

Dewey & LeBoeuf Liquidation Trust

**Third Quarterly Report of the Liquidating Trustee
February 14, 2014**

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I. EXECUTIVE SUMMARY

The Liquidating Trustee submits this Quarterly Report for the period October 1, 2013 to December 31, 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 Avoidance Actions and 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 obtained from different sources, he has not independently verified all of the information and documentation that 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 or staff in litigation or otherwise.

As set forth in the *Fourth Post-Confirmation Report*, dated January 15, 2013 [Docket No. 1975], the Liquidation Trust recovered approximately \$3,205,691 in the quarter. This amount included approximately: (i) \$126,188 in reimbursements from the Secured Lender Trust; (ii) \$1,907,838 in Initial PCP/Unfinished Business Proceeds; (iii) \$904,168 in proceeds from Non-PCP Avoidance Actions; and (iv) \$267,496 in proceeds from other assets. A schedule of the Liquidation Trust's cash receipts and disbursements for the quarter is attached hereto as **Exhibit 1**.

During the quarter, the Liquidating Trustee made additional progress on claims reconciliation. As of the date of this report, of the 1,416 claims: (i) 477 claims have been deemed Allowed; (ii) 896 claims have been expunged; (iii) 37 claims are the subject of pending objections (including 3 contingent and/or unliquidated claims); and (iv) 6 claims are subject to further reconciliation and/or objection. By Order dated January 15, 2013, the Claims Objection Deadline was extended to May 15, 2014. See Docket No. 1974.

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.

During the quarter, settlements were reached with ten former partners. These settlements resulted in a total of \$136,500 payable to the Trust, and a reduction in pending claims against the estate of \$5.6 million.

During the quarter, the Liquidating Trustee commenced lawsuits against eleven former partners. Combined, the suits seek recovery of \$15 million from the former partners and the disallowance of \$4 million of pending claims. The Liquidating Trustee anticipates filing approximately two dozen additional adversary proceedings against former partners in the first quarter of 2014.

2. Unfinished Business Claims.

During the quarter, the Liquidating Trustee negotiated a substantial settlement of the Trust's unfinished business claim against one law firm. In addition, the Liquidating Trustee commenced discovery against 37 target law firms. Dozens of target law firms joined in opposition to the Liquidating Trustee's request for a subpoena of documents related to unfinished business matters. Following oral argument at a contested hearing on December 3, 2013, the Court granted the Liquidating Trustee's motion and allowed discovery to proceed. See Docket No. 1936.

3. DiCarmine and Sanders.

On November 27, 2013, the Liquidating Trustee filed suit against Stephen DiCarmine and Joel I. Sanders. The suit seeks to recover \$22 million in payments to DiCarmine and Sanders in the years prior to the Debtor's collapse.

4. *Preference Actions.*

To date, the Liquidating Trustee has: (i) sent demand letters to 119 parties for transfers in the aggregate amount of \$27,736,912.16; and (ii) finalized 31 settlements for approximately \$1,246,204.97. 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.²

As of the date of this report, the Debtor and the Liquidating Trustee have filed thirty-seven omnibus objections to proofs of claims and the status of all claims filed against the Debtor is as follows:³

Administrative Claims

	Allowed	Expunged	Objections Pending	Disputed
Number of Claims	14	43	0	1
Amount	\$1,839,328.43	\$78,833,123.54	\$0.00	\$13,067.84

Priority Claims⁴

	Allowed	Expunged	Objections Pending	Disputed
Number of Claims	89	198	9	1
Amount	\$1,544,986.70	\$15,210,825.96	\$436,259.00	\$5,412.71

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 report reflects adjustments for certain allowed and paid administrative, priority and secured claims that were designated as expunged in prior reports and are presented as allowed herein and certain claims that were designated in one or more categories of priority in prior reports and have been subsequently reconciled and presented in the applicable category herein.

