

**Dewey & LeBoeuf Liquidation Trust**

**Second Quarterly Report of the Liquidating Trustee  
November 15, 2013**

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## **I. EXECUTIVE SUMMARY**

The Liquidating Trustee submits this Quarterly Report for the period July 1, 2013 to September 30, 2013, consistent with his duties under Section 6.9(a) of the Liquidation Trust Agreement.<sup>1</sup> 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).

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<sup>1</sup> 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 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 *Third Post-Confirmation Report*, dated October 15, 2013 [Docket No. 1753], the Liquidation Trust recovered approximately \$10,923,921 in the quarter. This amount included approximately: (i) \$226,021 in reimbursements from the Secured Lender Trust; (ii) \$1,624,378 in Initial PCP/Unfinished Business Proceeds; (iii) \$5,000,000 in Initial Insurance Company Proceeds; (iv) \$3,577,963 in Subsequent Insurance Company Proceeds; (v) \$388,947 in proceeds from Non-PCP Avoidance Actions; and (vi) \$106,612 in proceeds from other assets. A schedule of the Liquidation Trust's cash receipts and disbursements as of September 30, 2013 is attached hereto as **Exhibit 1**.

During the quarter, the Liquidating Trustee made additional progress on claims reconciliation. To date, of the 1,516 claims:<sup>2</sup> (i) 548 claims have been deemed Allowed; (ii) 631 claims have been expunged; (iii) 324 claims are the subject of pending objections (including 40 contingent and/or unliquidated claims); and (iv) 13 claims are subject to further reconciliation and/or objection (including 4 contingent and/or unliquidated claims). By Order dated August 20, 2013, the Claims Objection Deadline was extended to January 16, 2014. See Docket No. 1600.

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<sup>2</sup> 1,321 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 were bifurcated and categorized by each priority in the First Quarterly Report, dated August 15, 2013, raising the total claim count to 2,146. This previously reported "bifurcated" claims number included expunged claims that were marked in Epiq's claims register in multiple classifications with a \$0 where a claim was never asserted, e.g., a claim originally filed as a \$500 administrative claim was subsequently listed as a \$0 administrative, priority, secured and unsecured claim (four (4) separate bifurcated claims) after that claim was expunged. The Liquidating Trustee was able to reconcile the expunged claims for this report, which brings the bifurcated claim count down to 1,516.

## II. STATUS UPDATE

This Quarterly Report contains the following information: (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. *Former Partner Claw Back Actions.*

The Liquidation Trust has claw back claims against numerous 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. As of September 30, 2013, settlements were reached with 12 former partners. Ten of those former partners also had unresolved claims against the Liquidation Trust, which claims were resolved as part of the settlements. Settlements as of September 30, 2013 resulted in cash proceeds to the estate of over \$10,000 and a reduction in pending claims against the estate of approximately \$3.9 million. The Liquidating Trustee continues active negotiations with several former partners. Absent settlement, the Liquidating Trustee anticipates filing the first claw back actions against non-settling former partners in the near term. In connection therewith, the Liquidation Trust's insolvency consultant continues to develop the insolvency analysis.

#### 2. *Unfinished Business Claims.*

The Liquidation Trust has Unfinished Business / *Jewel* claims against approximately thirty-nine firms. During the quarter, a substantial settlement was reached with one of the firms. The Liquidating Trustee continues negotiations and information exchange with several *Jewel* targets. The Liquidating Trustee has also sought Court permission to compel the target law firms to turn over data

on their unfinished business matters. A hearing on the Liquidating Trustee’s motion to compel document production under Bankruptcy Rule 2004 is set for December 3, 2013.

3. *Preference Actions.*

The Liquidation Trust has preference actions against over one hundred parties. To date, the Liquidating Trustee has: (i) sent demand letters to 113 parties for transfers in the aggregate amount of \$27,313,780.19; and (ii) finalized 17 settlements for approximately \$610,659.53. 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 thirty-six omnibus objections to proofs of claims. The status of all claims filed against the Debtor is as follows:<sup>3</sup>

**Administrative Claims**

	Allowed	Expunged	Objections Pending	Disputed
Number of Claims	31	45	4	2
Amount	\$164,794.19	\$79,610,419.56	\$1,565,476.47	\$305,836.39

**Priority Claims<sup>4</sup>**

	Allowed	Expunged	Objections Pending	Disputed
Number of Claims	77	51	182	2
Amount	\$1,492,927.23	\$14,158,725.99	\$2,255,269.45	\$6,825.71

<sup>3</sup> 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.

