



Arbitrator bribery suit continues despite settlement

Sebastian Perry • Wednesday, 20 July 2016 (Yesterday)

A US insurer has settled an acrimonious dispute with a former business partner whom it accused of bribery – but has yet to withdraw litigation against the Italian arbitrator alleged to have been bribed.



Antonio Somma and Marco Lacchini

AmTrust Financial Services notified a New York district court on 17 July that it was withdrawing its claims against Milan-based insurance broker Antonio Somma but that the case against arbitrator **Marco Lacchini** would continue.

The US insurer [brought a complaint](#) against both men in April under the US Racketeering Influenced and Corrupt Organizations Act (RICO), alleging that Somma had bribed Lacchini to secure a favourable outcome in a pair of arbitrations with AmTrust.

Somma's Trust Risk Group had been pursuing claims totalling €3 billion in two Milan-seated ad hoc arbitrations chaired by Lacchini. In its RICO suit, AmTrust produced secret audio recordings in which Somma allegedly admitted to undercover investigators that Lacchini would issue a €400 million award in his favour in return for 10 per cent of any settlement.

According to AmTrust's RICO suit, Somma said, "The arbitration is a man" and then "rubbed his thumb against his fingers in a gesture commonly understood to indicate money." Separately, investigators allegedly recorded Lacchini saying it was possible to assure the outcome of arbitrations he chairs and boasting of achieving "amazing results" for a party asserting claims against Deutsche Bank.

Both men have denied any wrongdoing. Somma has previously Lacchini has told the Italian press the allegations are "groundless".

Besides the RICO suit, AmTrust brought an English High Court action against the two men for conspiracy and won a decision from the Ordinary Court of Milan in May [disqualifying](#) Lacchini from the two arbitrations.

The Milan court, which had appointed Lacchini to the cases, did not make any findings on the merits of the bribery allegations but said the arbitrator

should be removed because there was evidence of “serious hostility” between him and AmTrust.

Lacchini, who is not a lawyer but a professor of economics at the University of Cassino, had told the court the allegations were “slanderous and untrue” and part of a “shameful plan” by AmTrust to derail the arbitrations. He has lodged an appeal of the disqualification decision with the Italian Supreme Court.

No final award had been issued in the two arbitrations at the time of Lacchini’s removal, and the parties settled the cases before he was replaced.

AmTrust, which is listed on the NASDAQ stock exchange, has not made any regulatory disclosure about the settlement. A member of its counsel team, partner **Nick Marsh** of Quinn Emanuel Urqhart & Sullivan in London, confirmed to *GAR* that AmTrust, Somma and his companies “have resolved their differences and settled all matters between them on terms that remain confidential”.

He adds that “AmTrust has not settled its various claims against Lacchini”.

Neither Somma nor Lacchini could be reached for comment.

GAR understands that the settlement with Somma entails the withdrawal of his claims in the arbitrations and the termination of AmTrust’s US and UK bribery suits against him. It will also mean the end of UK and Italian court proceedings against Somma’s companies and the withdrawal of a criminal complaint in Italy over his alleged misappropriation of premiums.

Even without the bribery allegations, the dispute between AmTrust and Somma had been unusually ugly. In the RICO suit, the US insurer accused him of being involved in the theft of proprietary information, threatening its executives, and seeking to drive down AmTrust’s share price through a media campaign. Somma denied all the allegations.

AmTrust’s RICO suit also said “persons unknown” had delivered a box of nine bullets to the home of its most senior executive in Italy, representing one for each member of his family.

Quinn Emanuel represents AmTrust in the US and UK bribery actions, and acted in the arbitrations and Italian disqualification proceedings alongside Milan disputes boutique ArbLit – Radicati di Brozolo Sabatini Benedettelli. The firms came on board earlier this year, replacing AmTrust’s original counsel Cleary Gottlieb Steen & Hamilton. Clyde & Co has also acted for the insurer in the English courts.

Somma and his companies relied on local Italian counsel and Lewis Silkin in London.

In the Southern District of New York (RICO lawsuit)

Counsel to AmTrust Financial Services

- Quinn Emanuel Urquhart & Sullivan

Kevin Reed and Michael Carlinsky in New York

Counsel to Antonio Somma

Not represented

Counsel to Marco Lacchini

Not represented

Before the Ordinary Court of Milan (disqualification proceedings)

- **Judge Laura Cosentini**

Counsel to AmTrust and ATEL

- ArbLit – Radicati di Brozolo Sabatini Benedettelli

Massimo Benedettelli, Marco Torsello and Fabio Santacroce in Milan

- Quinn Emanuel Urquhart & Sullivan

Stephen Jagusch QC and Nick Marsh in London

Counsel to Trust Risk Group and Trust Risk Italia

- Studio Legale Vaccarella

Romano Vaccarella, Valerio Di Gravio and Gianluigi Malandrino

Counsel to Marco Lacchini

- Studio Legale Agnoli e Giuggioli

Pier Filippo Giacomo Giuggioli, Savino Mondello and Antonio Conte

Trust Risk Group v AmTrust Financial Services and AmTrust Europe Limited (first Milan arbitration)

Ad hoc tribunal

- **Nicola Alessandro Saldutti** (Italy) (appointed by TRG)
- **Antonio Gambaro** (Italy) (appointed by AmTrust and ATEL)

Chair position vacant following disqualification of **Marco Lacchini** of Italy in May 2016

Counsel to Trust Risk Group

- Studio Legale Vaccarella

Romano Vaccarella, Valerio Di Gravio and Gianluigi Malandrino

Counsel to AmTrust and ATEL

- ArbLit – Radicati di Brozolo Sabatini Benedettelli (as of 2016)

Massimo Benedettelli, Michele Sabatini and Fabio Santacroce

- Quinn Emanuel Urquhart & Sullivan (as of 2016)

Stephen Jagusch QC and Nick Marsh in London

- Clearly Gottlieb Steen & Hamilton (until 2016)

Carlo Santoro in Milan

Trust Risk Italia v AmTrust Europe Limited (second Milan arbitration)

- **Nicola Alessandro Saldutti** (Italy) (appointed by TRI)
- **Paolo Montalenti** (Italy) (appointed by ATEL)

Chair position vacant following disqualification of Marco Lacchini of Italy in May 2016

Counsel as in first arbitration

In the English proceedings

Counsel to AmTrust Europe Limited

- **Paul Downes QC and Joseph Sullivan** of 2 Temple Gardens
- Clyde & Co

Partner Chris Burdett

- Quinn Emanuel Urquhart & Sullivan

Stephen Jagusch QC and Nick Marsh in London

Counsel to Trust Risk Group

- **Charles Samek QC and Alexander Robson** of Littleton Chambers in London
- **Daniel Shapiro** of Crown Office Chambers in London
- Lewis Silkin

Mark Lim in London