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# The Whistleblowers' Advocate

Philip H. Hilder helps whistleblowers  
like Sherron Watkins do what's right

BY PAUL SWEENEY  
PHOTOGRAPHY BY FELIX SANCHEZ

AS A TEENAGER GROWING UP IN CHICAGO'S NORTHERN suburbs, Philip H. Hilder once played hooky from high school to watch F. Lee Bailey, the country's most celebrated criminal lawyer of the 1960s and 1970s, defend notorious horse trader Silas Jayne, who was accused of having his younger brother murdered. One Chicago journalist described the now-deceased Jayne, who served prison time but beat the murder-for-hire rap, as "a classic bully, a muscled cowboy with a face as tough as saddle leather."

Hilder never forgot the experience.

"I had grown up watching Perry Mason on television and I wanted to see the theatrics and experience the human element of courtroom drama," he says, seated in the conference room of his law offices housed in a Montrose mansion outfitted with old wooden furniture, rolltop desks, oriental rugs and antique fixtures and plumbing that recall the gaslight era. "F. Lee Bailey had a reputation as being quite a showman. That trial really got me interested in criminal law."

Nearly 40 years later, Hilder is a noted white-collar criminal defense attorney. He is tall, still athletic in his 50s (he played soccer in high school) and has a genial, albeit "let's get down to business" personality.



**Phil is very good at getting the attention of the Federal Bureau of Investigation or the Justice Department,”** says Tom Ajamie.

His office telephone rings off the hook and his smartphone buzzes with urgent email and text messages as he races to state and federal courthouses downtown. He's a frequent flyer, hopping planes to meet clients across North America. "He's a man in motion," says Neal Manne of Susman Godfrey in Houston, who has worked on cases with him.

Many calls and messages he receives are from people caught up in white-collar crime cases, such as securities law violations, embezzlement, Medicare fraud, environmental disasters, industrial espionage and political corruption. But journalists are calling, too. Earlier this year, he told the Associated Press that former Stanford Financial Group Chief Financial Officer James Davis' testimony against convicted Ponzi schemer R. Allen Stanford was "a killer."

And to the *Los Angeles Times* he said that Goldman Sachs CEO Lloyd Blankfein was wise to hire a criminal defense attorney.

"I see him quoted all the time in the [*Houston*] *Chronicle* and *The New York Times*," Manne says, "and more often than not what he says is right on."

Fellow defense lawyers have Hilder on speed dial. When in need of special expertise, particularly his ability to deal with tricky federal agencies, colleagues like Manne say he's the "go-to guy." Adds Houston defense lawyer Tom Ajamie: "Phil is very good at getting the attention of the Federal Bureau of Investigation or the Justice Department. I've brought him in on a lot of different matters.

"An example," he continues, "would be a bank that's being accused of fraud because of a rogue bond trader. Phil will go through relevant documents for depositions and tell clients what the Justice Department needs and what's important or substantial."

A decade ago, Hilder's legal representation of Sherron Watkins, an accountant-turned-whistleblower at Enron, catapulted them both into the national spotlight. It led, moreover, to his handling a slew of high-profile whistleblower cases involving wrongdoing at Countrywide, News Corp., Imperial Sugar, Dynegy Energy, and the firm of Washington super-lobbyist Jack Abramoff.

Watkins had warned Enron CEO Kenneth Lay in a detailed memo that the energy company had been cooking the books under Jeffrey Skilling, the previous CEO.

Enron had massive debt and was on the verge of a cataclysmic collapse. But Lay didn't listen. He sought to silence and discredit her. And he had company lawyers helping him. "It was like *Rosemary's Baby*," Watkins says. "Everyone was in league with the devil."

When she first walked into Hilder's law office, referred by a friend's spouse who was a federal prosecutor, the defense attorney says her accusations of widespread fraud and criminal behavior struck him as utterly preposterous. Enron, after all, was the seventh-largest public company, a multinational corporation and a Wall Street darling.

"Enron had been the crown jewel of the Houston community," Hilder says. "The Astros played at Enron Field. The company was populated with Ivy League MBAs and audited by Arthur Andersen, the second-largest accounting firm in the world. It was represented by Vinson & Elkins, a powerful Houston law firm. If it was all true, a white-collar crime nuclear bomb was ready to go off."

