WHAT MATTERS:

A Review of 2011 and 2012

KRAMER LEVIN

KRAMER LEVIN NAFTALIS & FRANKEL LLP

Introduction

What Matters

Dear Clients, Colleagues, and Friends of Kramer Levin:

As you know, the last two years have seen a somewhat improved, but by no means robust, business climate. At the same time, structural shifts in the law firm business model have been both highly publicized and memorably demonstrated.

Here at Kramer Levin, we've been fortunate in our ability to weather these storms better than most. That said, we are neither immune nor insensitive to the realities of the marketplace. We are keenly aware that there is no shortage of smart lawyers, and that clients do not perceive significant differences among them.

Consequently, we as a firm continue to endeavour to differentiate ourselves to our clients in as many meaningful ways as possible. This means striving to serve our clients more efficiently, more responsively — and to understand their business strategies and evolving needs as a true partner.

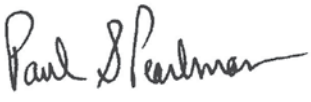
It also means broadening our capabilities, which we have always done in ways that are both strategic and measured. For example, we recently expanded our already formidable private equity group. We also brought in a securitization group known for its prowess in the increasingly important esoteric arena. We added ten laterals in our Paris office, many of whom came from government and corporate backgrounds. And, we recently opened our third office in Silicon Valley.

We have never been drawn to growth for its own sake. By remaining small, relative to our competitors, we maintain a nimbleness that allows us to seize strategic opportunities when they arise. Our new Silicon Valley office is a good case in point.

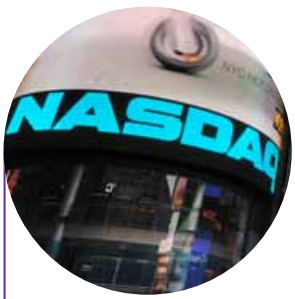
While we were not actively seeking opportunities in Silicon Valley, we were nonetheless well positioned when a prominent intellectual property practice, in all ways compatible with our existing strong capabilities, became available. In a single stroke, we were thus able to tap into a market we had long coveted, while providing office space for our attorneys who were already spending considerable time servicing clients in the Silicon Valley area.

This publication features highlights of the last two years, a time of uncertainty in our industry but of growth for us. As always, we thank you, our clients and friends, for your help in making that growth possible.

Paul S. Pearlman



Managing Partner
Kramer Levin Naftalis & Frankel LLP



Litigation-proofing public M&A deals

When a public company is put up for sale, the board of directors comes under enormous pressure to put procedures in place to get the best deal for the company. As a result, boards have become more careful — and more likely to involve lawyers — at every step in the transaction process. At the same time, the past several years have seen a proliferation of class action litigation challenging change-of-control transactions.

Against this backdrop, our recent work in public M&A has led not just to the active participation of multiple practice areas within our firm, but also to an emphasis — wherever feasible — on "litigation-proofing" our deals. Our M&A attorneys frequently find themselves managing, when necessary, an extended team of their colleagues — in IP, tax, real estate, environmental, labor and employment, securities litigation — who are now routine participants in structuring, negotiating, and drafting our deals.

Our litigators get involved early. Class action counsel are adept at recruiting shareholders who then file suit alleging fiduciary breaches by the board. It takes time, money, and considerable legal skill to fight those suits. By consulting with our litigators early in the process, we can work to get the deal "litigation-ready." This gives us a much better chance of convincing the court to reject attempts to stop the transaction, which is the main goal. Damages litigation may continue after the deal closes, but our client has got the deal done, and we are well-positioned to defend the damage claims as well.

Our integrated approach to transactions has been refined in recent years to deliver a wide range of multi-disciplinary services that are both effective and efficient. That helps our clients make the right deal at the right price, warding off litigation in the process.

Kramer Levin was named "Law Firm of the Year" in bankruptcy litigation for 2011-2012 by ***U.S. News & World Report****, rising above 26 other national top-tier firms.*

Looking out for creditors in five major bankruptcies

What do five of the most highly publicized bankruptcies of this century have in common? They all have Kramer Levin working on behalf of creditors. Highlighted by our representation of the creditors committees of both General Motors and Chrysler — at the height of the financial crisis — we have been the "go-to" creditors' counsel in one high-profile bankruptcy after another.

