

Dewey & LeBoeuf Liquidation Trust

**First Quarterly Report of the Liquidating Trustee
August 15, 2013**

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I. EXECUTIVE SUMMARY.

The Liquidating Trustee submits this Quarterly Report for the period March 23, 2013 to June 30, 2013, consistent with his duties under Section 6.9(a) of the Liquidation Trust Agreement.¹ Section 6.9(a) of the Liquidation Trust Agreement requires that the Liquidating Trustee provide a quarterly update to the Oversight Committee covering:

- (i) the status of the Avoidance Actions and the other Causes of Action constituting Trust Assets, including PCP-Related Claims, Non-PCP Avoidance Actions and Mismanagement Claims, and any settlements entered into by the Trust during the most recent quarter;
- (ii) the status of Disputed Claims and any additional Beneficial Interests issued during the most recent quarter;
- (iii) the fees and expenses of the Trust and the Liquidating Trustee, including any professional fees, incurred and/or earned during the most recent quarter, and any permitted variance in respect thereof from the Budget then in effect;
- (iv) a description of the status of all other Trust Assets not covered in Section 6.9(a)(i), including a schedule of those received and/or disposed of by the Trust during the most recent quarter;
- (v) the aggregate amount of Distributions from the Trust to Secured Lender Beneficiaries and to GUC Beneficiaries during the most recent quarter; as well as calculations of the GUC Distribution and the Secured Lender Distribution during such quarter;
- (vi) the status of the Liquidation Reserve, the Disputed Claims Reserve, the Admin/Priority Claims Reserve, as well as the status of the Disputed Claims, in each case as of such time; and
- (vii) such other information as any member of the Oversight Committee may reasonably request from time to time.

Liquidation Trust Agreement § 6.9(a).

¹ All capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Liquidation Trust Agreement [Docket No. 1131] or the Plan [Docket No. 807].

In preparing this Quarterly Report, the Liquidating Trustee has relied upon the integrity and accuracy of the information and documents supplied by counsel and various advisors and staff of the Liquidation Trust. Although the Liquidating Trustee has attempted to corroborate the information and documents he has obtained from different sources, he has not independently verified all of the information and documentation he has relied upon in preparing this Quarterly Report. Nothing in this Quarterly Report can be used against the Liquidating Trustee, the Oversight Committee, or the Liquidation Trust's counsel, advisors and staff in litigation or otherwise.

As set forth in the *Second Post-Confirmation Report*, dated July 16, 2013 [Docket No. 1552], the Liquidation Trust recovered approximately \$99,665,368 in the quarter. This amount included approximately: (i) \$17,466,794 in Liquidation Trust funding; (ii) \$214,307 in reimbursements from the Secured Lender Trust; (iii) \$62,315,823 in Initial PCP/Unfinished Business Proceeds; (iv) \$19,000,000 in Mismanagement Claim settlement proceeds; and (v) \$668,444 in art auction proceeds and various refunds. A schedule of the Liquidation Trust's cash receipts and disbursements as of June 30, 2013 is attached hereto as **Exhibit 1**.

1,319 proofs of claim have been filed against the Debtor, certain of which assert more than one priority (i.e., a priority claim portion and an unsecured claim portion). Such claims have been bifurcated and categorized in this Quarterly Report by each priority, raising the total claim count to 2,146. During the quarter, the Liquidating Trustee made substantial progress on claims reconciliation. As of July 23, 2013, of the 2,146 claims: (i) 471 claims have been deemed Allowed; (ii) 786 claims have been expunged; (iii) 599 claims are the subject of pending objections (including 25 contingent and/or unliquidated claims); and (iv) 290 claims are subject to further reconciliation and/or objection (including 33 contingent and/or unliquidated claims).

II. STATUS UPDATE.

The Liquidating Trustee submits the following information in this Quarterly Report: (i) Section A – status of Trust Causes of Action; (ii) Section B – status of Disputed Claims; (iii) Section C - fees and expenses of the Liquidation Trust; (iv) Section D - all other Trust Assets; (v) Section E - distributions from the Liquidation Trust to Secured Lender Beneficiaries and to GUC Beneficiaries; and (vi) Section F - status of the Liquidation Reserve and the Admin/Priority Claims Reserve.