Hilder represented Watkins throughout Enron's fallout. She was caught between federal investigators and a hostile company, and at that time, there were no whistleblower protections. "She was alone against the company," Hilder says, "with no laws to protect her. She needed a lawyer to help her navigate the crisis and stand up for herself and push back."

He assisted her as she reached out to the authorities, including the Securities and Exchange Commission and Congressional investigators. When a Congressional staffer made her memo to Enron's CEO public, the media came alive, and Hilder became her *de facto* public relations man. He refused all interview requests from all the major dailies, wire services, newsweeklies and television networks, many of whom camped out on her doorstep. Hilder insisted that she only testify to Congress, personally prepping her in empty committee rooms. (Only when *Time* magazine told her that she would be named, along with women who were whistleblowers at WorldCom and

the FBI as “Persons of the Year” in 2002, did he permit journalistic access.)

Because of Watkins’ actions, Hilder notes, for the first time Congress enacted whistleblower protections for employees reporting wrongdoing at public companies in the Sarbanes-Oxley Act of 2002 (and strengthened them with the passage of Dodd-Frank legislation in 2010). Still, Enron never let up. Even in bankruptcy, Enron pushed to have the state accounting board revoke her license. As late as 2005, Hilder successfully represented her there too. “She didn’t win any damages,” Hilder says of Watkins, who collaborated with author Mimi Swartz to write *Power Failure* and now earns her living as a public speaker, “but she has something better. She still has her reputation.”

Hilder is proud to be a whistleblowers’ advocate. “The whistleblowers I’ve represented are not in it for the money,” he says. “They’re trying to do what they feel is right. In the Countrywide case, Mark Zachary saw that [the mortgage lender] was making ‘liar’s loans’ that could bring down the institution. [Washington lobbyist] Tom Rodgers’ motive was to ‘out’ Abramoff after he’d bilked Indian tribes for almost \$80 million.” Most of the time, Hilder adds, “battling these big institutions is a slugfest.”

The oldest of three brothers, Hilder grew up middle-class, son of a Chicago-area accountant and a mother who worked in sales. His father had served in the Armor

Division of the U.S. Army in World War II and helped liberate prisoners from the Dachau concentration camp. As an adult, Hilder accompanied his father to the beaches of Normandy where, by happenstance, his father spoke to a TV crew about the importance of preserving liberty. “I try to keep that in my mind today” [as a defense lawyer,] he says.

He attended Evanston Township High School in Illinois, where academics and sports were competitive. His grandmother worked for the Cook County Sheriff’s Department in Chicago and he often met her for lunch at the courthouse, where he witnessed “snippets of trials.” Criminal law interested him the most. “It’s the human element,” he says. “You’re dealing with people’s liberties and nothing is more sacred than people’s liberties and civil rights.”

He never strayed far from his goal: a political science major at the University of Iowa, a couple of years on Capitol Hill as a Congressional aide to Sen. John Culver, an Iowa Democrat. He embraced Congress and government. “I developed an appreciation for committees and how a bill becomes law,” he says.

Similarly, while at Boston College Law School, he found summer work at the U.S. Attorney’s Office, where he was recruited for police line-ups and got to see Judge John Sirica, the legendary Watergate jurist, preside at a trial.

After a brief stint at a Chicago law firm,

he was hired in Houston with the U.S. Attorney’s Office, switching from civil to criminal law. Soon he was in the midst of what *Time* magazine called “The Cocaine Wars.” Members of the Medellin and Cali drug cartels were battling for control of the coke industry. It was the mid-1980s and while America watched *Miami Vice* on TV, he was involved in the real thing, prosecuting illicit narcotics dealers. As a member of the Presidential Organized Crime Drug Enforcement Task Force, he was involved in mass arrests and helped take down 21 traffickers in a single day, he recalls.

He struck out on his own, rejecting offers—even those that paid well—from prominent Houston law firms to remain solo. At a big firm, Hilder says, a fascinating or challenging case might be off-limits because of a conflict of interest or it’s not lucrative.

On his first case out of the chute, he took the case of a young man who “got caught up in drug dealing,” he recalls. “He had been a good kid from a good family [who got] tempted by the money. The government was unreasonable, really pushing for a long prison sentence, which made my transition easier. I was able to keep the guy from getting a prison sentence and he was able to turn his life around. It was very satisfying.” [S1](#)