

BOIES, SCHILLER & FLEXNER LLP

NEW YORK WASHINGTON DC FLORIDA CALIFORNIA NEW HAMPSHIRE NEW JERSEY NEVADA

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Firm Report

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Client Spotlight: The Greenberg/Starr Matters

The largest group of related matters handled by BS&F over the past year has been the Greenberg/Starr matters. The work is led by David Boies, Nick Gravante and Lee Wolosky. The team includes several other partners, among them Steve Froot, Chris Green, Gary Harris, David Stone, Karen Dyer, Eric Brenner, Robert Magnanini, Jennifer Altman, Michael Kosnitzky and George Liu. Attorneys from 9 of the firm's 11 offices are involved in the representation, and at various times over one hundred firm lawyers have participated in aspects of our work.

The scope and complexity of this work demonstrates its critical importance to our clients. Although the matters are typically referred to by the shorthand phrase "Greenberg/Starr" matters, the Firm's work actually comprises some 27 lawsuits pending in New York,

London, Georgia, Mississippi and Delaware; 7 different arbitrations pending both in the United States and the UK; and separate investigations by the New York State Attorney General's Office, the SEC and the Department of Justice.

Since all of the legal proceedings are related, yet very different, one of the significant challenges the firm has faced has been to make sure that assertions or positions that may be relatively unimportant when taken in one proceeding do not come back to bite us in another proceeding. This has required extensive coordination among the attorneys working on the various matters, assisted by an outstanding, hard-working team of legal assistants.

Profiles of several of these matters can be found in the Client Spotlight section, beginning on page 9.



Partner Kirsten Gillibrand Ousts Heavily Favored Incumbent to Win NY Congressional Seat

On Tuesday, November 7, the constituents of New York's 20th Congressional District accorded

Albany Partner Kirsten Gillibrand 53% of their vote, ushering her into the freshman class of the 110th Congress as part of the new Democratic majority.

Kirsten waged a long and hard-fought campaign in her first run for political office. She defeated Representative John Sweeney, a popular four-term incumbent in a supposedly "safe" district with a 2-to-1 Republican registration advantage. Although initial polling showed Kirsten trailing by over 20%, she raised some \$3 million in campaign contributions, including substantial support from colleagues at BS&F.

On leave from the firm, Kirsten spent months traveling the vast district, stretching from the Adirondacks to the mid-Hudson Valley. She received endorsements from many prominent leaders, including two appearances by Bill Clinton, and fundraisers hosted by Senators Schumer and Hillary Clin-

ton and by new House Speaker Nancy Pelosi. The campaign attracted national media interest through clever use of advertising, a flattering profile in the online magazine Salon, New York Times and local coverage.

While the Sweeney campaign was hard-hitting and personal – yet apparently afraid to debate even once – Kirsten used her litigation skills to fight back and overcome every blow.

Those who have had the pleasure of working with Kirsten know that New York and the country will have an incredibly able advocate serving in Washington this January.

"Ms. Gillibrand has emerged as unquestionably qualified by virtue of her vision and intelligence."

editorial endorsement of the Albany Times Union

New Attorneys at the Firm

Introducing Our Firm's Newest Colleagues

We are pleased to welcome twenty lawyers who have joined BS&F since the summer of 2006. This brings the firm to over 250 attorneys in eleven offices across the country. Our new colleagues have outstanding academic records and fascinating backgrounds; many have significant clerkship or practice experience. We hope you will get to know our new colleagues in your office, through working together on case teams and at the Firm retreat in December.

Sharon E. Bray (New Jersey) Harvard '04. Law Clerk to Judge Torianne Bongiovanni, U.S. District Court for the District of New Jersey. Senior Editor, *Harvard Civil Rights – Civil Liberties Law Review*. Varsity Golf captain, Montclair State University.

Gavin A. Corn (Ft. Lauderdale) Virginia '94. Law Clerk to Judge Jose A. Gonzales, U.S. District Court for the Southern District of Florida. Ten years as Assistant U.S. Attorney and Trial Attorney, U.S. Department of Justice, Criminal Division. Editorial Board, *Virginia Law Review*.

