

# 1999 YEAR IN REVIEW

## To Our Clients and Other Friends:

Our clients had a great year in 1999! Some started new businesses from scratch, while others redefined their businesses, growing by acquisition or joint venture, licensing new technologies, leasing new space, repositioning their holdings, or transferring assets that they no longer needed in transactions involving many billions of dollars in total value. Some were forced to defend themselves against claims or to assert their rights against competitors who tried to poach their technology, customers, employees or good will. Our individual clients prospered. Increasingly, our clients pursued opportunities offered by global changes in computing and communications.

We are enormously proud that we played a part in our clients' successes. As we enter the third century in which we have practiced law, our purpose is what it always has been: to help our clients succeed. We measure our success by theirs. This past year, we started to use the phrase *Partners for Your Business* to show that we do not see our role as narrow. Our clients increasingly seek alliances with other companies, to combine their individual strengths in order to introduce new products or services that they could not produce individually. We are part of that new world because we see ourselves as "partners" with our clients, not

just as their attorneys. As partners, we offer our clients not only our legal skills, but also our experience and introductions to others with relevant skills or technology.

Our commitment to our clients has meant growth and change for us. Once again, we added more attorneys with a wider range of skills and experience. Our "actual" and "virtual" addresses changed too, as you will see.

This Review is about our clients. We hope you will find a few things that will surprise you. We know that you will be impressed by what our clients achieved this past year.

Carter, Ledyard & Milburn

## MERGERS AND ACQUISITIONS

In 1999, our clients surpassed their prior record for the number, size and complexity of their M&A transactions. Our clients entered stock and asset purchases, mergers, tender offers, spin-offs, leveraged buyouts, venture capital investments, joint ventures and other strategic partnering arrangements.

These transactions represent the core competency of our Corporate Department, and the ever-increasing M&A deal flow has provided a depth of experience in this area that is unmatched by firms many times our size. Corporate Department Chairman Bob McTamane leads the following corporate partners and counsel who worked on substantial M&A transactions in 1999: Jim Abbott, Alan Bernstein, Steve Burger, Tom Davis, Peter Gates, Steve Glusband, Vincent Monte-Sano, Rich Pierson, Bob Riggs, Heywood Shelley, Bill Sondericker, Andris Vizbaras and John Whelan. Cross-disciplinary deal teams for each M&A matter also included corporate associates and attorneys with transactional experience from the tax, ERISA, real estate, environmental, employment, securities, secured lending, intellectual property, litigation and estate planning practice groups.

During the past decade, an increasing portion of our work has been for offshore clients. Most of our 1999 deals involved international M&A transactions with foreign-based parties on one or both sides of the table. Among these were the following:

- NYSE-listed **Avnet, Inc.**'s \$24 million purchase of the Computer Services Division of London Stock Exchange ("LSE")-listed **JBA Holdings plc**; the \$380 million sale of its Allied Electronics catalogue distribution subsidiary to LSE-listed **Electrocomponents plc**; and its stock-for-stock acquisition of European components distributor **Eurotronics B.V.**, all part of Avnet's ongoing strategy to consolidate its leadership of the global distribution industry
- Advising both parties in the \$249 million merger of LSE-listed **Garban plc** and **Intercapital plc** to create the world's largest interdealer broker **Garban-Intercapital plc**
- Danisco A/S's \$1.4 billion acquisition of Helsinki Stock Exchange-listed **Cultor Corporation** to create a global food additives powerhouse

- Canadian **CINAR Corporation's** \$42 million acquisition of Israeli software developer **Edusoft Ltd.**
- Novartis A.G. subsidiary **Geneva Pharmaceuticals, Inc.**'s acquisition of generic drug developer **Invamed, Inc.**
- LSE and NYSE-listed **Sea Containers Ltd.**'s acquisition of New York City regional ferry operator **Express Navigation Inc.**
- LSE and NASDAQ-listed **United News & Media plc's** \$920 million tender offer acquisition of NASDAQ-listed high tech trade publisher **CMP Media Inc.**; its \$42.5 million tender offer acquisition of AMEX-listed market research company **Audits & Surveys Worldwide Inc.**; its \$18 million acquisition of healthcare market research company **Strategic Marketing Corporation**; its \$20 million acquisition of online stock photography company **Definitive Stock Inc.**; and its \$4 million acquisition of trade publisher **MP&A Editorial Inc.**
- U.K.-based **Tullett & Tokyo's** merger with **Liberty Brokers**
- Sale by Israeli **MER Telemanagement Solutions Ltd.**, a developer of voice, data and video communications management solutions, of a wholly owned subsidiary to **NICE Systems Ltd.**

An area of substantial activity was buyout and venture capital investment transactions. During 1999, we handled buyout transactions which included **Parthenon Investors, LP's** investment in **Franco Apparel Group, Inc.** and **Ridge Capital Fund L.P.'s** investment in **Perkins Supply, Inc.** Both of these deals were arranged by investment bankers from **Sperry Mitchell & Co.** Later in the year, we also assisted **Parthenon** and **Franco** in the \$46 million purchase of the sports apparel business and assets of **Starter Corporation** in a bankruptcy auction. Many of our internet clients received venture capital or angel financing, including the \$30 million second round private placement of **Convertible Preferred Stock of Screaming Media.com, Inc.** placed by **Deutsche Banc Alex. Brown.** We also assisted in the sale of an interest in **Butler, Chapman & Co., Inc.** to **IBJ Whitehall Financial Group.**

Another very successful client in 1999 was **Bowater Incorporated**, one of the world's leading newsprint manufacturers. We assisted **Bowater** in selling over 2,130,000 acres of timberland (an area as large as the state of Rhode Island), two paper mills and a saw mill owned by its **Great Northern Paper** subsidiary and its **Calhoun Paper** affiliate in four separate transactions at an aggregate transaction value of approximately \$790 million.

## CONTENTS

<i>Alumni—Working with alumni</i> .....	8
<i>Employee Benefits and Executive Compensation</i> .....	4
<i>Employer Clients—Posted: No Poaching</i> .....	4
<i>Environmental Practice—Keeping it clean</i> .....	2
<i>In Court—We try cases</i> .....	5
<i>Lending and Bankruptcy</i> .....	2
<i>Maritime</i> .....	6
<i>M&amp;A—What a lot of deals!</i> .....	1
<i>Media &amp; Technology—Clients at the speed of light</i> .....	3
<i>On the Move—Where we are</i> .....	7
<i>Partners for Your Business</i> .....	4
<i>Professional Activities—We spoke</i> .....	8
<i>Real Estate Clients—Booming real estate market</i> .....	6
<i>Registered Investment Companies—Innovative securities</i> ...	2
<i>Tax</i> .....	6
<i>Tax Exempt Organizations—Good work</i> .....	7
<i>Trusts and Estates</i> .....	7
<i>Washington Office</i> .....	3
<i>www.clm.com—Relevant and user-friendly</i> .....	3



Named counsel in December, **Andris J. Vizbaras** assists financial institutions on the formation and regulation of broker-dealers, investment advisors and commodity trading advisors. Andris counsels hedge fund managers on all aspects of launching hedge funds and forming, building and selling their investment

management businesses. He represents purchasers and sellers in mergers, acquisitions and tender offers, as well as issuers on public and private securities offerings, reporting requirements and anti-takeover defenses. Previously an Associate at Carter, Ledyard, Andris received his J.D. from New York University School of Law in 1989, and his B.A. from Washington University in 1983. Andris will continue to practice in New York.