These cases are all extraordinarily complex, requiring the involvement of several different practice groups. Our Bankruptcy group takes the lead, regularly calling on colleagues in our Litigation, Banking, Corporate, M&A, Tax, Real Estate, and Securitization groups to bring highly skilled, highly experienced resources to the situation. Time and again, we have shown a unique ability to deploy these groups effectively and efficiently, adding value at every point in the engagement.

When Residential Capital — "ResCap" — became the largest mortgage company ever to seek Chapter 11 relief, it also became a symbol of the mortgage-backed securities debacle that triggered the recent recession. Its restructuring has been extremely complicated, with many moving parts — government investigations, big M&A transactions, and litigation coming from all directions. As counsel to ResCap's unsecured creditors, our multi-disciplinary group has been involved in all of these matters. We were instrumental in arranging the court-approved $4.5 billion sale of two operating businesses, after successfully laying the groundwork for a $1 billion increase in the sale price. We are currently leading litigation efforts in connection with an $8.7 billion settlement of certain RMBS claims. And we are still working with all constituents to develop a viable Chapter 11 plan. We have been, and continue to be, at the very center of the reorganization effort.

Law firm bankruptcies have historically been highly contentious affairs, triggering years of litigation over clawback and other actions against the firm's partners. So when Dewey & LeBoeuf became the largest law firm bankruptcy ever, a long and drawn-out fight was anticipated between the firm's creditors and its hundreds of partners — each of whom would have to be sued individually. As counsel to the bank lenders, we played a key role in seeing that this fight never materialized. We helped negotiate an unprecedented compromise — a global resolution of claims against the partners, to which 80 percent of those partners gave consent. That global resolution formed the foundation of the Chapter 11 plan that was confirmed by the bankruptcy court in February 2013, just nine months after the petition date. Not only was protracted litigation avoided, but the agreement is expected to serve as a model for future law firm bankruptcies — a sensible path to a quick, structured solution.

In 2009, Jefferson County, Alabama defaulted on $3.2 billion in warrants issued to finance EPA-required upgrades of its sewer system. After failing to close an agreement with its warrantholders, in 2011 the County filed the largest chapter 9 municipal bankruptcy in U.S. history. The case has been a battle between a County refusing to raise sewer rates and creditors entitled to raise rates under state law. We represent funds with $650 million in warrants, second in size only to JP Morgan. In November 2012 our Bankruptcy group filed papers proposing a way out of bankruptcy, using the bond market's historically low interest rates to support a refunding of the existing warrants at sewer rates lower than the rates endorsed by the County in 2011. Negotiations are continuing.

In the chapter 11 reorganization of American Airlines, we represent Bank of New York Mellon and Law Debenture as indenture trustees for $2.2 billion in secured and unsecured tax-exempt bonds that were issued to finance construction at JFK and LAX airports, as well as four other airports. Kramer Levin successfully beat back American's attempt to pay the secured bonds at a discount and is in the process of having the secured bonds reinstated to payment in full on their original terms. We were instrumental in advising a $1.2 billion unsecured bondholder group in negotiating and signing an agreement with American Airlines that paves the way for a merger with US Air to create the largest airline in the world.

While the bankruptcy of Hostess Brands was not 2012's biggest, it was the most visible — the iconic maker of Twinkies, Sno-balls, Wonderbread and other baked goods slid into its second bankruptcy and a non-stop set of labor conflicts. Our client, the Official Committee of Unsecured Creditors, included three labor unions, five union pension funds, and one trade creditor. We exposed hidden pre-bankruptcy compensation increases for managers, who abruptly left the company, and we worked first to avoid a liquidation and then, when a strike forced the issue, to enhance the liquidation to preserve jobs and values.

Different bankruptcies require different resources to effect their restructurings. As a leading player in some of the most important bankruptcies of recent years, we have repeatedly demonstrated our ability to deploy the right combination of resources at the right time, achieving in each circumstance the optimal result for our clients. This record of success shows every sign of continuing in the years to come.

Complexity and collaboration in the St. Vincent's bankruptcy

It was a healthcare bankruptcy of unprecedented complexity. The financial woes of St. Vincent Catholic Medical Centers were already far advanced when the recession sharply curtailed both government funding and charitable donations. Unable to secure a new sponsor to continue its main hospital operations, and having exhausted its access to emergency funding, they were forced to close their historic hospital in Greenwich Village and file for bankruptcy protection.