Ian Crichton (Washington) Stanford '06. M.P.A. University of Wisconsin '03. Editor, *Stanford Law Review*. BSF Summer Associate (Washington 2005).

Stefan DePozsgay (New York City) Yale '06. Editorial Team, *Yale Law & Policy Review*. BSF Summer Associate (Armonk 2004, 2005).

Michael P. Favretto (New York City) Michigan '06. BSF Summer Associate (Washington 2004, 2005) and Case Manager (Washington 2001-03).

Lauren E. Fleischer (Ft. Lauderdale) Fordham '00. Law Clerk to Judge K. Michael Moore, U.S. District Court for the Southern District of Florida. Assistant U.S. Attorney, S.D. Florida (2001-06). Notes & Articles Editor, *Fordham Law Review*.

Elizabeth Garfinkle (Oakland) University of California Boalt Hall '03. Law Clerk to Senior Judge Edward C. Reed, U.S. District Court for the District of Nevada. Editor, *California Law Review*. High school teacher and basketball coach (1994-99).

Adam Hollander (New York City) Yale '06. Editorial Team, *Yale Law & Policy Review*. Legal Intern, ACLU National Legal Department.

Timothy Karpoff (Armonk) Chicago '05. Law Clerk to Chief Judge James G. Carr, U.S. District Court for the Northern District of Ohio. All-New England in Cross-Country and Track & Field, Williams College.

Heather King (Washington) Georgetown '05. Special Assistant and Policy Analyst to First Lady and Senator Hillary Rodham Clinton (1999-2005). BSF Summer Associate (Washington 2005).

Jason Krause (New York City) Columbia '06. Senior Editor, *American Review of International Arbitration*. Nine years experience selling imported automobiles. Varsity Swim team, Brigham Young University.



In the NYC Office:

*Top (left to right):
Scott Shuchart,
Michael Favretto,
Amy Neuhardt*

*Bottom (left to right):
Christopher Wimmer,
Avery Wentzel,
Adam Hollander*

Markenzy Lapointe (Miami) Florida State '99. Law Clerk to Justice Henry Lee Aristead, Florida Supreme Court. Assistant U.S. Attorney, Southern District of Florida (2002-06). U.S. Marine Corps Reserve, Operation Desert Storm veteran.

Michael M. Merley (New Jersey) Texas '06. BSF Summer Associate (Las Vegas 2005); BSF Case Manager (New York 2001-03). Varsity Basketball captain, Columbia College.

Amy Neuhardt (Counsel – New York City) Virginia '95. Law Clerk to Judge John Minor Wisdom, U.S. Court of Appeals for the Fifth Circuit. Editorial Board, *Virginia Law Review*. Associate, Shearman & Sterling LLP. Varsity Fencing captain and All-Ivy Fencing team, Harvard College.

Lisa M. Nousek (Armonk) Virginia '05. Law Clerk to Judge Steven Colloton, U.S. Court of Appeals for the Eighth Circuit. Editorial Board, *Virginia Tax Review*.

Scott L. Shuchart (New York City) Yale '03. B. Phil. Oxford '00. Law Clerk to Judge Marsha S. Berzon, U.S. Court of Appeals for the Ninth Circuit. Comment Editor, *Yale Law Journal*. Several publications on international law and other topics.

Theodore H. Uno (Oakland) University of California Boalt Hall '05. M.A. Stanford '93. Law Clerk to Judge Michael D. Hawkins, U.S. Court of Appeals for the Ninth Circuit. Editor-in-Chief, *California Law Review*. BSF Summer Associate (Oakland 2004). High school teacher and consultant on nonprofit management (1992-2006).

Amy W. Wagner (New Jersey) Rutgers University, Camden '02. Law Clerk to Judge Jose L. Linares, U.S. District Court for the District of New Jersey; Judge Jack M. Sabatino, New Jersey Superior Court. State Constitutional Law Editor, *Rutgers Law Journal*.