A. TRUST CAUSES OF ACTION.

1. Mismanagement Claims.

By Order dated May 30, 2013 [Docket No. 1472], the Bankruptcy Court approved a settlement agreement between the Liquidation Trust, Steven H. Davis and XL Specialty Insurance Company, resolving all Mismanagement Claims. On June 28, 2013, the Liquidation Trust received the \$19 million XL Settlement Payment and a note from Davis.

2. Former Partner Claw Back Actions.

The Liquidation Trust has claw back claims against non-settling former partners. Settlement demand letters have been sent to 33 non-settling former partners. In the coming weeks, the Liquidating Trustee anticipates continuing settlement discussions with the non-settling former partners. The Liquidation Trust also has claw back claims against an additional 23 non-settling former partners with unresolved proofs of claim. As of July 15, 2013, settlements have been reached with 6 of these non-settling former partners and the Liquidating Trustee is in the process of issuing settlement demands to the remaining non-settling former partners. The Liquidation Trust also has claw back claims against Stephen DiCarmine, Dewey's former Executive Director and Joel Sanders, Dewey's former Chief Financial Officer.

On July 3, 2013, the Liquidating Trustee filed a status report with the Bankruptcy Court [Docket No. 1509], setting forth a two-track approach to address the unresolved proofs of claim

of certain non-settling former partners. First, the Liquidating Trustee would file supplemental briefing for prompt resolution of a claim for the return of a capital contribution. The Liquidating Trustee anticipates addressing this claim over the next two months. Second, the Liquidating Trustee would file, by September 18, 2013, adversary proceedings against the remaining non-settling former partners. For judicial efficiency, the adversaries would combine the avoidance actions against the former partners with the objections to the former partners' claims.

A critical element of the claw back claims against non-settling former partners is establishing the date the Debtor became insolvent. Diamond McCarthy LLP, on behalf of the Liquidation Trust, has retained a consultant to conduct a solvency analysis. The consultant has begun to gather and analyze thousands of documents related to the financial condition of the Debtor in the years prior to bankruptcy. The consultant's preliminary report and analysis is anticipated by the end of August 2013 or before.

3. Unfinished Business Claims.

The Liquidation Trust has Unfinished Business / Jewel Claims against approximately forty firms. On July 26, 2013, the Liquidation Trust filed an application for an order pursuant to Bankruptcy Rule 2004 requiring the target law firms to produce documents and the firms or former partners to appear for deposition [Docket No. 1565]. The Liquidating Trustee anticipates filing suit against some of the firms by September 18, 2013, in conjunction with the pursuit of claw back claims against non-settling former partners at those firms.

4. Preference Actions.

The Liquidation Trust has preference actions against over one hundred parties. To date, the Liquidating Trustee has: (i) sent demand letters to 108 parties who received payments during the preference period in the aggregate amount of \$26,396,810; and (ii) finalized 3 settlements for approximately \$34,000. The Liquidating Trustee is currently assessing potential preference actions against other parties and anticipates filing suit in connection with all non-settled preference actions in the upcoming weeks.

B. DISPUTED CLAIMS.

To date, the Debtor and the Liquidating Trustee have filed twenty-three omnibus objections to proofs of claims. The status of all claims filed against the Debtor is as follows:²

Administrative Claims

	Allowed	Expunged	Objections Pending	Disputed
Number of Claims	18	105	141	15
Amount	\$1,418,017.93	\$716,813.27	\$272,922.79	\$1,679,485.64

Priority Claims³

	Allowed	Expunged	Objections Pending	Disputed
Number of Claims	65	201	142	147
Amount	\$575,036.99	\$452,151.31	\$8,663,517.83	\$1,522,412.65

Secured Claims

	Allowed	Expunged	Objections Pending	Disputed
Number of Claims	26	91	147	16
Amount	\$261,954,010.77	\$134,847,052.15	\$27,374,747.81	\$10,993,540.93

² Claims categorized as “Disputed” refer to claims that are subject to further reconciliation and/or objection. Because some claims assert more than one priority (i.e., a priority claim portion and an unsecured claim portion), they have been scheduled herein in each applicable category.

³ This chart does not include potential liability relating to the WARN class action adversary proceeding, which seeks both priority and unsecured damages.

General Unsecured Claims

	Allowed	Expunged	Objections Pending	Disputed
Number of Claims	362	389	169	112
Amount	\$150,525,730.47 ⁴	\$35,830,297.57	\$97,559,657.76	\$140,106,282.29

C. FEES AND EXPENSES OF THE LIQUIDATION TRUST.

A schedule of the fees and expenses of the Liquidation Trust is attached hereto as **Exhibit 2**. For the period March 22, 2013 to June 30, 2013, the Liquidation Trust paid \$634,133 in professional fees and expenses and \$1,334,678 in operating expenses, including costs incurred to comply with records and data retention obligations of the Liquidation Trust.