# REGISTERED INVESTMENT COMPANIES & INVESTMENT MANAGEMENT

Having represented individual clients, trusts and estates for almost 150 years, we have some experience with fiduciary law. Since notions of fiduciary law form the basis for the law of investment management, whether ERISA, the Investment Company Act, or the Prudent Investor Act, it is natural that we have a busy investment management practice.

Our financial institution clients are always trying to create new financial products to take advantage of market opportunities. We are proud that major institutions turn to us to handle the groundbreaking new products that require legal creativity and experience navigating the regulatory maze that governs the investment management business. Our clients have developed some exciting new products working with our Investment Management Group.

Our investment management practice continued to grow in 1999. Our registered investment companies practice includes **Federated Investors, PaineWebber, Barclays Global Advisors, ProFunds** and **Chase Manhattan**.

We are particularly well known for our novel product development work for the **American Stock Exchange**, including exchange-traded index-based registered investment companies, such as the Amex's **SPDRs, Mid-Cap SPDRs** and **DIA-MONDS**. Exchange-traded funds allow investors to trade throughout the day at real-time prices. Index funds provide diversification to investors at a lower cost than actively managed funds. Linking the two into a single product has opened up an entire new class of investments. Because exchange-traded funds do not fit into the structure of the Investment Company Act of 1940 (the federal law which regulates the fund industry), bringing exchange-traded funds to market is much more complex than the normal mutual fund creation process. In each case, we obtained special relief from the Securities and Exchange Commission. We are now working on several other variations of these products.

Our significant activities in this area included:

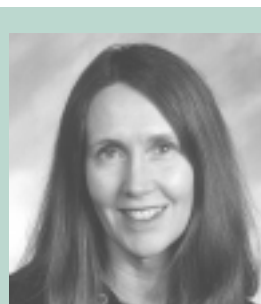
- filing registration statement and exemption applications (pending) on behalf of Barclays Global Advisers for **iShares**, its new family of 46 exchange-traded index investment companies
- representing Federated in developing an asset allocation product for the trust department market
- representing a major trust company and an investment manager in a novel structuring of a co-mingled charitable gift program which avoided registration under the 1940 Act
- advising a foreign stock exchange on index products
- involvement in creating stable value mutual funds as counsel to the financial institutions providing stable value products to these funds. We also informally advised the fund sponsors
- formation and private offering of interests in domestic and offshore hedge funds, including **The Medalist Fund, Ltd.**, which was organized in the Cayman Islands to make fixed income arbitrage investments
- development of a code of ethics for **PaineWebber** to meet new regulatory requirements
- ongoing representation of **Chase Manhattan Bank** as Trustee for many UIT issuers

# LENDING AND BANKRUPTCY

*Commercial Lending*—Many of our financial institution clients are playing key roles in the growth of the telecommunications and technology industries and other businesses in the new economy. We continue to serve as counsel to **IBJ Whitehall Financial Group**, a leading provider of cash flow financing to the private equity community. Among numerous other transactions, we represented IBJW in its financing of a publicly-traded company providing real estate searches over the internet and the acquisition of a privately held protective door company by a New York State investment firm. Through IBJW's acquisition of an interest in our client Butler, Chapman & Co., Inc., the two companies formed Butler, Chapman & Co. LLC and expanded their opportunities to provide capital to underwriter transactions. We represented Butler, Chapman in the transaction.

*Structured Finance*—As in past years, we advised in many structured finance transactions, as more companies have chosen this means of borrowing to reduce interest costs. For example, we represented **United States Trust Company of New York** in a series of municipal security derivative transactions for one issuer and in synthetic portfolio transfer transactions for a second issuer. Based on his experience in the field, Jim Gadsden was invited to make a presentation on structured finance techniques at a shipping finance conference in London in September.

*Bankruptcy*—Correctly anticipating the upturn in larger chapter 11 business reorganization cases, we recruited Aaron R. Cahn, with twenty-five years experience in the bankruptcy field, to join the firm as counsel in February. During the year, the group was busy representing parties in a number of high profile cases. Aaron represented firm client **Franco Apparel** in a joint venture which was the successful bidder at the bankruptcy auction for the assets of Starter Corporation. Aaron and Jim Gadsden represented client **International Channel** as a bidder for assets in the Skyview Media Corporation case. Jim and the Maritime Practice Group represented a significant creditor in the Hvide Marine chapter 11 case. Taking advantage of its considerable experience in representing trustees for public debt, the firm represented **United States Trust Company of New York** as trustee for \$100 million of Notes issued by Loehmann's, Inc. and as trustee for \$250 million of Notes issued by Planet Hollywood International, Inc. in the chapter 11 bankruptcy cases for those companies. The firm continues to represent **The Bank of New York** in connection with the defaults by TBS Shipping on \$110 million of ship mortgage bonds.



Named counsel in November, **Mary Joan Hoene** was previously Vice President and Counsel at Equitable Life Assurance Society of the United States. Mary Joan, an experienced securities attorney, will focus her practice on representing investment companies, their boards of directors, and investment advisers. She has significant experience with investment management legal and regulatory issues, and has worked for major financial institutions including AIG and the Mitchell Hutchins Asset Management Inc. subsidiary of PaineWebber. Mary Joan was also Deputy Director of the Division of Investment Management at the SEC. She received her J.D. from Notre Dame Law School in 1975 and her B.A. from Seattle University in 1970. Mary Joan will practice in New York.

# ENVIRONMENTAL PRACTICE

Our full service team of environmental attorneys (headed by Steve Kass, Cliff Case and Jean McCarroll) had another busy year.

In early 1999, the firm negotiated a favorable settlement for its client the **City of Newburgh, New York** of the City's manufactured gas contamination lawsuit against Central Hudson Gas & Electric Corporation, following a jury verdict for the City of \$16 million in December, 1998. Under the settlement, both parties waived their rights to appeal any portion of the jury verdict or the judge's rulings in the case. Central Hudson agreed to carry out at its expense whatever remediation of the City's contaminated property (including underwater lands in the Hudson River) may be ordered by the New York State Department of Environmental Conservation. Central Hudson also agreed to hold the City harmless against any third party claims arising out of the contamination, to waive any rights it might have to recover any monies from the City, and to pay the City up to \$3 million for its expenses (\$2 million of which was due last spring and has been paid). We continue to represent the City in the pending Department of Environmental Conservation proceedings to select a remediation alternative.

Two new "Superfund" matters (one on behalf of a long-time firm client, the other on behalf of a foreign-based manufacturing firm), together with on-going work for other "potentially responsible parties," kept us busy in the complex field of hazardous waste remediation under the federal CERCLA law and its state counterparts. We reviewed the environmental aspects of corporate and real estate transactions for clients who proposed either to acquire or to dispose of potentially contaminated property, including assisting the New York Power Authority in its environmental review of the proposed sale of its Indian Point 3 and Fitzpatrick nuclear power plants to a private utility operator.