Avery Phillips Wentzel (New York City) NYU '06. Staff editor, *Environmental Law Journal*. Law Clerk, U.S. Senate Judiciary Committee during Chief Justice Roberts confirmation hearing.

Christopher Wimmer (New York City) Columbia '05. Law Clerk to Judge Jack B. Weinstein, U.S. District Court for the Eastern District of New York. Peace Corps volunteer in Mali, West Africa; two years at internet start-up in Los Angeles.

Litigation Highlights

BS&F Wins Dismissal of \$9 Billion Claim against Qwest

BS&F scored a major victory for core client Qwest in October 2006, when a New Jersey federal judge granted Qwest's motion to dismiss on *forum non conveniens* grounds a lawsuit seeking \$9 billion in damages. The suit arose from the 2002 bankruptcy of KPNQwest, a Dutch company partially owned by Qwest. The plaintiffs, trustees appointed by the Dutch court overseeing the KPNQwest bankruptcy, had asserted claims against Qwest and three individual defendants on behalf of the KPNQwest estate under both Dutch law for mismanagement and under U.S. RICO law. By suing in the United States, the trustees hoped to avail themselves of treble damages under RICO and of more liberal U.S. discovery procedures. The dismissal — granted on the grounds that the case belongs in the Netherlands — takes treble damages off the table and will significantly reduce the burden of discovery on Qwest.

KPNQwest was originally established in 1999 as a joint venture between Qwest and Dutch telecom KPN; it later became a publicly-traded corporation in which Qwest and KPN retained major shares. KPNQwest's goal was to pro-

vide Internet protocol-based data services to business customers through the development of a pan-European fiber optic network. Unfortunately, after the Internet bubble burst in 2000, the demand for such services grew much more slowly than anticipated, leading to an industry-wide mismatch between supply and demand and, ultimately, to KPNQwest's May 2002 bankruptcy.

Qwest retained BS&F in 2004 to replace O'Melveny & Myers as lead counsel in the New Jersey case and various related proceedings in the United States and Europe. In addition to this dismissal, the KPNQwest team — Jonathan Schiller, Jim Denvir, David Boyd, Jonathan Sherman, Alfred Levitt, Jonathan Shaw, Hamish Hume, Olav Haazen, Ellen Blanchard, Melissa Felder, Aaron Snow, Eddie Grauman, Tim Cornell and Jenny Sachs — favorably settled a securities class action in the Southern District of New York, obtained dismissal on *Dura* grounds of an Arizona state securities law action (on appeal), represented Qwest in proceedings before the Dutch Enterprise Chamber, and represented Qwest in Dutch litigation and arbitration over insurance coverage.

Firm Represents San Francisco Chronicle Reporters in BALCO Case

In front-page news, David Shapiro and Mikal Condon of the Oakland office have been advising the San Francisco Chronicle and two of its reporters who wrote stories about the use of steroids by several famous athletes, including Barry Bonds, in connection with the BALCO case.

In August 2006, the district court ordered the reporters to identify the names of confidential sources who had provided them with copies of the grand jury transcripts of testimony by a number of athletes.

On September 21, 2006, David argued against the imposition of more than nominal sanctions against the reporters while they appeal the district court's decision. The judge ordered the two reporters jailed for refusing to answer questions, but stayed his order pending an appeal to the Ninth Circuit.

Qwest Class Action Suit Successfully Settled

On September 29, 2006, the federal district court in Denver approved Qwest's settlement for \$400 million of class actions alleging securities fraud arising from the company's multi-billion dollar restatement of its financial results for 1999 and 2000. The settlement was a tiny fraction of the \$45 billion that the class had sought. In approving the settlement, the court said that BS&F, as counsel for Qwest, "zealously and survigrously litigated on behalf of the defendants, and lead counsel were required to meet these challenges at most every turn."