D. ALL OTHER ASSETS OF THE LIQUIDATION TRUST.

A schedule detailing all other Trust Assets liquidated through June 30, 2013 is attached hereto as **Exhibit 3**. The Liquidation Trust's other assets include: (i) art auction proceeds and miscellaneous refunds and reimbursements; (ii) 47 PCP Notes with an aggregate face amount of approximately \$8 million; (iii) pending UK PCP recoveries of approximately £580,000; (iv) the Debtor's interest in Bar Assurance & Reinsurance Limited, which is potentially worth several millions of dollars; (v) miscellaneous intellectual property, including the DL domain name; (vi) certain professional liability causes of action; and (vii) potential insurance recoveries, including reimbursements of defense costs.

⁴ This amount does not include the Secured Lender Deficiency Claim, which is an allowed general unsecured claim in the amount of \$100 million.

E. LIQUIDATION TRUST DISTRIBUTIONS.

A schedule detailing the aggregate distributions from the Liquidation Trust to Secured Lender Beneficiaries and GUC Beneficiaries in the quarter is attached hereto as **Exhibit 4**. On June 28, 2013, the Liquidation Trust distributed \$40 million to the Secured Lender Beneficiaries.

**F. LIQUIDATION RESERVE AND
ADMIN/PRIORITY CLAIMS RESERVE.**

As of June 30, 2013, the Liquidation Trust had the following reserves: (i) Liquidation Reserve: \$1,607,509; and (ii) Admin/Priority Claims Reserve: \$8,306,975. The Liquidating Trustee continues to review and reconcile contingent, unliquidated, and Disputed Claims and as the reconciliation progresses, will establish sufficient Disputed Claim Reserves, as necessary.

EXHIBIT 1

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

BANK ACCOUNTS

ACCOUNT NAME ACCOUNT NUMBER (LAST 4)	Checking #0067	Funding #0070	Admin/Priority Reserve #0069	Admin/Priority Excess Reserve #0071	PCP Proceeds #0066	Wilmington Trust #4460-000	Miscellaneous Proceeds #0068	Total
CASH - BEGINNING OF PERIOD⁽¹⁾	-	-	-	-	1,320,388	-	-	1,320,388
RECEIPTS								
Liquidation Trust Funding	500,000	2,000,000	14,787,313	179,481	-	-	-	17,466,794
Secured Lender Trust Reimbursement	214,307	-	-	-	-	-	-	214,307
Initial PCP/Unfinished Business Recoveries	-	-	-	-	62,315,823	-	-	62,315,823
Subsequent PCP/Unfinished Business Proceeds	-	-	-	-	-	-	-	-
Mismanagement Claims Proceeds	-	-	-	-	-	-	19,000,000	19,000,000
Initial Insurance Company Proceeds	-	-	-	-	-	-	-	-
Subsequent Insurance Company Proceeds	-	-	-	-	-	-	-	-
Non-PCP Avoidance Actions	-	-	-	-	-	-	-	-
Harris Contingency Fee Claims Proceeds	-	-	-	-	-	-	-	-
All Other Assets	-	-	-	-	-	1,740	666,704	668,444
Net Transfers	1,818,000	(955,986)	-	-	(60,862,014)	60,000,000	-	-
TOTAL RECEIPTS	2,532,306	1,044,014	14,787,313	179,481	1,453,809	60,001,740	19,666,704	99,665,368
DISBURSEMENTS								
Trust Wind Down Staff Compensation	591,911	-	-	-	-	-	-	591,911
Employee Expense Reimbursements	986	-	-	-	-	-	-	986
Out of Pocket Expenses	-	-	-	-	-	-	-	-
Occupancy Expenses	98,854	-	-	-	-	-	-	98,854
IT / Critical Systems	204,144	-	-	-	-	-	-	204,144
Records Management	174,000	-	-	-	-	-	-	174,000
Storage	178,272	-	-	-	-	-	-	178,272
Communication	375	-	-	-	-	-	-	375
Insurance	35,150	-	-	-	-	-	-	35,150
US Trustee	-	-	-	-	-	-	-	-
Other Operating Expenses	50,987	-	-	-	-	-	-	50,987
Trustee Expense	106,726	-	-	-	-	-	-	106,726
Trust Expenses - Legal Counsel	367,298	-	-	-	-	-	-	367,298
Trust Expenses - Financial Advisor	123,279	-	-	-	-	-	-	123,279
Trust Expenses-Experts and Litigation Consultants	-	-	-	-	-	-	-	-
Oversight Committee	11,250	-	-	-	-	-	-	11,250
Delaware Trustee	2,078	-	-	-	-	-	-	2,078
Disbursing Agent	23,502	-	-	-	-	-	-	23,502
Liquidation Trust Tax Return	-	-	-	-	-	-	-	-
Leased Equipment (Ch. 11)	-	-	90,073	-	-	-	-	90,073
Records Management/Storage (Ch. 11)	-	-	61,233	-	-	-	-	61,233
Record Destruction	-	-	281,282	-	-	-	-	281,282
Other Operating Expenses (Ch. 11)	-	-	46,447	-	-	-	-	46,447
Professional Fees (Ch. 11)	-	-	5,587,499	-	-	-	-	5,587,499
Administrative Claims	-	-	182,000	-	-	-	-	182,000
Priority Claims	-	-	250,932	-	-	-	-	250,932
Distributions	-	-	-	-	-	40,000,000	-	40,000,000
Post-Petition Refund	-	-	(19,129)	-	-	-	-	(19,129)
TOTAL DISBURSEMENTS	1,968,811	-	6,480,338	-	-	40,000,000	-	48,449,149
NET CASH FLOW	563,495	1,044,014	8,306,975	179,481	1,453,809	20,001,740	19,666,704	51,216,219
CASH - END OF PERIOD	563,495	1,044,014	8,306,975	179,481	2,774,198	20,001,740	19,666,704	52,536,607

TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES 48,449,149

(1) Note: \$1.32mm of PCP Proceeds were deposited before the effective date, March 22, 2013.

EXHIBIT 2

Dewey & LeBoeuf Liquidation Trust - Fees and Expenses

For the Period: March 22, 2013 - June 30, 2013

3 Months Ending:	6/30/2013	6/30/2013	Variance	Actual as a % of Budget
	Cash Budget	Actual Paid		
Employee Expenses				
Wind Down Compensation	\$ (662,778)	\$ (591,910)	\$ 70,868	89.3%
Employee Expense Reimbursements	(6,500)	(986)	5,514	15.2%
Out of Pocket Expenses	(3,250)	-	3,250	0.0%
Operating Expenses				
Occupancy Expenses	(96,253)	(98,854)	(2,601)	102.7%
IT / Critical Systems	(226,657)	(204,144)	22,514	90.1%
Records Management ¹	(150,000)	(174,000)	(24,000)	116.0%
Storage ¹	(120,000)	(178,272)	(58,272)	148.6%
Communication	(375)	(375)	-	100.0%
Insurance	(35,150)	(35,150)	-	100.0%
US Trustee	-	-	-	NA
Other Operating Expenses	(60,000)	(50,987)	9,013	85.0%
Professional Expenses				
Trustee Expense	(148,000)	(106,726)	41,274	72.1%
Trust Expenses - Legal Counsel	(1,514,972)	(367,298)	1,147,673	24.2%
Trust Expenses - Financial Advisor	(198,000)	(123,279)	74,721	62.3%
Trust Expenses - Experts and Litigation Consultants	-	-	-	NA
Oversight Committee	(11,250)	(11,250)	-	100.0%
Delaware Trustee	(3,000)	(2,078)	923	69.3%
Disbursing Agent	(40,000)	(23,502)	16,498	58.8%
Liquidation Trust Tax Return	(15,000)	-	15,000	0.0%
Total Expenses	\$ (3,291,185)	\$ (1,968,810)	\$ 1,322,374	59.8%