We assisted clients in their development projects affecting the environment, including the 42nd Street Development Project (an on-going assignment since that project's inception), a proposed new Pump Station intended to permit our client **United Water** to deliver higher quality water to its customers in Westchester County, the new Atlantic Terminal project in downtown Brooklyn (for which we served as environmental counsel to the MTA), opposition to large-scale residential projects on environmentally sensitive sites in Cortlandt and Garrison, New York, representation of neighborhood associations resisting high-rise development in historic districts in New York City, and litigation successfully challenging New York City's claimed right to suspend drinking water supplies from its Croton Aqueduct during the peak summer season. As the new year began, we were asked to represent the **Roosevelt Island Operating Corporation** in defending environmental challenges to the new 2,000 unit residential development planned for the Southtown portion of Roosevelt Island.

We also assisted clients developing new golf courses, a rapidly growing field of recreational and residential development. In addition to continuing work on behalf of both the extraordinary new Seven Springs golf course and the completely renovated Trump National golf course in Westchester, we advised the developer of the new Jack Nicklaus golf course at Ferry Point Park in the Bronx (which is being constructed on a former City landfill) and a proposed new championship-caliber golf club adjacent to Peconic Bay on Long Island.

## WASHINGTON OFFICE CLIENTS

The close of the millennium was a busy year for the Washington Office, with continued expansion of personnel and practice areas. To accommodate its growth, we leased additional space, and the Washington Office has relocated to 1401 Eye Street, NW. Highlights of the Washington Office's clients' 1999 achievements included the following:

The Telecommunications Practice Group represented **Liberty Media** or its affiliates regarding state and federal telecommunications issues arising from the acquisition by MTV Networks from TCI Music, Inc. of certain assets for an interest in MTV Networks Online; a \$150 million investment in Emmis Communications Corporation; the acquisition of Four Media Company, which is scheduled to close in March 2000; a \$425 million investment in Astrolink LLC; a \$300 million investment in NextWave Telecom, Inc., which will not close until the status of NextWave's FCC licenses is resolved in pending litigation; and the \$3 billion acquisition of The Associated Group, Inc. The firm continued its active representation of CLECs and long-distance resellers in state and federal regulatory matters.

The Media & Technology Practice Group represented programmers in the acquisition and distribution of their services in domestic and international markets. The Group represents a number of domestic programmers, and its achievements in 1999 included assisting **Fox Sports Net** and **Odyssey Networks** in concluding major long-term distribution agreements with Time Warner for their programming services. Using a forum selection clause in a contract which the firm previously had prepared, we brought an action in New York Supreme Court on behalf of **MGM Networks Latin America LLC** to enjoin the deletion of its service by a major Brazilian cable operator. The Group advised MGM in successfully resolving that dispute.

The Insurance Practice Group represented **Liberty Mutual Insurance Company** in a two-week bench trial in the United States District Court for the District of Columbia on the issue of when injury-in-fact occurs in certain underlying asbestos bodily-injury cases. The Court has not yet rendered its decision. The Group also advised insurance carriers in developing new insurance products to address technological changes, including Internet-related risks.

The Food, Drug & Medical Device Practice Group continued to advise clients on a wide variety of issues before the Food and Drug Administration. During 1999, we obtained multiple approvals from the FDA for drugs and medical devices, such as Pre-Market Approval Supplement, Investigational New Drug Exemption, and Investigational Device Exemption applications. Ongoing projects also include new animal drug applications and pre-market approval notifications.

The Immigration Practice Group successfully resolved numerous immigration issues during the year, with particular emphasis on employment-related visas. Consequently, we handled numerous H-1B specialty occupation petitions for firms seeking to employ foreign nationals; L-1 intracompany transferee, J-1 exchange visitor and R-1 religious worker petitions; and numerous E-2 treaty investor visa renewal applications. We also successfully pursued employment and family-based immigrant visa petitions and advised client employers and individuals on a variety of immigration compliance issues.

## MEDIA & TECHNOLOGY CLIENTS

Our media and technology clients moved at the speed of light last year, and we were right there with them. At last count, over fifty of our clients focused on the internet or had a serious internet presence, and several new technology clients come to us each week. We help these clients with everything from corporate formation, shareholder agreements and option plans to financing to acquisitions and strategic alliances to technology licensing and office leasing. A number of our technology clients have proposed and we have accepted equity-based fee arrangements, reflecting part of our *Partners for Your Business* commitment. During the past year, we represented:

- internet information aggregator and distributor **Screaming Media.Com, Inc.** (www.screamingmedia.net) in early-stage general corporate matters and its \$5.5 million first-round private placement and \$30 million second-round private placement by Deutsche Banc Alex. Brown
- trade publisher **Miller Freeman** in a joint venture with Pegasus Advisors to form **Paperloop.com Inc.**, an online business-to-business e-commerce site for the paper and pulp industry; represented **Miller Freeman** (www.millerfreeman.com) in its \$920 million acquisition of magazine and online technology publisher **CMP Media, Inc.** (www.cmp.com)
- **CMP Media, Inc.** in its agreement for **CMPnet** (www.cmpnet.com) to be the exclusive third-party content supplier for **About.com's** Computing/Technology channel
- **United News & Media plc** (www.unm.com) in its \$20 million (cash and stock) acquisition of internet stock photography business **Definitive Stock Inc.** (www.definitivestock.com) by UN&M's **Visual Communications Group B.V.** (www.vcg-group.com)
- **United Information Healthcare Group** (www.mmi-research.com) in its strategic alliance with **Medscape, Inc.** (www.medscape.com) to provide web-based healthcare market research products and services
- web development consultant **SeraNova, Inc.** in a \$10 million institutional private placement of common stock
- web site developer **SenseNet Inc.** (www.sensenet.com) in early-stage general corporate matters and private placements
- electronic components and software distributor **Avnet, Inc.** (www.avnet.com) in its equity investment/e-commerce supplier agreements with engineering web sites **ChipCenter.com** and **Questlink.com**
- **Avnet, Inc.** in its investment in **Global Techmart Inc.** for online distribution of electronic components in the People's Republic of China

- **Avnet, Inc.** in its investment in **Viacore, Inc.** formed to create electronic hubs for exchange of information and transactions between supply chain partners in the electronics industry
- **Trinity Real Estate** (www.trinityrealestate.org) in its lease of 210,072 square feet of space at One Hudson Square in Manhattan to **StarMedia, Inc.** with anticipated rentals in excess of \$150 million
- web portal **Indiainfo.com Private Limited** in a pending stock and cash merger to acquire India Abroad Publications, Inc.
- internet financial information and analytics vendor **The Beast.com** (www.thebeast.com) in licensing agreements with financial information service providers and financial institutions
- Irish biotech company **Trinity Biotech plc** in a private placement financing and follow-on acquisition of **MarDx, Inc.**, a leading manufacturer of Diagnostics test kits for the diagnosis of Lyme disease.
- e-business customer data analysis provider **Primary Knowledge, Inc.** (www.primaryknowledge.com) in start-up general corporate matters and its first round private placement
- online apartment rental site **EasyRent.com**, fashion e-commerce site **StyleShop.com**, financial research provider **Telemedicineindex.com** and internet executive recruiter **Redwood Partners** in early-stage general corporate, shareholder, stock option and securities matters