⁴ 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	20	130	3	0
Amount	\$261,979,010.80 ⁵	\$367,473,455.40	\$10,773,882.49	\$0.00

General Unsecured Claims

	Allowed	Expunged	Objections Pending	Disputed
Number of Claims	354	525	25	4
Amount	\$236,844,720.08	\$1,022,144,014.46	\$43,576,896.64	\$52,743,671.87

C. FEES AND EXPENSES OF THE LIQUIDATION TRUST

A schedule of the fees and expenses of the Liquidation Trust from March 22, 2013 to December 31, 2013 is attached hereto as **Exhibit 2**.

D. ALL OTHER ASSETS OF THE LIQUIDATION TRUST

A schedule detailing all other Trust Assets as of December 31, 2013 is attached hereto as **Exhibit 3**.

E. LIQUIDATION TRUST DISTRIBUTIONS

A schedule detailing the aggregate distributions from the Liquidation Trust is attached hereto as **Exhibit 4**.

F. LIQUIDATION RESERVE AND ADMIN/PRIORITY CLAIMS RESERVE

As of December 31, 2013, the Liquidation Trust had the following reserves:
(i) Liquidation Reserve: \$1,231,553; and (ii) Admin/Priority Claims Reserve: \$1,636,520. The

⁵ This amount includes the Secured Lender Deficiency Claim, which is an allowed general unsecured claim in the amount of \$100 million.

Liquidating Trustee continues to review and reconcile contingent, unliquidated, and Disputed Claims and as the reconciliation progresses, the Liquidating Trustee will establish sufficient Disputed Claim Reserves, as necessary.

EXHIBIT 1

Dewey & LeBoeuf Liquidation Trust
 Quarterly Post-Confirmation Report

For the Period: October 1, 2013 - December 31, 2013

SCHEDULE OF QUARTERLY 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	\$ 1,211,610	\$ -	\$ 2,924,462	\$ 179,481	\$ 756,171	\$ 25,002,362	\$ 6,443,762	\$ 36,517,848
RECEIPTS								
Liquidation Trust Funding	-	-	-	-	-	-	-	-
Secured Lender Trust Reimbursement	126,188	-	-	-	-	-	-	126,188
Initial PCP, Clawback & Unfinished Business Recoveries	-	-	-	-	1,907,838	-	-	1,907,838
Subsequent PCP, Clawback & Unfinished Business Proceeds	-	-	-	-	-	-	-	-
Mismanagement Claims Proceeds	-	-	-	-	-	-	-	-
Initial Insurance Company Proceeds	-	-	-	-	-	-	-	-
Subsequent Insurance Company Proceeds	-	-	-	-	-	-	-	-
Non-PCP Avoidance Actions	-	-	-	-	-	-	904,168	904,168
Harris Contingency Fee Claims Proceeds	-	-	-	-	-	-	-	-
All Other Assets	-	-	-	-	-	2,298	265,198	267,496
Net Transfers	2,541,900	-	-	-	(1,302,874)	-	(1,239,026)	-
TOTAL RECEIPTS	2,668,088	-	-	-	604,965	2,298	(69,660)	3,205,691
DISBURSEMENTS								
Trust Wind Down Staff Compensation	315,217	-	-	-	-	-	-	315,217
Former Employee Consultants	-	-	-	-	-	-	-	-
Employee Expense Reimbursements	543	-	-	-	-	-	-	543
Out of Pocket Expenses	-	-	-	-	-	-	-	-
Occupancy Expenses	47,894	-	-	-	-	-	-	47,894
IT / Critical Systems	117,922	-	-	-	-	-	-	117,922
Records Management	70,000	-	-	-	-	-	-	70,000
Storage	81,383	-	-	-	-	-	-	81,383
Communication	250	-	-	-	-	-	-	250
Insurance	-	-	-	-	-	-	-	-
US Trustee	30,000	-	-	-	-	-	-	30,000
Other Operating Expenses	118	-	-	-	-	-	-	118
Trustee Fees and Expenses	105,200	-	-	-	-	-	-	105,200
Trust Expenses - Liquidation Recovery Fees	39,298	-	-	-	379,007	-	161,850	580,155
Trust Expenses - Data Management and E-Discovery	209,696	-	-	-	-	-	-	209,696
Trust Expenses - Legal Counsel	1,039,124	-	-	-	-	-	-	1,039,124
Trust Expenses - Financial Advisor	126,227	-	-	-	-	-	-	126,227
Trust Expenses - Experts and Litigation Consultants	379,691	-	-	-	-	-	-	379,691
Oversight Committee	11,250	-	-	-	-	-	-	11,250
Delaware Trustee	-	-	-	-	-	-	-	-
Disbursing / Claims Agent	74,331	-	-	-	-	-	-	74,331
Liquidation Trust Tax Return	-	-	-	-	-	-	-	-
Leased Equipment (Ch. 11)	-	-	-	-	-	-	-	-
Records Management/Storage (Ch. 11)	-	-	-	-	-	-	-	-
Record Destruction	-	-	34,662	-	-	-	-	34,662
Other Operating Expenses (Ch. 11)	-	-	11,427	-	-	-	-	11,427
Professional Fees (Ch. 11)	-	-	184,529	-	-	-	-	184,529
Secured Claims	-	-	-	-	-	-	47,092	47,092
Administrative Claims	-	-	-	-	-	-	-	-
Priority Claims	-	-	1,057,323	-	-	-	-	1,057,323
Distributions	-	-	-	-	-	-	-	-
Post-Petition Refund	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	2,648,145	-	1,287,941	-	379,007	-	208,942	4,524,036
NET CASH FLOW	19,943	-	(1,287,941)	-	225,958	2,298	(278,602)	(1,318,345)
CASH - END OF PERIOD	\$ 1,231,553	\$ -	\$ 1,636,520	\$ 179,481	\$ 982,129	\$ 25,004,660	\$ 6,165,160	\$ 35,199,503

TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY **4,524,036**

EXHIBIT 2

Dewey & LeBoeuf Liquidation Trust - Cumulative Fees and Expenses**Quarterly Post-Confirmation Report***For the Period: March 22, 2013 - December 31, 2013*

9 Months Ending:	12/31/2013 Actual Paid
Employee Expenses	
Wind Down Compensation	(\$1,311,874)
Employee Expense Reimbursements	(1,681)
Out of Pocket Expenses	-
Operating Expenses	
Occupancy Expenses	(219,102)
IT / Critical Systems	(527,094)
Records Management	(345,000)
Storage ¹	(441,853)
Communication	(1,000)
Insurance	(42,193)
US Trustee ¹	(60,000)
Other Operating Expenses	(54,159)
Professional Expenses²	
Trustee Fees and Expenses	(353,178)
Trust Expenses - Data Management and E-Discovery	(209,696)
Trust Expenses - Legal Counsel	(3,906,190)
Trust Expenses - Financial Advisor	(427,010)
Trust Expenses - Experts and Litigation Consultants	(723,553)
Oversight Committee	(33,750)
Delaware Trustee	(5,078)
Disbursing / Claims Agent	(174,711)
Liquidation Trust Tax Return	-
Total Expenses	(\$8,837,121)

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

(2) Excludes Trustee & Professional Contingency Based Fees

EXHIBIT 3

Dewey & LeBoeuf Liquidation Trust - All Other Assets

Quarterly Post-Confirmation Report

For the Period: March 22, 2013 - December 31, 2013

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	US Treasury	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
10/8/13	State of California	All Other Assets	Tax Refund	10
10/10/13	US Treasury	All Other Assets	Interest on PCP Funds	15
10/11/13	US Treasury	All Other Assets	Refund	54
10/11/13	US Treasury	All Other Assets	Refund	19
10/11/13	US Treasury	All Other Assets	Refund	497
10/11/13	US Treasury	All Other Assets	Refund	230
10/11/13	US Treasury	All Other Assets	Refund	13
10/11/13	Wells	All Other Assets	Funds from closed plans	7
10/11/13	Wells	All Other Assets	Funds from closed plans	81
10/24/13	US Treasury	All Other Assets	Interest on PCP Funds	264
10/31/13	US Treasury	All Other Assets	Copyright Refund	4,408