(1) Allowable expenses should not exceed 10% of budget on an annual basis

EXHIBIT 3

Dewey & LeBoeuf Liquidation Trust - All Other Assets

As of 6/30/13

Date	Payor	Category	Description	Amount
4/5/13	Meridian VAT Trustees	All Other Assets	Pre-Petition VAT Refund	\$ 95
4/5/13	Weschler's	All Other Assets	Art Proceeds	429,525
4/5/13	Weschler's	All Other Assets	Art Proceeds	34,819
4/5/13	Weschler's	All Other Assets	Art Proceeds	98,050
4/26/13	Verizon CRG	All Other Assets	Pre-Petition Refund	3,418
5/9/13	Lowenstein Sandler	All Other Assets	Misc. Refund	238
5/9/13	Weschler's	All Other Assets	Art Proceeds	5,786
5/21/13	Commonwealth of Mass	All Other Assets	Abandoned Property Recovery	72
5/21/13	UST	All Other Assets	Restitution	288
5/21/13	Weschler's	All Other Assets	Art Proceeds	7,441
5/21/13	Wage Works Inc	All Other Assets	Pre-petition Benefits Reimbursements	371
5/28/13	Wage Works Inc	All Other Assets	Unclaimed Property	204
5/28/13	Commonwealth of Pennsylvania	All Other Assets	Unclaimed Property	309
5/28/13	Federal Insurance Co	All Other Assets	Pre-petition Workers Comp Refund	31,435
5/28/13	Federal Insurance Co	All Other Assets	Pre-petition Workers Comp Dividend	54,479
5/30/13	US Treasury	All Other Assets	Interest on PCP Funds	293
6/12/13	MCTMT Refund	All Other Assets	Tax Refund	119
6/12/13	MCTMT Refund	All Other Assets	Tax Refund	56
6/27/13	US Treasury	All Other Assets	Interest on PCP Funds	1,447
TBD	Former Partners	All Other Assets	PCP Notes	TBD
TBD	Former Partners	All Other Assets	UK PCP Recovery	TBD
TBD	Bar Assurance & Reinsurance Limited	All Other Assets	BAR Recovery	TBD
TBD	Undetermined	All Other Assets	Proceeds from Sale of Misc. IP	TBD
TBD	Undetermined	All Other Assets	Professional Liability Actions	TBD
TBD	Various Insurance Carriers	All Other Assets	Insurance Recoveries	TBD
				\$ 668,444

EXHIBIT 4

Dewey & LeBoeuf Liquidation Trust - Distributions

As of 6/30/13

Categories	Proceeds As of 6/30/2013	Secured Lender Allocation (%)	Unsecured Creditor Allocation (%)	Secured Lender Allocation (\$)	Unsecured Creditor Allocation (\$)	Total
Initial PCP/Unfinished Business Recoveries up to \$67.5 mm	\$63,636,211	80.0%	20.0%	\$50,908,969	\$12,727,242	\$63,636,211
Subsequent PCP/Unfinished Business Proceeds	-	49.5%	50.5%	-	-	-
Mismanagement Claims Proceeds	19,000,000	65.0%	35.0%	12,350,000	6,650,000	19,000,000
Initial Insurance Company Proceeds	-	50.0%	50.0%	-	-	-
Subsequent Insurance Company Proceeds	-	60.0%	40.0%	-	-	-
Non-PCP Avoidance Actions	-	65.0%	35.0%	-	-	-
Harris Contingency Fee Claims Proceeds	-	50.0%	50.0%	-	-	-
All Other Assets	668,444	70.0%	30.0%	467,911	200,533	668,444
Total	\$83,304,656			\$63,726,880	\$19,577,776	\$83,304,656
Actual Distribution				\$ 40,000,000	\$ -	\$ 40,000,000
Actual Distribution (FIFO)						
Initial PCP/Unfinished Business Recoveries				(\$39,731,221)	\$0	(\$39,731,221)
Subsequent PCP/Unfinished Business Proceeds				-	-	-
Mismanagement Claims Proceeds				-	-	-
Initial Insurance Company Proceeds				-	-	-
Subsequent Insurance Company Proceeds				-	-	-
Non-PCP Avoidance Actions				-	-	-
Harris Contingency Fee Claims Proceeds				-	-	-
All Other Assets				(268,779)	-	(268,779)
Total				(\$40,000,000)	\$0	(\$40,000,000)
Ending Asset Balances						
Initial PCP/Unfinished Business Recoveries				\$11,177,748	\$12,727,242	\$23,904,990
Subsequent PCP/Unfinished Business Proceeds				-	-	-
Mismanagement Claims Proceeds				12,350,000	6,650,000	19,000,000
Initial Insurance Company Proceeds				-	-	-
Subsequent Insurance Company Proceeds				-	-	-
Non-PCP Avoidance Actions				-	-	-
Harris Contingency Fee Claims Proceeds				-	-	-
All Other Assets				199,132	200,533	399,665
Total				\$23,726,880	\$19,577,776	\$43,304,656