Davis Polk

# Davis Polk's Role in Financial Crisis Outlined in The American Lawyer's "In the Red Zone" by Julie Triedman

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On July 23 the Federal Home Loan Mortgage Corporation's general counsel, Robert Bostrom, called Randall Guynn, head of the financial institutions group at Davis Polk & Wardwell. Davis Polk wasn't one of Freddie Mac's outside law firms—Covington & Burling did its regulatory and disclosure work, and Cadwalader, Wickersham & Taft did its routine corporate work. But Bostrom needed an equity products specialist. Regulators, concerned about the lender's massive exposure to the U.S. mortgage market, had demanded that it shore up its core capital. But with Freddie Mac shares trading at gutter levels, issuing billions of dollars in new equity could backfire.

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