When we stepped in as debtors' counsel, we needed to balance the often conflicting interests of the hospital's creditors with those of the patients, staff, and the community at large. Any solution required recognition of St. Vincent's charitable mission — a mission that dates back to 1849. It was imperative that the Village hospital be closed in an orderly fashion that protected patients, while continuing the operation of a number of other services that remained viable — including a major behavioral health hospital and three nursing homes — until new sponsors could be found.

The entire process was, for us, a cross-disciplinary collaboration, involving attorneys from our Bankruptcy, Real Estate, Corporate/M&A, Employee Benefits, Environmental, and Tax practices.

Working closely with all stakeholders, we succeeded in confirming a Chapter 11 plan that assured administrative solvency, which had been at risk at various points during the case. The plan allowed for repayment in full of all secured lenders and administrative and priority claims, while providing a substantial recovery for employees, pensioners, and medical malpractice trusts. This process was accomplished through the sale of several of the health system's numerous going concerns services — which not only preserved jobs and patient care continuity, but realized substantial proceeds as well. Finally, we negotiated the unprecedented $260 million sale of St. Vincent's West Village campus to the Rudin Family and North Shore Long Island Jewish Medical Center, for the creation of a mixed-use residential project that includes the first stand-alone, 24-hour emergency and ambulatory surgery facility in the New York metro area.

The firm was named in the top tier of litigation firms in New York, and nationally, as a leading litigation firm in the areas of commercial litigation, intellectual property and white collar criminal defense.

*– **Benchmark Litigation**, 2008-2013*

Sirius XM sued by its own star

By the time radio icon Howard Stern's five-year contract had run its course, our client Sirius XM Radio had already paid him over half a billion dollars in cash and company stock. When he sued Sirius for another $300 million, Sirius turned to the same litigation team that had successfully defended it in the past.

The suit concerned the performance-based compensation provision in Stern's contract, which entitled Stern to receive awards of $75 million in stock if certain subscriber growth targets were achieved. This provision was honored to the letter. But with Sirius' 2008 merger with XM Satellite Radio, Stern contended that XM's 10 million subscribers should be counted as "Sirius subscribers" for purposes of performance-based compensation — entitling him to an additional $300 million.

Sirius contended that the unambiguous language of the contract proved that, when the parties entered into the contract, they did not intend for XM subscribers to be counted as "Sirius subscribers"; only those receiving Sirius' satellite radio service were to be counted as "Sirius subscribers." On behalf of Sirius, we filed a motion for summary judgment to dismiss the complaint. In April 2012, the Commercial Division of the N.Y. Supreme Court, New York County, granted Sirius' motion and dismissed the complaint with prejudice. Stern has appealed this decision to the Appellate Division, First Department.

Four partners were named to ***Human Resource Executive*** *magazine's 2012 list of the "Most Powerful Employment Attorneys."*

A pro basketball player sues — and loses

Disability issues are among the most challenging types of employment issues facing companies today. But when the company is our client, Madison Square Garden, and the employee in question is a former basketball player for the New York Knicks, these issues involve an additional layer of complexity.

A former Knicks shooting guard, Cuttino Mobley, brought a disability discrimination lawsuit against Madison Square Garden, the owner of the Knicks, claiming that the Knicks had discriminated against him based on his heart condition, hypertropic cardiomyopathy ("HCM"). HCM causes a thickening of the wall of the heart and carries the risk of sudden heart failure. Based on the grave nature of his condition, shortly after he was traded to the Knicks from the Los Angeles Clippers, the Knicks insisted that Mr. Mobley be examined by leading independent cardiologists before he began playing for them. The medical experts unanimously determined that Plaintiff's HCM would threaten his life if he continued to play basketball. Despite the fact that Mr. Mobley never played for the Knicks and retired from professional basketball, the Knicks paid Mr. Mobley the full amount remaining under his contract, totaling $18,425,000.

Two years later, Mr. Mobley turned around and sued the Knicks, claiming that they "discriminated" against him based on his heart condition and that he should have been allowed to play basketball for the Knicks. He claimed that he could have played basketball despite his heart condition and, alternatively, that the Knicks should have provided him with the surgical implantation of a defibrillator that would hopefully shock him back to life in the event his heart stopped — an accommodation that he never once requested during his employment with the Knicks. Kramer Levin's employment attorneys defended Madison Square Garden and the Knicks against Mr. Mobley's litigation, leading the court to dismiss Mr. Mobley's claims in their entirety and validating the Knicks' decision to put Mr. Mobley's health and well-being first. Mr. Mobley has since filed an amended complaint, which Madison Square Garden has also moved to dismiss and on which we are awaiting a decision from the court.