<sup>4</sup> This chart does not include potential liability relating to the WARN class action adversary proceeding, which seeks both priority and unsecured damages.

**Secured Claims**

	Allowed	Expunged	Objections Pending	Disputed
Number of Claims	38	153	20	0
Amount	\$262,054,011	\$354,614,765.41	\$38,216,375.28	\$0.00

**General Unsecured Claims**

	Allowed	Expunged	Objections Pending	Disputed
Number of Claims	402	382	118	9
Amount	\$156,324,837.70 <sup>5</sup>	\$1,001,584,008.23	\$129,562,696.22	\$70,006,953.22

**C. FEES AND EXPENSES OF THE LIQUIDATION TRUST**

A schedule of the fees and expenses of the Liquidation Trust from March 22, 2013 to September 30, 2013 is attached hereto as **Exhibit 2**.

**D. ALL OTHER ASSETS OF THE LIQUIDATION TRUST**

A schedule detailing all other Trust Assets as of September 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; (ii) pending UK PCP recoveries of approximately £580,000; (iii) miscellaneous intellectual property, including the DL domain name; and (iv) potential insurance recoveries, including reimbursements of defense costs.

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<sup>5</sup> 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**. During the quarter, the Liquidation Trust distributed \$17 million to the Secured Lender Beneficiaries.

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

As of September 30, 2013, the Liquidation Trust had the following reserves: (i) Liquidation Reserve: \$1,211,610; and (ii) Admin/Priority Claims Reserve: \$2,924,462. 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**

Dewey & LeBoeuf Liquidation Trust

Report to the Oversight Committee

For the Period: July 1, 2013 - September 30, 2013

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
<b>CASH - BEGINNING OF PERIOD</b>	\$563,495	\$1,044,014	\$8,306,975	\$179,481	\$2,774,198	\$20,001,740	\$19,666,704	\$52,536,607
<b>RECEIPTS</b>								
Liquidation Trust Funding	-	-	-	-	-	-	-	-
Secured Lender Trust Reimbursement	226,021	-	-	-	-	-	-	226,021
Initial PCP/Unfinished Business Recoveries	-	-	-	-	1,624,378	-	-	1,624,378
Subsequent PCP/Unfinished Business Proceeds	-	-	-	-	-	-	-	-
Mismanagement Claims Proceeds	-	-	-	-	-	-	-	-
Initial Insurance Company Proceeds	-	-	-	-	-	-	5,000,000	5,000,000
Subsequent Insurance Company Proceeds	-	-	-	-	-	-	3,577,963	3,577,963
Non-PCP Avoidance Actions	-	-	-	-	-	-	388,947	388,947
Harris Contingency Fee Claims Proceeds	-	-	-	-	-	-	-	-
All Other Assets	-	-	-	-	-	622	105,990	106,612
Net Transfers	4,686,419	(1,044,014)	-	-	(3,642,405)	22,000,000	(22,000,000)	-
<b>TOTAL RECEIPTS</b>	<b>4,912,440</b>	<b>(1,044,014)</b>	<b>-</b>	<b>-</b>	<b>(2,018,027)</b>	<b>22,000,622</b>	<b>(12,927,100)</b>	<b>10,923,921</b>
<b>DISBURSEMENTS</b>								
Trust Wind Down Staff Compensation	404,747	-	-	-	-	-	-	404,747
Employee Expense Reimbursements	152	-	-	-	-	-	-	152
Occupancy Expenses	72,354	-	-	-	-	-	-	72,354
IT / Critical Systems	205,028	-	-	-	-	-	-	205,028
Records Management	101,000	-	-	-	-	-	-	101,000
Storage	182,198	-	-	-	-	-	-	182,198
Communication	375	-	-	-	-	-	-	375
Insurance	7,043	-	-	-	-	-	-	7,043
US Trustee	30,000	-	-	-	-	-	-	30,000
Other Operating Expenses	3,053	-	-	-	-	-	-	3,053
Trustee Fees and Expenses	141,252	-	-	-	-	-	-	141,252
Trust Expenses - Legal Counsel	2,499,768	-	-	-	-	-	-	2,499,768
Trust Expenses - Financial Advisor	177,503	-	-	-	-	-	-	177,503
Trust Expenses - Experts and Litigation Consultants	343,862	-	-	-	-	-	-	343,862
Trustee & Professional Contingency Based Fees	4,862	-	-	-	-	-	295,842	300,704
Oversight Committee	11,250	-	-	-	-	-	-	11,250
Delaware Trustee	3,000	-	-	-	-	-	-	3,000
Disbursing / Claims Agent	76,878	-	-	-	-	-	-	76,878
Liquidation Trust Tax Return	-	-	-	-	-	-	-	-
Leased Equipment (Ch. 11)	-	-	-	-	-	-	-	-
Records Management/Storage (Ch. 11)	-	-	65,498	-	-	-	-	65,498
Record Destruction	-	-	529,813	-	-	-	-	529,813
Other Operating Expenses (Ch. 11)	-	-	419	-	-	-	-	419
Professional Fees (Ch. 11)	-	-	3,678,646	-	-	-	-	3,678,646
Administrative Claims	-	-	821,859	-	-	-	-	821,859
Priority Claims	-	-	286,279	-	-	-	-	286,279
Distributions	-	-	-	-	-	17,000,000	-	17,000,000
Post-Petition Refund	-	-	-	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<b>4,264,325</b>	<b>-</b>	<b>5,382,514</b>	<b>-</b>	<b>-</b>	<b>17,000,000</b>	<b>295,842</b>	<b>26,942,681</b>
<b>NET CASH FLOW</b>	<b>648,115</b>	<b>(1,044,014)</b>	<b>(5,382,514)</b>	<b>-</b>	<b>(2,018,027)</b>	<b>5,000,622</b>	<b>(13,222,942)</b>	<b>(16,018,759)</b>
<b>CASH - END OF PERIOD</b>	<b>\$1,211,610</b>	<b>-</b>	<b>\$2,924,462</b>	<b>\$179,481</b>	<b>\$756,171</b>	<b>\$25,002,362</b>	<b>\$6,443,762</b>	<b>\$36,517,848</b>

TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES 26,942,681

**EXHIBIT 2**

**Dewey & LeBoeuf Liquidation Trust - Fees and Expenses****Quarterly Post-Confirmation Report***For the Period: March 22, 2013 - September 30, 2013*

<b>6 Months Ending:</b>	<b>9/30/2013</b>
	<b>Actual Paid</b>
<b>Employee Expenses</b>	
Wind Down Compensation	(\$996,657)
Employee Expense Reimbursements	(1,138)
Out of Pocket Expenses	-
<b>Operating Expenses</b>	
Occupancy Expenses	(171,208)
IT / Critical Systems	(409,172)
Records Management	(275,000)
Storage	(360,471)
Communication	(750)
Insurance	(42,193)
US Trustee	(30,000)
Other Operating Expenses	(54,040)
<b>Professional Expenses<sup>1</sup></b>	
Trustee Fees and Expenses	(247,978)
Trust Expenses - Legal Counsel	(2,867,066)
Trust Expenses - Financial Advisor	(300,782)
Trust Expenses - Experts and Litigation Consultants	(343,862)
Oversight Committee	(22,500)
Delaware Trustee	(5,078)
Disbursing / Claims Agent	(100,380)
Liquidation Trust Tax Return	-
<b>Total Expenses</b>	<b>(\$6,228,274)</b>

