

Excerpts from the Examiner Report for Coudert Brothers prepared by Harrison Goldin (3/27/08)

2. Individual Partner Claims

As noted, according to the Debtor, a handful of individual partners may be liable for additional claims based on unique facts and circumstances. These partners and a description of the claims alleged against them are set forth below. The Examiner recommends that if these individual partners pay their Contract Claims, they receive the benefit of a release, but only as to those claims. To get a release of the claims described below and an injunction barring third party claims, these partners must resolve any outstanding claims that could be asserted against them through negotiations with the Debtor; any agreed-upon resolution will need to be approved by the Bankruptcy Court on notice to, among others, the Committee.

Michael Calabrese: Michael Calabrese was a partner in Coudert's Washington, D.C. office. Potential claims against Calabrese stem from irregularities Coudert found in connection with his billing of Lockheed Martin Corporation ("Lockheed"). Coudert ultimately reimbursed Lockheed (i) \$50,980 for personal charges billed by Michael Calabrese and charged to Lockheed and (ii) \$544,437 for other billing issues, for a total of \$595,417. The Examiner discussed these matters with Michael Calabrese and believes a claim may lie against him for the amount Coudert had to refund to Lockheed. Michael Calabrese believes, among other things, that he is entitled to an offset for the capital he contributed to the Firm (which was withheld by the Firm) and distributions owed to him. However, even were such amounts deducted, the amount owed by him would still exceed \$420,000; he has indicated he is incapable of paying that amount.

Jingzhou Tao: Jingzhou Tao was a partner in Coudert's Beijing office and one of three partners not included in the Orrick Transaction. The allegations against Jingzhou Tao are that he (i) retained a company automobile valued in excess of \$10,000; (ii) remained in his house, which was leased to Coudert, for several months after he withdrew from the Firm (the landlord for the premises has filed a claim in the Debtor's case for unpaid rent in the amount of approximately \$82,000); (iii) instructed clients not to pay outstanding receivables due Coudert (the amount of those receivables exceeds \$2 million); and (iv) interfered with Coudert's ability to transfer timely its license to practice law in China (according to the Debtor, this delay may have reduced the consideration received from Orrick by as much as \$750,000). In a telephone interview Jingzhou Tao denied the material allegations against him. He said that while he remains in possession of the automobile, he has not used it because he does not have the required documentation. He admitted to remaining at the leased premises without paying rent until at least April, 2006. However, he stated that he never instructed any clients not to pay Coudert and did not interfere with Coudert's ability to transfer the license to Orrick. He did say it was his belief that the license could not be transferred, but that he never tried to derail the process.

Lance Miller, Oliver Wright and Dan Marjanovic: Lance Miller was the Office Managing Partner and Oliver Wright and Dan Marjanovic were contract partners in Coudert's Singapore office. The allegations against these three partners are that after the Firm authorized the wind down and ceased making payments to partners, Lance Miller established a new bank account ("New Account") into which clients were directed to deposit funds. Initially, Lance Miller, Oliver Wright, Dan Marjanovic and another local partner had signing authority on the New Account. Subsequently, Lance Miller and the other local partner withdrew their signing authority over the New Account, leaving Oliver Wright and Dan Marjanovic with sole control over it. Thereafter, Oliver Wright and Dan Marjanovic resigned from the firm, asserting that Coudert owed them past due compensation. Although they resigned from the Firm, Oliver Wright and Dan Marjanovic maintained control over the New Account, allegedly to protect their interests and to protect the interests of unpaid Singapore creditors, including Singapore taxing authorities. After his resignation, Oliver Wright transferred approximately \$425,000 from the New Account into an account owned and maintained by him (the "Wright Account"). Coudert does not have access to the Wright Account. In addition, the New Account remains frozen by Standard Chartered Bank because of a dispute respecting the ownership of the funds in the New Account; Coudert has no access to the approximately \$457,000 that remains in the New Account. The aggregate amount of funds currently under the control of Oliver Wright and Dan Marjanovic approximates \$882,000.⁶⁹

Michael Magotsch, Martin Heinsius and Rainer Jacob: Michael Magotsch was the Managing Partner in Coudert's Frankfurt, Germany office, which was closed prior to the wind down of the Firm. Martin Heinsius and Rainer Jacob were partners in the Frankfurt office. Michael Magotsch helped Coudert wind down the German offices. Michael Magotsch allegedly took certain contingency fee receipts and paid local creditors without obtaining authorization from the SSC. Coudert has asserted that Michael Magotsch has failed to account for approximately EUR150,000 of contingency fee receipts. In addition, Michael Magotsch, for his benefit and for the benefit of Martin Heinsius and Rainer Jacob, allegedly purchased personally from Coudert the Frankfurt office furniture for EUR15,000 and then sold the same office furniture to DLA Piper Rudnick Gray Cary UK LLP (the firm they joined after withdrawing from Coudert) for EUR150,000. The Examiner, who discussed these allegations with counsel for Michael Magotsch,⁷⁰ believes a fraudulent transfer claim may exist as to the furniture transaction.

⁶⁹ The Debtor commenced an adversary proceeding against Oliver Wright and Dan Marjanovic in the Bankruptcy Court, seeking the turnover of the funds held in the New Account and the Wright Account. During the pendency of the Part B Investigation, the Debtor engaged in settlement discussions with Oliver Wright and Dan Marjanovic respecting the turnover of the funds. These negotiations appear to be on-going. Given these settlement discussions and at the request of the Debtor, the Examiner did not contact Lance Miller, Oliver Wright or Dan Marjanovic respecting these potential claims.

⁷⁰ The Examiner first discovered the possible involvement of Martin Heinsius and Rainer Jacob in February, 2008 after a draft of this Report was circulated to the Debtor and the Committee. Given that the Examiner is (continued...)

William Sullivan: William Sullivan was a partner in Coudert's Jakarta office. The allegations against William Sullivan are, among other things, that prior to 2005 he provided legal services to certain clients on an individual basis and collected the fees personally; they were not paid to Coudert. In addition, William Sullivan allegedly negotiated a rent reduction with his landlord in Jakarta, with the resulting rent less than the housing allowance provided by Coudert. The Examiner sent William Sullivan an email, requesting that he contact the Examiner to discuss these allegations; he did not respond to that request. The amount Coudert claims William Sullivan owes is \$57,049.