"They have skills in the [bankruptcy] group to be a bulldog and tenacious, but on the other hand the senior partners are good at finesse and building bridges to come up with the best solution."

– Chambers USA

A global restructuring

One of the world's largest shipping companies, General Maritime operates in 230 ports of call in over 70 countries. A global leader in transporting crude oil and refined petroleum products, its assets, employees, and vendors are all over the world.

So when General Maritime went into bankruptcy — one of the ten largest of 2011 — it created a complex restructuring problem, with creditors in dozens of countries calling in debts. To make matters worse, it occurred during the worst shipping downturn in decades.

Combining our longtime relationship with the company with the national expertise of our Bankruptcy practice, we were the logical choice to guide General Maritime through its restructuring. Our attorneys brought to the table a thorough understanding of the complex global issues and relationships affecting the shipping industry in general, and General Maritime in particular.

With our assistance, the company was able to obtain a $75 million DIP facility from senior secured lenders. We helped them work out deals with their most important vendors, including ship agents, bunker and lube suppliers, ship managers, and stores suppliers.

Key to the restructuring was the new equity infusion of $175 million we helped obtain. This allowed the company to confirm a reorganization plan that restructured $1.3 billion in debt. In connection with that plan, we negotiated and put in place a $780 million exit financing facility with the company's lending syndicate.

Despite the initial objections of the unsecured creditors committee, we were able, within three months, to obtain approval of the disclosure statement and begin to solicit the plan of reorganization. Ultimately, our client obtained the consent of all parties — the company, the secured creditors, the unsecured creditors, and certain large noteholders — and a consensual reorganization was achieved.

Under the plan, General Maritime was able to shed approximately $600 million in financial debt and $42 million in annual interest expense. The new debt relief enabled the company to emerge from bankruptcy as a stronger going concern.

The case represents a unique achievement — the successful reorganization of an international shipping company under U.S. law — in just seven months.

2012-2013 ***U.S. News & World Report*** *and* ***Best Lawyers'*** *Best Law Firms ranked Kramer Levin's IP litigation, patent and trademark practices in the top tier in New York.*

A long case with a happy ending

It took six years, four judges, three jurisdictions, and a great deal of deft legal work, but we finally cleared our client Condé Nast of a wide assortment of unsupportable claims, all leveled by a website vendor following a brief business relationship in 2004.

The vendor, Atlanta-based Active8, had been hired by *Vogue* magazine, Condé Nast's flagship publication, to create a website for *Vogue*'s September 2004 Fall Fashion Issue. When, following this issue, *Vogue* then changed to a different vendor — something they were, beyond dispute, contractually free to do — Active8 filed a lawsuit asserting a host of charges including patent infringement, trademark infringement, unfair trade practices, trade secret misappropriation, RICO violations, and other related claims.

The charges all related to Active8's system of linking print magazine ads to an online website displaying reproductions of those ads. Contending that its business method patents had been infringed by *Vogue,* Active8 sought millions in damages. Our intellectual property lawyers disagreed.

The case began to go awry for Active8 when our attorneys convinced the Atlanta judge to transfer jurisdiction to the Southern District of New York. Once there, the new judge ruled that since Active8's patent claims required the use of unique codes added to the print ads in question — which *Vogue* did not do — the infringement claims were, therefore, untenable. He construed all 20 of the claim terms in our client's favor.

The case was then reassigned to yet a third judge, who, after lengthy briefing and oral argument, granted summary judgment dismissal of all of Active8's remaining claims. He allowed the plaintiff to replead a single claim, for trademark infringement, alleging improper association due to *Vogue*'s supposed references to Active8 in its 2005 marketing materials.

But even this claim would not stand. We filed a new motion for summary judgment on the new claim, which the judge then granted, bringing the case — finally — to a close. No appeal was taken. It was, in the end, a total victory for our clients.

A world-class arena for Brooklyn

The enthusiasm for the recently opened Barclays Center has been overwhelming. From its opening night concert featuring Jay-Z, the arena has quickly become one of the most prestigious entertainment venues in the region, if not the world. Home to the NBA's renamed Brooklyn Nets, the arena stands as a visible symbol of Brooklyn's rebirth.