In addition to the more common objections in class action settlements concerning attorney's fees and related issues, Qwest's former CEO and CFO — neither of whom were included in the settlement — objected, focusing on a provision of the settlement that extinguished Qwest's indemnification obligations to these two former executives. The district court rejected all objections, and approved the settlement in its entirety. Jonathan Schiller, David Boyd, Alfred Levitt, and Trish Bloomer led BSF's work on these complex class settlement issues.

Litigation Highlights

BS&F Makes New Law on Personal Jurisdiction

BS&F made significant new law at the intersection of contemporary internet technology with traditional principles of personal jurisdiction in a recent pro bono representation. The opinion of the U.S. Court of Appeals for the Ninth Circuit in *Pebble Beach v. Caddy*, 453 F.3d 1151 (9th Cir. 2006), has now established the standard for the exercise of personal jurisdiction by American courts over foreign defendants based exclusively on the defendant's operation of a passive website. The decision was a major victory for our client as well, as the court of appeals affirmed the district court's dismissal for lack of personal jurisdiction.

The case was brought by the world-famous Pebble Beach golf course in California against the firm's client, Michael Caddy, the operator of an allegedly infringing website (www.pebblebeach-uk.com) which Mr. Caddy used to advertise his restaurant/bed & breakfast named Pebble Beach, which is located in Hampshire, England. Mikal Condon of the Oakland office successfully argued in the Ninth Circuit that operation of website was not sufficient contact with the forum to establish personal jurisdiction.

Court Upholds \$27 Million Treble-Damage Jury Award

In February of this year, after a three-week jury trial, Bill Isaacson, Tanya Chutkan, Jennifer Milici and John Clifford won a \$11.5 million antitrust verdict for a class of scrap metal sellers against defendant Columbia Iron & Metal. On September 30, federal Judge Kathleen O'Malley in Cleveland issued a 51-page decision denying Columbia's post-trial motions. The opinion includes a scathing rejection of defendant's assertions of an unfair trial.

"Indeed, given Columbia's conduct throughout the trial -- including conduct tantamount to suborning perjury by a key witness -- and the Court's exercise of significant restraint in connection with that misconduct so as to afford Columbia,

out of an abundance of caution, the fairest trial possible, Columbia's claim now that the trial was 'unfair' is, to be put mildly, surprising."

The court's perjury reference related to Bill Isaacson's cross-examination, in which Columbia's owner and CEO admitted that, after his dismal performance on the stand earlier in the trial, his lawyers had prepared an "outline" -- later described as a "script" by the judge -- for his testimony.

The court rejected every one of Columbia's assertions of error, and, in a separate Order, granted the firm's petition for fees and costs. The judgment against Columbia, after trebling and reductions for prior settlements, exceeds \$27 million.

Firm Represents Excelsior in Bid for New York Racing Franchise

Jonathan Schiller, Hamish Hume and Nick Jabbour in the Washington DC office have been working closely with the principals of Excelsior Racing Associates, a new joint venture that is bidding to win a franchise from New York State to operate three of the nation's premier thoroughbred racetracks -- Belmont, Aqueduct and Saratoga. Excelsior includes a number of prominent business partners, including the Steinbrenner family (led by Steve Swindal, George Steinbrenner's son-in-law), Coastal Development (led by Richard Fields, a real estate developer), Tishman Speyer, and the Johnston family, who own the Maywood and Balmoral race-tracks in Illinois.

New York State owns the three racetracks, and the franchise that Excelsior is seeking comprises all horseracing operations at the tracks, which generate wagers totaling more than \$2.5 billion per year. The franchise is currently held by

the New York Racing Association (NYRA), which has operated the racetracks for over fifty years. NYRA's franchise is scheduled to expire at the end of 2007, and the State has appointed a Special Committee to recommend the best entity to be awarded a new franchise for the next twenty years. Excelsior is one of several groups that submitted bids on August 29, 2006.