11/14/13	US Treasury	All Other Assets	Interest on PCP Funds	992
11/21/13	US Treasury	All Other Assets	Interest on PCP Funds	350
11/8/13	Hemphill ¹	All Other Assets	Art Proceeds	22,516
11/8/13	Hilco IP Services	All Other Assets	Net proceeds Hilco auction DL.com URL	181,336
12/3/13	JPMorgan Chase	All Other Assets	Misc funds from JPMC	5,100
12/4/13	JPMorgan Chase	All Other Assets	Misc funds from JPMC	14
12/5/13	Texas Comptroller	All Other Assets	Unclaimed property recovery	2,162
12/12/13	US Treasury	All Other Assets	Interest on PCP Funds	210
12/19/13	US Treasury	All Other Assets	Interest on PCP Funds	467
12/20/13	Weschler's ¹	All Other Assets	Art Proceeds	1,659
TBD	Former Partners		PCP Notes	TBD
TBD	Former Partners		UK PCP Recovery	TBD
TBD	Undetermined		Misc. Assets	TBD
TBD	Undetermined		Professional Liability Actions	TBD
TBD	Various Insurance Carriers		Insurance Recoveries	TBD
				\$995,461

(1) Gross Proceeds less payment amounts of lessor claims

EXHIBIT 4

Dewey & LeBoeuf Liquidation Trust - Quarterly Distributions

Quarterly Post-Confirmation Report

For the Period: October 1, 2013 - December 31, 2013

Categories	Proceeds	Secured Lender Allocation (%)	Unsecured Creditor Allocation (%)	Secured Lender Allocation (\$)	Unsecured Creditor Allocation (\$)
Opening Balance from Prior Quarter	\$36,706,714			\$12,808,307	\$23,898,407
Receipts					
Initial PCP, Clawback, & Unfinished Business Recoveries	\$1,907,838	80.0%	20.0%	\$1,526,271	\$381,568
<i>Less: Initial PCP, Clawback & Unfinished Business Recoveries Contingency Fee</i>	(379,007)	80.0%	20.0%	(303,206)	(75,801)
Subsequent PCP, Clawback & Unfinished Business Proceeds	-	49.5%	50.5%	-	-
<i>Less: Subsequent PCP, Clawback & Unfinished Business Proceeds Contingency Fee</i>	-	49.5%	50.5%	-	-
Mismanagement Claims Proceeds	-	65.0%	35.0%	-	-
<i>Less: Mismanagement Claims Proceeds Contingency Fee</i>	-	65.0%	35.0%	-	-
Initial Insurance Company Proceeds	-	50.0%	50.0%	-	-
Subsequent Insurance Company Proceeds	-	60.0%	40.0%	-	-
Non-PCP Avoidance Actions	904,168	65.0%	35.0%	587,709	316,459
<i>Less: Non-PCP Avoidance Actions Contingency Fee</i>	(161,850)	65.0%	35.0%	(105,203)	(56,648)
Harris Contingency Fee Claims Proceeds	-	50.0%	50.0%	-	-
All Other Assets	267,496	70.0%	30.0%	187,247	80,249
<i>Less: Secured Lessor Claim</i>	(47,092)	70.0%	30.0%	(32,964)	(14,128)
Total	\$2,491,553			\$1,859,855	\$631,699
Opening Balance from Prior Quarter + Receipts	\$39,198,267			\$14,668,162	\$24,530,105
Actual Distribution				\$0	\$0
Actual Distribution Detail (FIFO)					
Initial PCP/Unfinished Business Recoveries				\$0	\$0
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				-	-
Total				\$0	\$0
Ending Asset Balances¹					
Initial PCP/Unfinished Business Recoveries				\$2,534,244	\$13,357,884
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				697,400	375,523
Harris Contingency Fee Claims Proceeds				-	-
All Other Assets				228,911	298,638
Total	\$39,198,267			\$14,668,162	\$24,530,105

(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