The arena stands next to Atlantic Terminal, a vital transportation hub where the Long Island Rail Road and eleven subway lines converge. The area is bisected, however, by the open pit that holds the rail yard, and numerous deteriorated buildings immediately south of this yard were a blight on the area.

Barclays Center is the first of 17 buildings which will redevelop and revitalize a 22-acre site — part of the ambitious Atlantic Yards project. Phase I of the project comprises new infrastructure (including a new subway entrance and new rail yard), the Barclays Center itself, and five other buildings. Phase II of the project calls for a platform to cover the rail yard, eleven more residential buildings, and eight acres of open park space.

The project is being built by our client, Forest City Ratner Companies LLC, under the auspices of Empire State Development Corporation, a public benefit corporation of New York State whose mandate includes the rehabilitation of derelict areas.

From its inception, the Atlantic Yards project has been controversial. Subject to one of the most extensive public review processes in the City's history, multiple litigations were brought by project opponents even before that process was completed. The deluge of litigation — which continued after the project's final approvals — challenged the demolition of buildings found to be in danger of imminent collapse, the use of eminent domain, the adequacy of ESDC's Environmental Impact Statement for the project, and numerous other aspects of the project. We served as lead litigation counsel to Forest City Ratner in the successful defense of all of these suits.

Even then, things didn't run smoothly. The recession, combined with the delays resulting from litigation, led to certain minor modifications of the project. Approval of these modifications led to another wave of litigation by project opponents. While these suits failed in their effort to halt work on the project, they did lead to a court decision requiring ESDC to prepare a Supplemental Environmental Impact Statement for Phase II of the project.

Phase I is unaffected by this ruling and continues to move forward. With the opening of the Barclays Center and the arrival of the Nets, the City can now see the tangible benefits of this project. Despite the long struggle, we are proud of our role in making it happen.

Revitalizing the Brooklyn waterfront

Mayor Bloomberg called it "a vote of confidence in Brooklyn and its future." Our real estate attorneys called it one of the most sophisticated ground lease development transactions in recent memory. But after condensing several months of intense negotiation into mere weeks of work to fully document the transaction, a deal was struck to build a bold new $300 million hotel and residential complex along the East River waterfront in Brooklyn Bridge Park (the "Park").

Representing a joint venture of Toll Brothers and Starwood Capital Group, we negotiated the winning bid for a 97-year lease to develop the eco-friendly complex which, when finished, will generate substantial sustaining revenue for this gem of a city park. It will include 200 hotel rooms, 120 condominium apartments, 32,000 square feet of restaurant and banquet space, a 6,000 square foot spa, and a 300-space parking facility.

The painstaking negotiations required our clients to overcome a host of vexing complications. Strict limitations were placed on the development's physical and legal configuration, and the divergent interests of multiple constituencies — including government agencies and community groups, as well as the proposed hotel operator and future residential condominium owners — needed to be accommodated. The deal required the developers to make a number of significant improvements to the Park, even as the Park itself remained fully functional, with unobstructed footpaths and bicycle paths, and an uninterrupted event schedule. We further had to ensure that the project would be built with minimal interference to the public's access to Park spaces both during and after construction.

In view of these complications, a number of creative solutions were devised and ultimately succeeded in getting the deal done. Since the property in question actually involved two parcels that needed to be treated as one, we created a unique two-part lease structure that split the transaction into two integrated but legally separate agreements. And since the extraordinary views of the river and circulation through the Park needed to remain unimpeded, the site was cleverly parceled and designed with easements offering attractive passageways through the building exterior areas, allowing uninterrupted access and views to the Park's myriad users.

All in all, the winning proposal was an extraordinary accomplishment, a testament to the close collaboration among the client's development team and our Real Estate, Land Use, and Environmental practices.

The project — which breaks ground in Summer 2013 with occupancy anticipated for Fall 2015 — will go a long way towards revitalizing a significant portion of the Brooklyn waterfront, one of the most prominent parcels of its kind anywhere in the country.

What other assets can be securitized?

In the unending search for new and novel investments, our clients regularly turn to our Securitization group for help with the design and marketing of those arcane securities known as "esoteric" asset-backed securities (ABS).