Our Israeli-based technology clients continued their rapid growth. We represented:

- **ART Advanced Recognition Technologies Inc.**, a developer of speech and handwriting recognition software which enables users to instruct electronic devices through handwriting and speech, in a \$5 million private placement to funds managed by J. W. Seligman & Co., Inc.
- **Nexus Telocation Systems Ltd.**, a developer and manufacturer of low energy wireless communications and locations systems, in a \$25 million private placement to a consortium of investors led by Soros Fund Management LLC.
- **Magic Software Enterprises Ltd.**, a developer of software that enables users to accelerate the process of building and deploying software applications that can be rapidly customized and integrated with existing systems, in a \$100 million follow-on public offering by an underwriting group led by Salomon Smith Barney, Merrill Lynch & Co., CIBC World Markets and Warburg, Dillon Reed LLC.
- **Net2gether.com**, a developer of web applications that allows internet users to surf the net together with friends and colleagues while looking at the same websites and chatting with one another in real time, in an institutional investment by BancBoston Ventures Inc.

## WWW.CLM.COM

Visit our web site! www.clm.com received a facelift in December. The partner team of Jim Abbott, Alan Bernstein, Jerome Caulfield, Tom Davis, and Rich Pierson worked with Peter Maceli of Cornerpoint to redesign, refocus, and upgrade the site. The site highlights our partnership with our clients. Visitors can view our commitment to our clients on the "Partners for Your Business" page, a list of representative clients with web site links on the "Our Clients" page, the latest activities on the "What's New" pages, and recent deals on the "Transactions" pages. There is also information about us, including firm history on the "Introduction" page, attorney biographies under "Attorneys," recruiting information on the "Recruiting" page, and recent articles and advisories under "Publications." A visitor can also download the actuarial software created by Jerome Caulfield from the "Factors" page. We maintain the site internally, so we update it continuously.

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# EMPLOYEE BENEFITS AND EXECUTIVE COMPENSATION

During 1999 we advised clients of all sizes regarding the tax and ERISA aspects of their qualified pension, 401(k) and welfare benefit programs. We amended their plan documents to reflect changes in the applicable provisions of the Code, IRS and DOL regulations and IRS rulings, and we prepared requests for IRS rulings as to the qualified status of these plans.

Our client **GPU Companies** actively restructured plants and operations. We advised them as to the employee benefit and executive compensation issues in their generation plant sales and in their acquisition of MYR Group Inc., assisted GPU in negotiating the benefit programs to be provided to the affected employees and executives, and helped draft the agreements.

We advised as to the tax, ERISA and ADEA issues involved in staff reductions undertaken by the GPU Companies in connection with their asset divestiture program and other corporate restructurings, and assisted in structuring and preparing the documentation for the severance programs, early retirement windows and enhanced pension and other retirement benefit protections offered to terminating employees.

We prepared a stock option plan for **Avnet Inc.** and helped them through the IRS process to terminate the profit sharing plan for the employees of their Channel Master division.

We prepared the documentation for, and advised as to the tax consequences of, employee stock purchase plans established by **Pall Corporation** and by **U.S. Trust** for their employees under Code section 423.

We also prepared the documentation for, and advised as to the tax aspects of, various other compensation and benefit arrangements for our clients' executives, including

- a Management Stock Purchase Plan for **Pall Corporation**, providing for compensation to its executives in the form of restricted stock units on a tax-deferred basis.
- a long-term, performance-based incentive compensation plan for executives of **GPU International, Inc.**
- a nonqualified supplemental retirement plan for **GPU, Inc.**'s senior management, and individual supplemental pension agreements for certain of its retiring executives.
- split-dollar insurance arrangements for executives of **United States Trust Company** and **GPU, Inc.**

We also analyzed the ERISA and employee benefit provisions in various merger and acquisition transactions undertaken by firm clients in 1999, including:

- the acquisitions by **United News & Media** of Audits & Surveys Worldwide, Inc., CMP Media Inc., Strategic Marketing Asia, Ltd, Strategic Marketing Corporation and Strategic Marketing, Ltd.
- the acquisition by **Trinity Biotech plc** of MarDx Diagnostics, Inc.
- the acquisition by **MER Telemanagement Solutions Ltd.** of IntegraTrak, Inc.
- the acquisition by **Geneva Pharmaceuticals, Inc.** of Invamed, Inc.
- the acquisition by **Pall Corporation** of Instrumentational Laboratory SpA
- the acquisition by **Critical Components Corp.** of Ranor, Inc.
- the acquisition by **Victaulic Company of America** of Brico Industries, Inc.

# EMPLOYER CLIENTS

Our employment practice continues to grow rapidly. Again this year we tried and won cases involving theft of clients and proprietary information. Partner Larry Carnevale, with support from partner Jeffrey Boxer, associate Lorraine Doran and senior legal assistant Nina Westerman are representing **U.S. Trust** in *U.S. Trust v. Cowperthwait Partners LLC* et al., in a dispute which arose out of the sudden defection of virtually all of the members of its successful Campbell Cowperthwait asset management division to form a competing business. At the time of the defection the division handled over seven billion dollars in assets. We succeeded in obtaining an immediate restraining order followed by a preliminary injunction barring the defectors from soliciting U.S. Trust's clients, using U.S. Trust's confidential information and interfering with U.S. Trust's other employees for a period of three months. The former president of Campbell Cowperthwait, James Cowperthwait, was permanently enjoined from using his name as a trade style in the conduct of an asset management business. The damages phase of the case is ongoing.

Partners Larry Carnevale and Judy Lockhart and associates Gerry Griffin and Kim Williams successfully represented **United News & Media**, a multi-billion dollar media corporation based in England, in an action brought by the State of New York for alleged discriminatory acts of the employees of two of its former New York subsidiaries, brokering firms



Elected a partner in December, **Judith A. Lockhart** practices primarily in the areas of employment law and general commercial litigation. Her employment law practice encompasses all facets of the practice, including the litigation of discrimination claims, wrongful termination and other employment-related actions in federal and state court, counseling clients concerning compliance with laws regulating employment and the preparation of employee manuals, policies, procedures and employment contracts. Judy represents engineering firms, manufacturing companies, financial institutions, hospitals and internet companies. She was previously counsel at Carter, Ledyard. Judy received her J.D. *cum laude* from Pace University School of Law in 1985, where she was a Casenote & Comment Editor for the *Pace Law Review*, and her B.B.A. in from Pace University in 1983. Judy will continue to practice in New York.

During the year we continued to represent clients in state and federal court and before administrative tribunals in connection with discrimination claims based on age, disability, national origin and sex.

also named as defendants in the action. The case was brought by the New York State Attorney General's office as part of a campaign to "clean up discrimination on Wall Street." The complaint alleged that the subsidiaries had engaged in severe and pervasive sexual harassment and racial discrimination under New York State and City Human Rights Laws, resulting in hostile and offensive work environments for female and minority employees. United News & Media's alleged liability was premised on allegations that, as the ultimate parent corporation, it exercised direct and significant control over the subsidiaries and their employees and thus somehow encouraged, condoned, or approved of the alleged discriminatory conduct and failed to take adequate remedial or corrective actions against such conduct.