BS&F has provided legal advice to the Excelsior principals on a variety of issues, many of which remain confidential. The Firm also took the lead in creating a list of inquiries for evaluating the bids that were submitted to the Special Committee that is overseeing the bid process. The Committee was originally scheduled to issue its recommendation on September 29, 2006, but has postponed that deadline indefinitely.

Litigation Highlights

Yankee Stadium Litigation Success

During August and September, Jonathan Schiller and Jonathan Shaw successfully defended the New York Yankees against litigation in both state and federal court involving successive efforts by community groups in the Bronx to obtain temporary restraining orders and, failing that, preliminary

injunctive relief against construction of the new Yankee Stadium on environmental grounds.

Groundbreaking for the new Stadium occurred in late August and construction is well underway.

Miami's Philip Morris Team Attains Puerto Rico Win

Continuing an unbroken streak of litigation success on behalf of client Philip Morris in U.S. District Court in Puerto Rico, the Miami office recently obtained dismissal of the first-ever tobacco-related civil RICO case in that court. Plaintiff's only claim was based on Philip Morris' purported violations of the Racketeer Influenced and Corrupt Organizations Act. In his dismissal order, Judge Gelpi stated "without a doubt, plaintiff's allegations, even if true, do not give rise to a cause

of action No more need be said." Plaintiff Cecilia Miller Cruz was attempting to recover for the death of her daughter, Yolanda Diaz Miller, a life-long smoker who had been diagnosed with lung cancer and brain cancer.

Steve Zack was lead counsel, assisted by Andrew Brenner, Patricia Melville and Luis Suarez. Since 2002, the Miami office has handled all of Philip Morris's Puerto Rico litigation matters without sustaining a single loss.

BS&F Defends Investment Bank Employee Raiding Case

BS&F is currently defending Incapital LLC, a Chicago-based investment bank, in an employee raiding case brought by LaSalle National Bank. LaSalle claims that Incapital improperly hired a team of traders and salesmen, and also misappropriated proprietary information. Although LaSalle's claims are subject to mandatory arbitration before the National Association of Securities Dealers, LaSalle has attempted to evade the limitations on discovery in arbitration proceedings by bringing parallel lawsuits against Incapital in federal and state court. LaSalle maintains that it is entitled to

pursue this discovery while it seeks preliminary injunctions pending the outcome of the arbitration.

In September, BS&F succeeded in persuading the federal and state courts to stay their proceedings in favor of the arbitration, where BSF has argued the merits of LaSalle's claims must be litigated. In the arbitration, Incapital is also asserting an abuse of process claim against LaSalle based upon LaSalle's pursuit of the state and federal litigations. Alfred Levitt, Todd Thomas, Paul Kunz, and Courtney Clixby have led BS&F's representation of Incapital in this matter.

Firm Wins Total Victory in Del Monte Jury Trial

After a three-week trial in November, a jury in Miami-Dade County returned a complete defense verdict in favor of the Firm's long-time client, Fresh Del Monte Produce Inc. and its chairman and chief executive officer.

The suit was brought by five minority shareholders in the Mexican corporation which sold Del Monte to its current ownership in 1996. The plaintiffs alleged that our client used bribery to win an auction for the company in the face of higher bids. The case garnered significant media attention when it was filed, appearing on the front business page of The New York Times. The trial was covered on a daily basis by The Miami Herald.

The focus of plaintiffs' case was a payment of \$321,000

made to the chairman of the selling company. The defendants' evidence showed that the payment was a legitimate sales bonus which the chairman had requested in order to pay tax obligations. The plaintiffs' principal witness was a former senior officer of the selling Mexican corporation. Key defense witnesses were the chairman of Del Monte and the former Lehman Brothers banker who headed the transaction team.

This outstanding result was the work of Carlos Sires, who served as Del Monte's lead trial counsel, with assistance from Carl Goldfarb, Jim Grippando and legal assistant Michael Calvin.