The importance of these types of securities has grown in recent years. They performed well during the financial crisis, and investors were rewarded — in terms of yield and performance — for being active participants in their development. Moreover, as the collapse of the credit markets caused many traditional credit sources to dry up, we have seen a boom in the acquisition and formation of specialty lenders by private equity investors, many of whom are clients of ours. This confluence of pent-up demand and financial sophistication has resulted in significant innovations — esoteric securitization being a shining example.

Esoteric ABS can be defined, at least somewhat, by what they are not. They are not stocks and bonds. They are not the traditional "big four" securitized assets — auto loans, credit cards, student loans, and residential mortgages — the last of which imploded so spectacularly. Nor are they "structured finance" vehicles, such as collateralized loan obligations (CLOs) and collateralized debt obligations (CDOs), though our esoteric specialists frequently get involved with those as well.

Virtually any other financial asset with a dependable and predictably timed cash flow may be considered a reasonable candidate for an esoteric securitization. These may include assets as diverse as lottery winnings, Chapter 13 consumer receivables, vacation timeshare loans, structured litigation settlements, even the licensing of patents, trademarks, and copyrights.

Our securitization attorneys have long been in the forefront of turning these assets into marketable securities, and have done a significant number of first-of-a-kind transactions. We usually play a major role, acting as capital markets counsel to the investment banks, large investors, and issuers who put these highly complex deals together. These include deals in the clean energy space — solar, in particular. They include government receivables related to the installation of energy efficiency projects on military bases. We have even done deals that monetize intellectual property such as music and film royalties.

We've also been involved in what we consider to be the next big thing in the field: using securitization in the context of financing M&A transactions. In the first such deal of its kind, we successfully securitized the licensing revenue of a major fashion designer, allowing the proceeds to be used in a management buyout of the company.

We have been doing these esoteric transactions longer than anyone, so wherever the field goes next, our clients can count on us to be with them on the frontier. They know our history, they know our reputation, and they know we have the creativity necessary to structure the deals, document them, and get them into the market.

A convergence of investment strategies

Our clients in the hedge fund and private equity industries tend to be opportunistic by nature. Nimble and creative, they have never been reluctant to come to us with new and unusual investment strategies. But in the wake of the recent recession, our attorneys have seen — and been deeply engaged in — a proliferation of strategies involving investment structures that were mostly unheard of, even a few years ago.

The clients that are now attracted to these strategies have moved out of their traditional comfort zones and into the less liquid realms of claims trading, distressed M&A, derivatives, swaps, sovereign debt, esoteric securities, and a variety of novel "alternative assets" — auto loans, oil tankers, patents, defunct brands, litigation financing, and more.

This "convergence" of diverse strategies and asset classes has blurred the differences between private equity and hedge funds, involving each in what was once considered the territory of the other. And it has helped us develop a multi-disciplinary practice around them, drawing frequently on the collective skills of our Corporate, Bankruptcy, Tax, Employment, IP, Real Estate, and, when necessary, Litigation groups.

In recent years, we have helped private equity clients, frustrated by the dearth of promising target companies, focus less on buyouts and more on buying assets such as ships, rail cars, or airplanes — then partner with experienced management teams to build new companies around these assets. We've also helped them use their managed funds to invest in these companies, forming elaborately complex joint venture structures — and sub-structures — that make full use of our lawyers' creative instincts.

At the same time, we've helped hedge fund clients — who once restricted their activities to liquid assets — embark on strategies that take them far afield of their accustomed "long-short" quantitative trading. They now call on us to help them buy mid-market companies, deal in distressed assets, claims and securities, and engage in derivatives, regulatory issues, IP advice, and the full range of esoteric securitizations.

They come to us because they know our attorneys have both the imagination and the intellectual prowess to keep up with their more unorthodox ideas. They know that we understand their business issues, that we can think through the legal complexities, and that we're adept at drafting the appropriate structures that can turn their ideas — no matter how exotic — into reality.

"'An A+ in all areas', the team has a trial-ready reputation – with one client praising its 'creativity and attention to every detail of the court proceeding.'"

– Legal 500 US

What a red handkerchief showed the jury

His trial lasted two-and-a-half months. He was facing up to 70 years in prison. His four co-defendants were convicted of conspiracy, fraud, and tax evasion. To make matters worse, the prosecution's star witness, testifying under a plea bargain, was the very person who had originally gotten him into this business — selling tax shelters he'd thought were legitimate.