(1) Excludes Trustee &amp; Professional Contingency Based Fees

**EXHIBIT 3**

**Dewey & LeBoeuf Liquidation Trust - All Other Assets**

As of 9/30/13

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
7/1/13	JPMorgan Chase	All Other Assets	Sale of Equipment	7,700
7/11/13	Novartis	All Other Assets	Old Warehouse Boxes	900
7/11/13	Empire Blue Cross	All Other Assets	Refund	2,307
7/11/13	Meridian VAT Trustees Ltd	All Other Assets	VAT	544
7/11/13	Weschler's	All Other Assets	Auction proceeds	9,692
7/24/13	Weschler's	All Other Assets	Auction proceeds	480
7/24/13	Weschler's	All Other Assets	Auction proceeds	217
7/24/13	US Treasury	All Other Assets	Interest on PCP Funds	194
8/6/13	Latino Justice	All Other Assets	Misc Asset Recovery	65,000
8/16/13	State Insurance Fund	All Other Assets	Refund by credit dept	13,009
8/16/13	WageWorks, Inc	All Other Assets	Unclaimed funds	80
8/22/13	US Treasury	All Other Assets	Interest on PCP Funds	171
8/30/13	Wage Works	All Other Assets	Unclaimed Funds	5,000
8/30/13	PLI	All Other Assets	Royalty	461
9/5/13	US Treasury	All Other Assets	Interest on PCP Funds	82
9/19/13	US Treasury	All Other Assets	Interest on PCP Funds	140
9/26/13	US Treasury	All Other Assets	Interest on PCP Funds	35
9/27/13	Communications Data Resources	All Other Assets	Sale of Equipment	600
TBD	Former Partners		PCP Notes	TBD
TBD	Former Partners		UK PCP Recovery	TBD
TBD	Undetermined		Proceeds from Sale of Misc. IP	TBD
TBD	Undetermined		Professional Liability Actions	TBD
TBD	Various Insurance Carriers		Insurance Recoveries	TBD
				<b>\$775,056</b>

**EXHIBIT 4**

**Dewey & LeBoeuf Liquidation Trust - Distributions**  
**Quarterly Post-Confirmation Report**  
*Three Months Ending, 9/30/2013*

Categories	Proceeds	Secured Lender Allocation (%)	Unsecured Creditor Allocation (%)	Secured Lender Allocation (\$)	Unsecured Creditor Allocation (\$)
Opening Balance from Prior Quarter	\$43,304,656			\$23,726,880	\$19,577,776
<b>Receipts</b>					
Initial PCP/Unfinished Business Recoveries	\$1,624,378	80.0%	20.0%	\$1,299,503	\$324,876
Subsequent PCP/Unfinished Business Proceeds	-	49.5%	50.5%	-	-
Mismanagement Claims Proceeds	-	65.0%	35.0%	-	-
Mismanagement Claims Proceeds - Contingency Fee	(237,500)	65.0%	35.0%	(154,375)	(83,125)
Initial Insurance Company Proceeds	5,000,000	50.0%	50.0%	2,500,000	2,500,000
Subsequent Insurance Company Proceeds	3,577,963	60.0%	40.0%	2,146,778	1,431,185
Non-PCP Avoidance Actions	388,947	65.0%	35.0%	252,816	136,131
Non-PCP Avoidance Actions - Contingency Fee	(58,342)	65.0%	35.0%	(37,922)	(20,420)
Harris Contingency Fee Claims Proceeds	-	50.0%	50.0%	-	-
All Other Assets	106,612	70.0%	30.0%	74,629	31,984
Total	<b>10,402,058</b>			<b>\$6,081,427</b>	<b>\$4,320,631</b>
<b>Distributions to Creditors</b>					
Initial PCP/Unfinished Business Recoveries				(\$11,166,072)	\$0
Subsequent PCP/Unfinished Business Proceeds				-	-
Mismanagement Claims Proceeds				(5,634,796)	-
Initial Insurance Company Proceeds				-	-
Subsequent Insurance Company Proceeds				-	-
Non-PCP Avoidance Actions				-	-
Harris Contingency Fee Claims Proceeds				-	-
All Other Assets				(199,132)	-
Total				<b>(\$17,000,000)</b>	<b>\$0</b>
<b>Ending Asset Balances<sup>1</sup></b>					
Initial PCP/Unfinished Business Recoveries				\$1,311,179	\$13,052,118
Subsequent PCP/Unfinished Business Proceeds				-	-
Mismanagement Claims Proceeds				6,560,829	6,566,875
Initial Insurance Company Proceeds				2,500,000	2,500,000
Subsequent Insurance Company Proceeds				2,146,778	1,431,185
Non-PCP Avoidance Actions				214,893	115,712
Harris Contingency Fee Claims Proceeds				-	-
All Other Assets				74,629	232,517
Total				<b>\$12,808,307</b>	<b>\$23,898,407</b>
(1) Ending Asset Balances shown here exclude the application of i) replenishments to fund the Liquidation Trust and ii) reserves to fund the payment of future excess Administrative and Priority Claims					