Pro Bono Highlights

Armonk Attorneys Achieve Justice For Abused Minors

In July, BS&F negotiated a settlement of \$1 million in a *pro bono* personal injury action. Our clients are the legal guardians and prospective adoptive parents of two minor sisters, now 15 and 11 years old, who were the victims of multiple rapes by three men over a two-year period, beginning when the older sister was 10. The attackers and the girls' mother pleaded guilty and were sentenced to prison, including one defendant who is serving 10 years.

One of the attackers and his new wife are co-owners of an 85-acre farm in upstate New York where some of the abuse occurred. When BS&F learned in February that they were preparing to sell a portion of the farm, we sought and obtained an Order of Attachment without notice in the

amount of \$10 million. This order prevented the farm's sale and eventually allowed us to freeze other assets. The money for the settlement will come from the sale of the farm and will be used to establish a medical and educational trust for the benefit of both sisters.

Presently, the firm is in the process of establishing the medical and educational trust for the children and seeking court approval of the settlement. Armonk associate Ian Du-main is primarily responsible for this matter, working with partner Chris Green and assisted by associate Rick Bettan, summer associate Quinn Curtis, case manager Patrick Dennis and paralegal Beth Brivic.

BS&F Pro Bono Efforts Secure Defendant's Right to Counsel In Landmark Criminal Environmental Case

A recent *pro bono* case handled by Albany partner Adam Shaw and associate Anne Nardacci gained the right to new counsel for a father who, along with his son, had been sentenced to the longest federal jail sentences in U.S. history for environmental crimes.

The father, Raul Salvagno, was convicted for his role in illegal asbestos removal activities conducted throughout New York State and was sentenced to 19.5 years in prison. His son, convicted of the same crimes, was sentenced to 20 years imprisonment. Both claimed that their sentences were impermissibly tainted by their attorneys' ethical conflicts. The

United States District Court for the Northern District of New York appointed BS&F as special conflict counsel to evaluate whether Raul Salvagno's representation had been tainted by the alleged conflicts and to recommend a course of action to the Court. After a series of interviews, in-depth research and a contested hearing, Shaw and Nardacci convinced the Court that the prior representation was tainted by conflicts and persuaded the Court to appoint new counsel for Mr. Salvagno before proceeding with re-sentencing or any appeal. Albany paralegal Jacob Day provided the attorneys with valuable assistance.

BS&F Defends Armenian Asylum Applicant

The U.S. Court of Appeals for the Ninth Circuit recently appointed Steve Tidrick of the Oakland office as *pro bono* counsel for Luiza Hakobyan. Ms. Hakobyan is appealing an order of the Board of Immigration Appeals which affirmed an immigration law judge's denial of her application for politi-

cal asylum.

Ms. Hakobyan fled Armenia due to persecution arising from her sexual orientation, which included injuries she suffered from police brutality that also led to her girlfriend's death.

Chris Green Honored With "Partner in Justice Award"

On October 17, 2006, BS&F partner Chris Green was presented a "Partner in Justice Award" by Legal Services of the Hudson Valley in recognition of the firm's *pro bono* representation of Mrs. Catherine Montenero. Also recognized were associate Rick Bettan, case manager Pat Dennis and paralegal Beth Brivic.

In June 2005, BS&F was asked by LSHV to represent Mrs. Montenero, an 85-year-old widow from Milan, NY, in defending a foreclosure action. That action, seeking to enforce a default judgment for \$28,000, was brought by a law firm that had represented Mrs. Montenero in a property dis-

pute. The Court granted BS&F's motion to vacate the 1997 default judgment and dismiss the foreclosure action, agreeing that Mrs. Montenero's former law firm had improperly induced her to sign a contingency fee retainer agreement after first agreeing to represent her on a *pro bono* basis and failed to accurately set forth the facts concerning the *pro bono* retention in its fee complaint.

When faced with discovery requests for records relating to its other *pro bono* clients, the law firm agreed to dismiss all of its claims against Mrs. Montenero.