We moved to dismiss the complaint on the grounds that the complaint failed to confer personal jurisdiction or sufficiently plead a cause of action for parent liability of United News & Media for the acts of its subsidiaries. Despite New York State's liberal pleading requirements and the fact that pleaded facts are presumed to be true on a motion to dismiss, the Court dismissed the complaint entirely with respect to United News & Media. Dismissal of the complaint at such an early stage of the litigation enabled our client to avoid the needless expense of discovery and further motion practice which certainly would have occurred had it been kept in the case. The case also made new law: the Court ruled that the Attorney General lacked standing to prosecute discrimination claims under the New York State and New York City Human Rights Laws. The Court held that only claims for injunctive relief could continue against the two brokerage firms because the State was not an "aggrieved" party of the alleged discrimination and therefore had no right to collect compensatory or punitive damages under the New York State and City Human Rights Laws. The Attorney General appealed the Court's decision with respect to standing and damages but did not appeal the dismissal of the case with respect to our client, United News & Media.

The Employment Practice Group worked closely with several clients in connection with merger and acquisition activity in 1999. As part of due diligence procedures in corporate transactions, we reviewed employment contracts, corporate policies and benefits. In connection with several mergers this year we provided pre-merger advice concerning severance programs and benefits, WARN Act requirements, reductions-in-force procedures, contract renegotiations and benefit consolidation. Following completion of the transactions, we worked closely with our clients to re-vamp and consolidate benefits and policies.

# PARTNERS FOR YOUR BUSINESS

When we promise to be *Partners for Your Business*, we mean that an experienced partner will handle a client's legal affairs, large and small, with the assistance of well-trained associates and paralegals for appropriate portions of the work. About half of our 100 lawyers are partner/counsel level. Our clients have direct access to the partners responsible for their matters. In our office, no client and no matter is too small to receive the attention of an experienced partner delivering the highest quality of legal and business advice.

Our partners are much more than excellent legal practitioners. The firm's vast contact base allows us to introduce

our clients to people who frequently can advance the client's interest, including prospective business partners, customers, sources of financing, investment bankers, consultants and other useful contacts worldwide. Like any good partner, we look for opportunities to add value for our clients beyond the legal work we are retained to deliver.

Where appropriate to a client's circumstances, flexible billing arrangements also constitute part of our partnering commitment. For early stage business clients, this may take the form of equity-based fee arrangements.

Once again, our Litigation Department distinguished itself from the litigation departments of many large firms by trying and winning cases. In addition to our employer litigation (see story on page 4), we handled disputes of all sorts, from multi-million dollar theft of trade secrets and unfair competition litigation to commercial landlord-tenant disputes to antitrust and white collar criminal defense.

Litigation partner Bill Sloane, corporate partner Jim Abbott, and associates Jaime Wilsker and Sian O'Malley represented **Market Measures, Inc., United Information Healthcare Group, Strategic Marketing Corporation**, and two employees of MMI in an action brought in the Federal Court in New Jersey by IMS Health Incorporated. In that action, IMS alleged claims for copyright infringement, misappropriation and misuse of trade secrets, breach of contract, breach of fiduciary duty, and conversion. IMS alleged that two of its former employees had taken client contact information and provided it to the defendants. We were successful in obtaining a satisfactory settlement for our clients and in avoiding any disruption in our client's business.

We continued to expand our representation of foreign clients in U.S. litigations. We represent **Slovnaft a.s.**, a Slovakian oil company, in its litigation against Merrill Lynch International. Merrill Lynch International arranged a series of "loan agreements" for Slovnaft in which a Merrill Lynch International affiliate was the majority lender to Slovnaft. Derivatives based on the price of Brent crude oil were embedded within the "loan agreements", and Slovnaft incurred unexpected interest payments when the derivative elements kicked in after the price of Brent crude oil dropped in 1998 and 1999. Slovnaft is seeking damages for breach of fiduciary duty, fraudulent misrepresentation and concealment, negligent misrepresentation, negligence and breach of contract. Our team includes corporate partner Bob McTamane, litigation partners Tim Fitzgibbon and Jeff Boxer, litigation associate Gerry Griffin, and corporate associates Kirstin Knight and Sergio Alegre.

We represented **Garban-Intercapital PLC, Intercapital PLC** and **Harlow Butler Denmark A/S** in a federal action brought by Jersey Partners Inc. Plaintiffs alleged claims for breach of contract, breach of fiduciary duty and tortious interference, and sought a preliminary injunction requiring Defendants to close down or dispose of their currency options desks in the United States and Europe, pursuant to an agreement entered into by the parties. We were successful in settling this matter on terms which did not require our clients to close down or

dispose of their currency options desks in the United States or Europe. Our team included litigation partners Bill Sloane and Gary Sesser, corporate partners Jim Abbott and Bob McTamane, and associates Gerry Griffin, Jaime Wilsker and Kim Williams.

Litigation partner Judy Lockhart and litigation associate Gerry Griffin successfully represented **Stone & Webster Engineering Corporation**, an architectural engineering corporation based in Boston, in a contractual indemnification claim. Stone & Webster had entered into a contract with Niagara Mohawk Power Corporation to perform services in connection with the construction of a steam station. The New York Supreme Court denied Niagara Mohawk's summary judgment motion. The appeal was heard by the Appellate Division, Third Department in 1999. The issue facing the court was whether a "hold harmless" provision within the contract exposed Stone & Webster to unlimited liability for the personal injuries of a worker on the project. We argued before the Third Department that Stone & Webster had carefully limited its liability through insurance provisions within the contract and that the "hold harmless" provision could not be interpreted in isolation but rather with these provisions in mind. The Third Department agreed with us, holding that the insurance provisions were unambiguous and limiting the indemnification under the "hold harmless" provision to the insurance provided for by these provisions.

In 1999 our litigators brought an unusual defendant class action interpleader litigation to a successful conclusion. We represented **Chase Manhattan Bank**, the trustee of numerous unit investment trusts that held Washington Public Power Supply System bonds. The Washington Public Power Supply System defaulted on the bonds, and Chase, as trustee of the unit investment trusts, ultimately received millions of dollars from the settlement of litigation brought after the bond default. The question facing Chase and other trustees was whether the settlement proceeds were to be distributed to the holders of the unit investment trusts at the time of the bond default or at the time the funds were received by the trustees. We commenced an interpleader action against three defendant classes of unitholders to determine the rightful recipients of the funds. The United States District Court for the Southern District of New York held that the unitholders of record at the time the trustees received the settlement funds were entitled to the money, and dismissed all counterclaims brought against the plaintiff trustees. The Second Circuit Court of Appeals affirmed the decision of the District Court, and we and Chase prepared for the distribution of the funds to the successful class of unitholders. Our team was led by litigation partner Jack Kaplan and trusts and estates partner Steve Lappert with assistance from litigation partner Jeff Boxer.

Our expertise is not limited to purely commercial disputes. We handled a variety of other disputes, including allegations of white collar crimes, litigation involving real estate and environmental issues and trusts and estates matters. For example:

We continued to defend a global chemical manufacturer in a Department of Justice antitrust grand jury investigation. Litigation partner Larry Carnevale led the defense team with assistance from much of the litigation department. Bob McTamane, Chairman of the Corporate Department, gave substantial support on antitrust issues.

