

PRESS RELEASE

WRF Obtains Favorable Summary Judgment for Insurance Client in Rescission Case

February 24, 2004

A United States district court, rejecting the claims of clothing designer and manufacturer Cutter & Buck, ruled that Genesis Insurance Company properly rescinded a directors and officers liability insurance policy because the insured made material misrepresentations in the underwriting process with the intent to deceive the insurer. WRF attorneys Daniel J. Standish, Cynthia T. Andreason and Cara Tseng Duffield represented the insurer.

In order to meet financial projections, Cutter & Buck shipped merchandise to three "distributors," shortly before the end of its fiscal year, accounting for the shipments as sales and recognizing the revenue upon shipment. However, the shipments did not satisfy the accounting criteria for recognition of revenue upon shipment. When the distributors returned the unsold product the next year, the company's CFO attempted to cover up the returns on the company's balance sheet.

Genesis rescinded Cutter & Buck's D&O policy after receiving information demonstrating that the original shipments and the cover-up relating to the return of the product were the result of intentional misconduct and that Cutter & Buck had made intentional misrepresentations in the underwriting process for the D&O policy.

WRF's Insurance Practice is among the largest and most prominent in the United States. The group assists clients to resolve legal disputes fairly and expeditiously to achieve positive results in an efficient, cost-effective and budget-sensitive manner. The WRF insurance practice involves coverage dispute resolution, insurance fraud issues, litigation management and claims counseling, *amicus curiae* participation and counseling.

Practice Areas

D&O and Financial Institution Liability
Insurance
Litigation