Yet R. Craig Brubaker emerged from court acquitted of all charges. Our attorneys used an unusual tactic — the now-famous "red handkerchief" — to convince the jury that Mr. Brubaker had truly believed in the tax shelters he had marketed from 1995 to 2005. We were able to show that he had been as much a victim of the scheme as the taxpayers who bought the shelters.

Mr. Brubaker is a former broker for Deutsche Bank in Dallas. He and his co-defendants were accused of designing and marketing fraudulent tax shelters, generating over ten years more than $7 billion in false tax losses. From the start, our attorneys set out to articulate for the jury a theory of our client's innocence.

A key component of our successful defense was our four-day cross-examination of the government's star witness, with whom our lead attorney used a red handkerchief to elicit a re-creation of the sales pitch used by the witness — an experienced tax attorney — to persuade many, including Mr. Brubaker, that these transactions were legal. The handkerchief served to delineate two separate personas our attorney was adopting in order to make a serious point to the jury.

When the handkerchief was in his lapel pocket, he played the role of a potential client hearing and responding to the sales pitch. When the handkerchief was removed, he resumed the role of lawyer, deftly showing the jury that the pitch had been convincing, not just to Mr. Brubaker, but to many lawyers, accountants, and financial planners as well — none of whom would have signed off on a tax strategy they thought illegal.

From that point on, it was clear that our client had been led to believe in the efficacy of the tax shelters, and that he had acted in good faith in transactions with his buyers. The jury understood this, and acted accordingly.

Pro Bono Leadership

Pro bono work is not just about the big cases. While a law firm's pride in its big, high-profile wins is certainly justified, we feel not enough gets said about the matters that fly under the radar — the victories that go largely unnoticed by all but the people whose lives they affect.

As the economy continues to struggle, the number of people in need of legal assistance continues to climb. We do what we can to take up the slack. Our attorneys spend much of their time helping people navigate the complexities of the legal system. That means helping people obtain the veterans' benefits, unemployment compensation, or social security disability to which they're entitled. It means advising small, not-for-profit businesses on how to organize, govern themselves, and raise funds. It means monitoring elections to make sure people are not impeded in exercising their right to vote.

Our cases are not always glamorous, but they are always desperately needed. We routinely take up the causes of wounded veterans, refugees, children, same sex couples, micro-entrepreneurs, and battered women. We deal with cases of child custody, domestic violence, political asylum, and marriage equality. We do work for families fighting off eviction from their homes, for Holocaust survivors seeking benefits from the German government, for security guards denied licenses due to past criminal offenses, and for transgender people trying to legally change their names.

Pro bono work is embedded in the culture of our firm. We pair our new associates with senior lawyers right away in order to encourage new attorneys to adopt this ethos from the start of their careers. Often, our people find their own pro bono work — through causes that fire their interest, or through existing relationships they have with public interest organizations — which they may bring to the firm for ongoing support.

Our efforts have received numerous awards and other recognitions from prominent pro bono organizations. These include a special appreciation from Governor Andrew Cuomo for our long-time contributions to the cause of marriage equality in New York State.

We have been especially active in cases that have arisen from the Supreme Court's ruling in *Padilla v. Kentucky*. The decision requires non-citizen criminal defendants to be informed of the possible immigration consequences of a guilty plea, specifically deportation. Not only have we defended several of these cases, in which defendants have been able to avoid deportation by taking back their pleas, but we have also filed *amicus* briefs — in the Supreme Court and appeals courts — to help further shape the legal landscape around this important decision.

We have done much work with so-called micro-entrepreneurs, people looking to start small businesses in underserved communities. These fledgling businesses often cannot afford a lawyer to help them negotiate leases, draft contracts with vendors, or identify sources of seed money. Our attorneys help them get the new business on its feet, at which point we refer them to local lawyers for ongoing legal services.

When Hurricane Sandy ravaged the Northeast, we sent lawyers into the affected communities to help people file insurance claims and apply for FEMA assistance. This work is ongoing, and we anticipate a second phase of much more work to arise from real estate and condemnation issues, insurance disputes, continuation of benefits problems, and the simple need to replace property deeds, marriage certificates, birth certificates, and other documents lost in the storm.

What all these efforts have in common is legal matters with a profound impact on the lives of individuals, and a law firm committed to providing action on those matters, wherever needed.