We continued to act as litigation counsel for **Trinity Church** in a variety of real estate and landlord-tenant litigations. Our real estate litigation team is led by litigation partner Bill Sloane and corporate partner Vincent Monte-Sano, with assistance

from litigation associates Chester Te, Kike Olosunde and Lorraine Doran and real estate associate Bill Geller.

Litigation partner Bill Sloane, trusts and estates partner Ted Wagner and litigation associate Kike Olosunde successfully represented **U.S. Trust Company**, as trustee of the Gardiner's Island Trust, in a litigation matter relating to the Trust. The New York County Surrogate's Court has been actively handling the administration of the estate of Sarah Diodati Gardiner, including the Gardiner's Island Trust, since its inception in 1953. Nevertheless, one of the life beneficiaries of the Trust sought to compel U.S. Trust to arrange to sell Gardiner's Island under the Real Property Actions and Proceedings Law, in an action filed in the Suffolk County Supreme Court. We successfully moved to have the Supreme Court action transferred to the Surrogate's Court.

After winning a \$16 million dollar jury verdict for the **City of Newburgh, New York** against Central Hudson Gas and Electrical Corporation in December 1998 (see story on page 2), environmental partner Cliff Case, environmental counsel Jean McCarroll, litigation partner Bill Sloane, litigation associates Lorraine Doran and Rina Yano and legal assistant Bill Borenstein negotiated a final settlement of the dispute that included commitments from Central Hudson to indemnify the City and to pay for the clean up of contamination in Newburgh, as well as damage payments from Central Hudson to the City of Newburgh. The case involved wastes released from a former manufactured gas plant that Central Hudson had owned, and which our client is seeking to have them clean up.

Litigation partners Bill Sondericker and Jeff Boxer and paralegal Mara Leff defended **Showa Boeki Co., Ltd.**, a Japanese trading company, in an arbitration which involved over forty days of hearings at the American Arbitration Association. This case involves distribution by an American supplier of wall anchor products in Japan and claims of damages for a variety of causes of action. The arbitrators dismissed most of the claims against our clients. This case is continuing this year on one issue of damages.

The firm notes with great sadness the death of Devereux Milburn Jr. on January 10, 2000. Dev was a partner for almost forty years and head of our Litigation Department for 25 years.



Elected a partner in December, **Jeffrey S. Boxer** practices general commercial litigation with emphasis on employment law and restrictive covenants, arbitration, and jurisdictional issues. Jeff advises financial and international corporate clients

on employment and unfair trade practices and breach of contract and duty issues. Jeff received his J.D. from Fordham University School of Law, where he was a member of the *Fordham Law Review*, in 1992 and his B.A. from Lafayette College in 1989, and joined Carter, Ledyard as an Associate in 1992. He is a member of the New York Bar and will continue to practice in New York.



**John J. Walsh** is a leading media and First Amendment lawyer. At the end of 1999, John retired from Cadwalader, Wickersham & Taft after 40 years of litigation practice there, including 32 years as a partner. As senior counsel at our firm, John will continue his highly

regarded work on behalf of prominent individuals and leading businesses in libel and privacy disputes. John has represented major advertisers regarding their First Amendment right to commercial free speech in marketing and promoting their products, and has participated in many of the leading cases involving those issues on behalf of advertisers appearing as parties or as friends of the court. In 1995, *New York Magazine* named him as one of "The Best Lawyers In New York" in the media law category. John received his B.B.A. *magna cum laude* from Fairfield University in 1952 and his J.D. from Boston College Law School in 1958. He is a member of the *Order of the Coif*. John will practice in New York.

## REAL ESTATE

Our real estate clients - which include some of New York's biggest landowners - added significantly to their leasing portfolios and diversified their holdings through strategic dispositions last year. We were honored to be a part of the process.

We represented **Collegiate Church** in connection with the sale and marketing of seven of its office and mixed use buildings in Manhattan. Three of these closed during that period and the balance either went to contract or were the subject of contract negotiations. We also assisted the Church in structuring, documenting and closing its first joint venture with a private real estate developer. As usual, lawyers from various disciplines within the firm worked together, and we provided tax and corporate advice as well as real estate services.

Collegiate also entered into a 20-year retail lease with a major drugstore chain, providing for rents of more than \$15 million. We worked with the Church and the tenant to allow the Church flexibility in its future use of the building in which the premises were located, while retaining the benefits of a high-profile tenant and a long-term lease commitment. As a result, the Church retains certain rights to demolish and redevelop the building, reinforce or replace support columns in the tenant's space in order to increase the height of the building, and convert the building to a condominium.

Our client **Trinity Church** concluded a lease of three full floors (totaling approximately 210,000 square feet) at One Hudson Square to StarMedia Network, Inc., the leading Internet service provider in Latin America. StarMedia has expansion options which could increase the size of its premises to approximately 350,000 square feet. The announcement of the signing of the lease appeared in *The New York Times*, *Crain's* and *Real Estate Weekly*. We are told that this transaction is the largest Internet-related real estate lease in New York City to date, as well as the largest lease to date in Trinity's portfolio, with anticipated rentals in excess of \$150 million. The legal work on behalf of Trinity was handled by Barbara Brown.

In addition to the StarMedia lease, we represented Trinity Church in numerous other lease transactions, including the lease of over 50,000 square feet to a cable television company. We also aided Trinity Church in its efforts to attract retail uses to the Hudson Square area, representing Trinity in leasing premises to, among others, a garden center and an upscale Spanish restaurant.

The firm's Tax-Exempt Organizations Group assisted in structuring these transactions, particularly the joint venture transaction referred to above. The Real Estate Department and the Tax-Exempt Organizations Group together provide representation of tax-exempt organizations in realty transactions that we think is second to none. Our tax-exempt clients that are active in real estate include **Beth Abraham Health Services**, the **National Audubon Society**, **Westbeth Corp. Housing Development Fund Company, Inc.**, as well as **Trinity Church** and **Collegiate Church**.

Partner Bill Sondericker and associate Bill Geller concluded the acquisition of real property for **L.I. Electrical Distributing Co., Inc.** The company supplies electrical equipment to the construction industry.

## TAX

**GPU, Inc.** continued their generation plant divestiture program, which included the sale of 25 of the GPU Companies' hydroelectric and fossil fuel plants, as well as their Three-Mile Island Unit No. 1 and Oyster Creek nuclear power plants, for an aggregate purchase price of approximately \$2.7 billion. We advised on the tax issues involved.

The TMI-1 sale was the first sale of a nuclear power plant in the U.S. We secured a ruling from the IRS permitting the assets of the qualified trust established to fund the cost of decommissioning the plant to be transferred to the buyer without tax to GPU, the buyer or the trust. The ruling we obtained was a seminal ruling, not only for GPU but for the rest of the nuclear power industry as well.

We advised GPU as to the tax aspects of its \$215 million acquisition, in a stock tender offer followed by a reverse merger, of MYR Group, Inc., a publicly held company engaged in the construction of power lines and other utility infrastructure assets.