Items of Interest

Armonk Office:

Lawyers from the Armonk and NYC offices devoted two evenings recently to attending training sessions with prominent Family Court judges, magistrates and practitioners in preparation to undertake *pro bono* work for the Northern Westchester Shelter. The Shelter provides temporary housing and legal services to victims of domestic violence. The program was introduced to the firm by **Lee Wolosky** (whose wife is on the Board of the Shelter) and **Chris Green**, and is being coordinated by **Mary Hamill**.

Miami Office:

Steve Zack was honored by Florida Trend magazine as one of Florida's Legal Elite in the field of commercial litigation, as well by the Miami Herald as a Top Florida Lawyer.

New York City Office:

Harlan Levy was keynote speaker this August at a national conference on the Ethical, Legal and Social Implications of the Human Genome Project. The conference was held at the Tuck School of Business at Dartmouth College and funded by the National Institutes of Health. Harlan also served this July as a member of the Faculty of the New York County District Attorney's Office Trial Advocacy Program.

Nick Gravante was elected President of the Lords Valley Country Club in Hawley, Pennsylvania.

Washington, DC Office:

David Boyd was recently selected as one of The Best Lawyers in America in the specialty of Securities Law.

Scott Gant has published a law review article and op-ed in *The Christian Science Monitor* arguing that the 22nd Amendment, which bars being "elected" President more than twice, would not preclude Bill Clinton from running for Vice President.

Boies, Schiller & Flexner LLP:

BS&F has been recognized by Global Competition Review as one of the Top 100 Competition Law Firms in the world.

Client Spotlight: The Greenberg/Starr Matters

The activity by Boies, Schiller & Flexner on the “Greenberg/Starr” matters encompasses a vast array of work. It generally falls into several categories, described below.

Maurice R. (“Hank”) Greenberg

BS&F represents Maurice R. Greenberg, former Chairman and CEO of American International Group, Inc. (“AIG”), in defending an action filed by the New York Attorney General’s Office and the New York Superintendent of Insurance alleging claims for fraud under the Martin Act and other statutes. In September, the firm’s vigorous defense bore fruit, when the Attorney General’s office filed an amended complaint that dropped several of the most significant claims against Mr. Greenberg. Discovery is continuing and, upon its completion, we anticipate filing a motion for summary judgment to dismiss the remainder of the case.

The firm also represents Mr. Greenberg, Ernest Stempel and John Roberts in their capacities as Executors of the Es-

tate of Cornelius Vander Starr. Mr. Starr founded C.V. Starr and Starr International and some of the insurance businesses that are now part of AIG. The New York Attorney General has alleged that decades ago, the Executors breached fiduciary duties owed to The Starr Foundation (the estate’s ultimate charitable beneficiary) by selling the estate’s stock in the Starr companies for less than amounts realized in later, unrelated asset exchanges. The Attorney General’s office took the unusual step of issuing a report of its allegations to The Starr Foundation, claiming that the Foundation suffered damages of some \$6 billion. Our legal team prepared a white paper refuting the Attorney General’s allegations and the Foundation is now undertaking an independent investigation.

Starr International/AIG Disputes

Starr International Company, Inc., is one of two private companies which Mr. Greenberg serves as Chairman. In 1970, Starr International became a major shareholder in American International Reinsurance Company, which later merged into AIG. Starr International’s AIG stake has grown in value from about \$130 million in 1970 to some \$20 billion today. As owner of over 11% of AIG’s stock, Starr International is the largest shareholder in one of the world’s largest companies.

As a major AIG shareholder, Starr International, voluntarily and at its own discretion, established a series of deferred compensation plans beginning 1970 for the benefit of select employees of AIG. The plans were intended to compensate the most highly-valued of AIG’s employees, and only about 700 of AIG’s more than 80,000 employees participated in the final plan in 2003. In 2005, around the time of Mr. Greenberg’s retirement from AIG, Starr International determined that it would not operate any future plans, although it would honor grants previously made according to their original terms.

