

# SURGE IN PORTUGUESE LITIGATION NEGATIVELY IMPACTING CORPORATE VALUATIONS - CAIADO GUERREIRO

*Posted on 14/03/2017*



Category: [Uncategorized](#)

Tag: [cat-disputeresolution](#)



**While the increase in litigation in Portugal may be good for lawyers, it is having an adverse effect on corporate valuations, particularly in the banking sector, says João Caiado Guerreiro, partner at Caiado Guerreiro.**

"People litigate more and more," Caiado Guerreiro says. "The recent increase in litigation relates directly to the crisis – we have plenty of work defending the banks."

Banks remain one of the biggest targets for claimants, and this risk of litigation is a significant impediment to growth and investment. The delayed privatisation of Portugal's second largest bank, Novo Banco, which emerged from the ruins of Banco Espírito Santo (BES), is a clear example of how the risk of litigation can deter investors – a legal action was brought by a group of investors related to losses on €2bn-worth of Novo Banco bonds. This is one of the main reasons the Portuguese

government is unlikely to recoup the €4.9bn it spent rescuing the bank.

"The problem is existing claims," says Caiado Guerreiro. "When you look at the privatisation of Novo Banco, what you are seeing is that you can't sell it without guarantees because of the litigation risk." Access to new and cheaper technology is also expected to give rise to class actions, albeit not on the same scale as in the US, Caiado Guerreiro says. "Companies are a lot more protected here than in America, but entrepreneurial law firms are finding ways to work with significant numbers of clients," he adds. "It is very much internet-based in terms of communication – costs are decisive, if you expect to be awarded a third of the settlement and the verdict is a big one, you can be happy fighting it in terms of the success fee."