We advised GPU as to various U.S. tax issues in connection with its \$700 million acquisition of Cinergy Corp.'s 50% interest in a joint venture formed by GPU and Cinergy to acquire Midlands Electricity PLC, a U.K. electric company.

We advised **Jersey Central Power & Light Company**, a GPU subsidiary, as to the federal and New Jersey state income tax aspects of its proposed \$600 million asset-backed securitization transaction to finance the recovery of a portion of Jersey Central's "stranded costs" resulting from the deregulation of the electric generation business in New Jersey, and prepared a request for IRS rulings as to the federal income tax consequences of the transaction.

We also advised as to the tax issues associated with other financing transactions undertaken by GPU and its subsidiaries during 1999 including a \$1 billion commercial paper program through Chase Securities to finance re-

payment of borrowings incurred in connection with GPU's utility acquisitions in the U.K. and Australia, a \$300 million trust preferred securities offering, and a cash collar and total return equity swap transaction with Salomon Smith Barney to hedge the investment portfolio of its Oyster Creek nuclear plant decommissioning trust funds.

We also advised **GPU International, Inc.** on the tax aspects (as well as the environmental and real estate aspects) of, and prepared the documentation for, a proposed sale and leaseback transaction with ICX Corporation with respect to GPU's Onondaga co-generation plant.

We also assisted with the following matters:

- estate tax planning for the owner of an NFL football franchise
- tax aspects of disposing of artwork and other tangibles, mostly at auction, by a wealthy decedent
- tax aspects of disposing of New England timberlands owned by a wealthy decedent
- tax aspects of the America's Cup challenger syndicates
- litigated in tax court, challenging the validity of an IRS regulation of significance to virtually all Grantor Retained Annuity Trusts ("GRATs")
- succession planning for closely-held businesses
- negotiated settlement of a multi-million dollar proposed tax deficiency with IRS Appeals Office in Pittsburgh, Pennsylvania, including execution of a closing agreement
- tax advice to a multi-national corporation on "double dip" financing, and
- advice to a Canadian investment banking syndicate as to the tax consequences to U.S. persons holding units of a Toronto Stock Exchange listed oil and gas royalty trust

## MARITIME

Carter, Ledyard & Milburn continues to be one of the few New York firms that offers full legal services to maritime clients. Transactions we handled in 1999 included:

- Successfully prosecuting a multimillion dollar indemnity claim for a shipowner in a New York arbitration based upon the charterer's failure to honor letters of indemnity for change of the discharge port in China and discharge of the cargo without the original bill of lading.
- Successfully representing a Singapore shipyard in litigation against a New York insurance broker to recover over one million dollars in insurance proceeds, which had been assigned by the shipowner to the yard to pay for repairs, but unlawfully diverted by the broker to pay the next year's premiums.
- Attaching \$1.3 million in the New York account of a financially-troubled Djibouti bank which had failed

to honor a letter of credit in connection with the sale of an oil cargo in the Middle East; successfully addressing sophisticated jurisdictional, bankruptcy, and international comity challenges to sustain the attachment.

- In connection with the bankruptcy of Hvide Marine, commenced arbitration against the general partner and ultimately forced removal of an unauthorized \$230 million ship mortgage placed on the vessel Seabulk America owned by a partnership of which our client was the limited partner.
- Representing a mezzanine lender in connection with the conversion of the vessel Regent Sun to a Canyon Ranch floating spa ship.
- Representing lenders and secured parties in connection with high yield bond restructurings involving TBS Shipping and Navigator Gas.

## TAX EXEMPT ORGANIZATIONS

Our non-profit clients continue to grow in numbers, activities and wealth.

We assisted **International Jewelry Design Guild, Inc.** in two exciting developments during 1999. The Guild attracted a strong membership of the most highly regarded jewelry designers and sponsored a very successful jewelry designer pavilion at the JA International Jewelry Show operated by Miller Freeman, Inc. at the Javits Center in New York City. We organized the Guild as a not-for-profit corporation and negotiated the contract with Miller Freeman. The e-commerce retailer Ashford.com (which recently made a successful initial public offering for its stock) asked the Guild to enter an exclusive marketing and distribution agreement to establish a jewelry designers boutique exclusively for Guild members to distribute their products on the Ashford.com web site. We reorganized the Guild to enable it to take advantage of these opportunities.

We represent a number of other trade associations including the **Thoroughbred Racing Association**, the **Material Technology Institute**, and the **American Institute of Chemical Engineers**. Among other things, we advise these organizations on antitrust laws, which apply to trade associations and can be a threat to the organization, its directors and members.

We assisted several organizations to make major structural changes. For example, the **Japan International Christian University Foundation, Inc.** is a grant-making organization which plans to split into a supporting organization to hold its endowment and a public charity to offer direct programs to further its mission. It will be structured to permit it to assist foreign organizations. We also assisted two private foundations in splitting into smaller foundations to accommodate family differences and two other organizations desiring to merge.

Organizations looking for new sources of funds ask our advice on proposed activities. We worked with our regular client **The Andy Warhol Foundation for the Visual Arts, Inc.** to develop its licensing potential within the IRS requirements. We assisted several organizations in complying with multi-state fundraising requirements and helped produce planned giving policies and procedures for another. We advised on donor restrictions on contributions, and assisted a foundation to pledge grants totaling more than \$30 million to public charities with specific and enforceable conditions, helped an organization repel unjustified claims from a donor that it had not honored the gift's conditions and advised on the ability to use the restricted funds.

We secured IRS rulings on the tax exempt status of **GPU, Inc.**'s charitable foundation, and advised GPU as to the tax issues involved in contributing its Erie Bayfront property to the foundation and the foundation's subsequent sale of the property to a developer. We also advised GPU on the tax issues involved in creating a Sustainable Energy Fund to make contributions through local community foundations to support clean and renewable energy.

We continue to advise **Beth Abraham Health Services** and its affiliates, including Comprehensive Care Management Corporation and Beth Israel Nursing Homes, Inc., on various corporate and site acquisition, financing, and other real estate matters. We also represent the owner of Westbeth Artists' Housing in Greenwich Village, and represent the National Audubon Society on real estate matters.

We assist exempt organizations in all aspects of their affairs, including real estate, employment law, pension and tax advice. An example is the **ASPCA**, which we advise on real estate and trusts and estates matters.

## TRUSTS AND ESTATES

The year 1999 was a normally busy one for the Trusts and Estates Department at Carter, Ledyard & Milburn, but it was marked by two milestone events. The first was the death in September of Bill Cameron, the former head of the department, and the second was the formal retirement at the end of the year of Dick Covey. These two individuals molded the department, and added luster to its already major reputation.

Although retired, Bill Cameron had continued to come to the office and to serve many of his faithful clients. His sudden death from cancer stunned us all, and he will be greatly missed.

The firm has for generations been preeminent in the nation in the field of trusts and estates. It has handled the estates of many prominent persons, from Samuel J. Tilden to Christian Herter, from J. P. Morgan and John Jacob Astor to John O'Hara, Vincent Astor and "Jock" Whitney. The firm is currently representing estates with an aggregate value in the billions of dollars, and advising living clients with additional billions.

