittany Prelogar. Krauland manages the firm's export control and economic sanctions practice. Weinstein is a former federal prosecutor who served for ten years in the DOJ, most recently as a deputy assistant

attorney general in the criminal division from May 2009 to September 2012. Prelogar co-chairs both the firm's international regulation and compliance group and the FCPA/anti-corruption practice.

In September, the office added prominent US lawyer Michael Bromwich, who had been a sole practitioner and has represented former FBI deputy director Andrew McCabe and Christine Blasey Ford. Two well-known partners in the Washington, DC, office, Tom Best and Matt Herrington, left the firm in April 2019 to join Paul Hastings.

Outside of DC, Steptoe has respected investigations practitioners Michael Miller in New York and Richard Battaglia in Chicago. Miller began his career as a prosecutor at the Manhattan District Attorney's office, while Battaglia has over 35 years of experience in the international petroleum industry, including as senior counsel of regulatory compliance for BP.

The firm is well represented in London with GIR editorial board member John Rupp. The firm added Zoe Osborne, formerly a director of investigations at Clifford Chance, in October – a few months after helping UK outsourcing company Serco agree a £19.2 million DPA with the Serious Fraud Office in July.

The addition followed after Patrick Rappo the firm's London office in August 2018 after five years to join DLA Piper.

In China, partner Susan Munro leads Steptoe's Beijing anti-corruption practice, and has more than 13 years' experience investigating corruption matters in the country. Munro, who speaks fluent Mandarin and Cantonese, advises companies on China-related bribery investigations and compliance.

Nearly 40 of the firm's investigations lawyers have prior experience working in government enforcement. In the US, the firm boasts four former SEC officials and over a dozen former DOJ prosecutors. One such lawyer is Christopher Conte, the co-head of Steptoe's SEC enforcement practice, who served for nearly 18 years at the agency, including as associate director of enforcement.

Recent events

GIR reported that Washington, DC, partners Heberlig and James Hibey are acting for embattled Chinese phone parts manufacturer Huawei as it fights prosecutors in Seattle and Brooklyn who have charged the company with trade secret theft, fraud and sanctions violations. The partners are part of a fleet of high-profile lawyers that the company has hired to defend itself, including former deputy attorney general James Cole.

The firm continues to act as special independent counsel to Pilot Flying J, the eighth-largest privately held company in the US. Steptoe was tasked with investigating claims that Pilot Flying J sales employees defrauded trucking company customers by improperly adjusting fuel rebates. Ten of the company's employees have entered guilty pleas in connection with the case.

Steptoe represents the National Bank of Moldova on an international investigation into fraud after three of the largest banks in the country collapsed in 2014 with liabilities of approximately \$1 billion. In early 2015, a report by risk and consulting firm Kroll uncovered alleged fraud. The national bank then hired Steptoe to advise on the matter and said it received the firm's report in March 2018. Reports from both Kroll and Steptoe have been handed to prosecutors in the country.

The firm also represented Western Union in an investigation by the US Federal Trade Commission's bureau of consumer protection into the adequacy of the company's anti-fraud programme for international money transfers. Steptoe helped the company settle with the FTC and 50 US states as well as the District of Columbia for a total of \$5 million in 2017.

The firm continues to represent Volkswagen with investigations arising from the car maker's admission that it used "defeat devices" in its diesel vehicles. The firm's white-collar group served as

lead counsel to Volkswagen in a criminal probe by the DOJ and also continues to advise the company about its ongoing obligations stemming from 2017 plea agreement where the company agreed to pay a \$2.8 billion criminal penalty. At a court proceeding in Michigan federal court in 2017, prosecutors indicated they could have sought a penalty of up to \$34 billion, but had agreed to a lower penalty based on the company's cooperation and large civil settlements with car owners and the Environmental Protection Agency.

Network

The firm has investigations lawyers in New York, Chicago, London, Brussels, Beijing and Washington, DC.

Clients

Step toe has advised the likes of ExxonMobil, GlaxoSmithKline, Amazon, Monsanto, Huawei Technologies, Nissan, Rockwell Collins, Control Components, Cameron International, Duke Energy and American Electric Power Company.

Track record

Step toe's FCPA record is impressive. The firm has advised oilfield services vessel company Tidewater Marine International, offshore drilling company Hercules Offshore, valve maker Control Components and mining company Barrick Gold on foreign bribery matters.

The firm acted for Control Components on an internal investigation and subsequent settlement over foreign bribery allegations in China, Malaysia and the United Arab Emirates. The company pleaded guilty in 2009 and agreed to pay US\$18.2 million to settle charges brought by the DOJ.

Step toe reportedly carried out an internal investigation for Barrick Gold into foreign bribery allegations in Tanzania. The company said in 2014 that the probe found no wrongdoing.

Step toe's Weingarten and Heberlig represented David Rainey, the highest-ranking BP executive charged as a result of the Deepwater Horizon oil spill. The case was a big victory for the firm; the partners managed to secure a complete acquittal for Rainey. On the first day of Rainey's trial, a judge acquitted him of an obstruction of justice charge; after a week-long trial and two hours of deliberations, a New Orleans jury threw out the remaining charges.

Many of Step toe's representations never see the light of day. A declination that got some publicity was one that Low and Best secured for Linde North America, a gas company, under the DOJ's FCPA pilot programme in June 2017. The declination was especially novel because it included a requirement to forfeit US\$3.4 million in profits from Linde's bribery scheme that was apparently owed to several unnamed government officials in the Republic of Georgia. The company also agreed to disgorge an additional US\$7.8 million.