Soon afterward, Starr International, represented by BSF, sued AIG in the Southern District of New York, demanding the return of an art collection that it owned (including paintings by Van Gogh and Vlaminck) and which had been displayed in AIG offices around the world. AIG counter-

claimed for breach of contract, unjust enrichment, constructive trust, breach of fiduciary duty and conversion, arguing that Starr International was required to use its \$20 billion worth of AIG stock to compensate AIG employees in perpetuity, and for no other purpose – despite the absence of any written agreement to that effect. AIG also claimed that AIG employees must comprise a majority of the Starr International board of directors.

Litigation in this case has involved extracting extensive discovery from non-parties, including AIG’s longtime auditor, PricewaterhouseCoopers LLP (“PwC”). The firm won a hotly-contested motion to compel discovery from PwC, resulting in production of over 400,000 pages – which has provided tremendous support for our defenses – and depositions of two senior PwC executives. Starr International and AIG are nearing the end of discovery and a trial is expected to take place next year before Judge Barbara Jones.

The Firm recently settled an action brought by Starr International against AIG under the Delaware Corporation Law to obtain minutes of AIG board of directors meetings. The lawsuit arose out of new management’s decision, following Mr. Greenberg’s retirement, to change a longstanding policy allowing shareholders at annual meetings to inspect board minutes.

Client Spotlight: The Greenberg/Starr Matters

AIG Securities and Derivative Litigation

The firm represents Mr. Greenberg in four related securities fraud actions in the Southern District of New York. These include a consolidated securities fraud class action, in which the firm also represents Starr International, C.V. Starr and Edward E. Matthews, the former Vice Chairman of AIG; an opt-out securities fraud action that also includes supplemental state law claims; a consolidated ERISA class action; and a shareholder derivative action. In addition, there is a

companion derivative action in Delaware Chancery Court.

All of these lawsuits assert claims based in part on the conduct alleged in the New York Attorney General's complaint, as well as broader claims based upon transactions and business practices that were the subject of a restatement that AIG made in its 2004 Form 10-K, and claims of market manipulation.

C.V. Starr/AIG Disputes

BS&F represents C.V. Starr & Co., Inc. and its subsidiary managing general insurance agencies (collectively "C.V. Starr"), of which Mr. Greenberg is Chairman and CEO. C.V. Starr had been a major producer of highly specialized insurance coverage on behalf of AIG insurance subsidiaries. After Mr. Greenberg's resignation, AIG terminated C.V. Starr as managing general agent.

In some 15 court actions and arbitrations in the United States and overseas, C.V. Starr seeks to enforce its contract rights against AIG and obtain damages for AIG's wrongful termination of its agency rights and for unpaid commissions.

Starr Corporate Matters

In addition to our extensive litigation work, the Starr companies have retained BS&F to advise them in a number of significant corporate transactions. Among these are an ongoing multi-jurisdictional restructuring of Starr International. In connection with a partial recapitalization, this has included the formation of a new charitable entity that will enjoy substantial dividend rights and an interest in Starr International's residual equity in the event of a liquidation or dis-

solution.

The firm also designed and implemented a liquidity program for Starr International. In addition, we are handling corporate transactions for both Starr companies, including the pending \$250+ million acquisition by Starr International and two co-investors of an indirect control position in a Chinese financial institution.

Additional Starr Matters

The firm represents a C.V. Starr managing general agency, C.V. Starr & Co. (California) in the defense of a contract claim by a Mississippi company that purchased a policy from Life Insurance Company of Pennsylvania ("LICOP"), an AIG subsidiary, where C.V. Starr (California) served as AIG's managing general agent and Marsh & McLennan the broker. The case was transferred from Mississippi federal court to the consolidated Marsh multidistrict litigation pending in the District of New Jersey. KLLM, Inc. v. Marsh,

U.S.A., Inc., Civ. Action No. 05-4046 (D.N.J.). A strong motion to dismiss the complaint is pending and discovery is ongoing.

BS&F represents Starr International in an action filed just last month in Civil Court in Barbados. The complaint alleges that Starr International owes Union Excess Reinsurance Company, Ltd. over \$115 million as a result of a swap agreement with Starr International.