The prominence of the trusts and estates practice stretches back through the firm's history. A prime reason has been the quality of the service provided, but, if truth be told, the fact that Lewis Cass Ledyard seemed to know and be trusted by almost every significant robber baron of the turn of the century was really what got things started, and kept the firm's will vault filled for decades. Add to that fine group of clients the fact that the firm has been general counsel to United States Trust Company for a century and a half a century, and you have a wonderful practice.

There is, however, an additional thing that has distinguished the practice at Carter, Ledyard & Milburn for the past 38 years, and that has been the presence of Richard B. Covey, who formally retired this December. Dick Covey is the single most important trusts and estates practitioner in the United States today. He is responsible for many basic innovations in the practice, from "hanging powers," which every trust lawyer uses probably at least once a month, to the Grantor Retained Income Trusts, which were so successful at removing money from the grasp of the tax man that Congress specifically outlawed them (except in certain specific cases) in 1990.

For more than 30 years Dick has been the lead speaker at the University of Miami's annual estate planning insti-

tute, and he helped build that conference into the largest gathering of its kind. For years, wise lawyers have gone to Miami solely for the chance "to hear what Dick Covey is thinking about." Miami gave Dick an honorary Doctor of Laws degree in 1979, and on his last appearance this January, they gave him a gold watch. For the past 17 years Dick has been the prime author of and driving spirit behind *Practical Drafting*, a quarterly publication of United States Trust Company, and the "bible" for sophisticated T&E practitioners throughout the country. Virtually single-handedly, he has turned out the most innovative and thoughtful law journal devoted entirely to estate planning in the country.

One lawyer from Kentucky summed things up pretty well:

"In every field there are a few who stand out far above the rest, those who . . . by their dedication to excellence, advance the ball. . . . [Dick] Covey has been the supreme estate planner of his generation, the fellow who has invented much of what we do, the fellow whose dedication to knowledge and planning has been a supreme inspiration . . ."

The good news for the firm is that Dick and Bill have trained the current members of the department (and Dick, fortunately for the firm, will enjoy an "active" retirement, and will continue to come to the office and serve clients and help the lawyers in the department), and their legacy will continue at Carter, Ledyard & Milburn.



**Edmund J. Behan** was elected a partner in December. Ted practices trusts and estates law, including personal tax and estate planning and administration of estates. He represents individuals, corporate trustees and common trust funds. Previously a counsel at Carter, Ledyard, Ted received his J.D. from the University of Pennsylvania School of Law in 1982, his B.A. from Wesleyan University in 1976, and is a member of the New York Bar. Ted will continue to practice in New York

## ON THE MOVE

As we expand our capabilities, we need to expand. This past year, we expanded our "virtual" address (see the story on page 3) and all of our "actual" addresses. While some of us imagined that this would be like changing the piston rings on a car while it speeds down the highway at 65 m.p.h., our many moves went smoothly and all of our lawyers are now in renovated space.

**New York - 2 Wall Street.** For several years we have occupied eight floors at 2 Wall Street. This year we leased the 19th and 12th floors, so that we now have 10 contiguous floors. Taking the 19th floor gave us the ability to renovate our other floors, which we began in June. Every six weeks, attorneys on one or two floors moved to temporary offices on the 19th floor, while their home floors were reconfigured, re-carpeted and re-painted. This presented even the tidiest of us with an opportunity to reorganize our files and throw away out-dated materials. After these moves, the 19th floor was gutted. It is now being

reconfigured to provide additional office space and modern conference facilities. When work is completed on the 19th floor, we will begin a complete renovation of the 12th floor. Executive Committee member Steve Glusband, Managing Partner Jerome Caulfield, Office Manager Diane Koday-McBurnie and Assistant Manager Rachel Sherman oversaw the moves and dislocation with their usual grace and wit.

**Washington DC - 1401 Eye Street NW.** We recently moved to larger quarters on Eye Street, down the block from our former offices. The new offices will accommodate twice as many attorneys, and have modern communications and conference capabilities.

**New York - 570 Lexington Avenue.** Last year we completed the move into a new office at 570 Lexington Avenue. The office has three conference rooms, and is a convenient place to hold meetings in the midtown area.

## WORKING WITH ALUMNI

We are pleased that Carter, Ledyard alumni so frequently come back to work with us. Some return "within the walls," like Andris Vizbaras, who left the firm for a few years as an associate and returned to become counsel in our Corporate Department. Other alumni return as valued clients, a few of whom are highlighted below.

- **Arnold M. Nemirow–Bowater Incorporated.** Arnie Nemirow came to work for us on graduating from University of Michigan Law School in 1969. Among the major corporate projects he worked on here was the acquisition of Nekoosa Edwards by our client Great Northern Paper. In 1974 he joined the legal department at Great Northern, and by 1984 he had risen to become the President of Nekoosa Papers. In 1990, when Georgia Pacific acquired Great Northern Nekoosa in a hostile tender offer, he became CEO of Wassau Paper, where he had an outstanding career. In 1994, he joined Bowater, shortly after Bowater had acquired Great Northern Paper from Georgia Pacific. Arnie is now Chairman, President and CEO at Bowater. His career at Bowater has already been legendary. He has won numerous industry awards (e.g. "Paper Industry Executive of the Year"); last year *Papermaker* named Bowater "company of the year" and *Industry Week* named it one

of the 100 best managed companies in the world. Bowater is the leading newsprint producer in the U.S. and number three in the world, and is one of the world's largest consumers of recycled paper. Its recent acquisitions include Avenor Inc. in Canada and the Halla newsprint mill in Korea. We were very busy in 1999 working with Arnie, Bowater's Senior Vice President and General Counsel Tony Barash and Associate General Counsel Harry Gear on a series of disposal transactions whereby Bowater sold the paper and saw mills owned by its Great Northern Paper subsidiary and a total of 2,130,000 acres of timberland for aggregate proceeds of \$790 million.

- **Edwin S. Hetherington and Rosalind J. Krakauer–Sea Containers Ltd.** Ned Hetherington is Vice President, General Counsel and Secretary of Sea Containers Ltd. In 1980, after five years at CL&M, he joined the New York office of Sea Containers America Inc. and then moved to the company's principal operating office in London. Roz Krakauer joined the company's West Coast affiliate, Sea Containers West Inc., as Consulting Counsel in 1984 following five years at CL&M, and continues in that position. Sea Containers Ltd. is engaged in three main businesses: passenger transport, leisure and marine container leasing. The principal assignment we are currently working on with this long-standing CL&M client is a possible initial public offering and subsequent spinoff of the shares of its Orient-Express Hotels Ltd. leisure subsidiary. Last year, we represented the company in con-

nection with the public issuance of \$115 million of notes and the sale "off the shelf" of common shares.

- **Jeremiah J. McIntyre–Geneva Pharmaceuticals, Inc.** After ten years at CL&M, Jerry went to Geneva Pharmaceuticals, where he now is Senior Vice President Business Development and General Counsel. Geneva is the generic drug subsidiary of Swiss multinational Novartis AG. We have recently worked with Jerry representing Geneva in connection with a development joint venture and on its acquisition of generic drug developer Invamed, Inc.
- **Tatyana Doughty Olyphant–ASPCA.** Tanya was at CL&M from 1973 to 1976 and is currently Senior Vice President and General Counsel of The American Society for the Prevention of Cruelty to Animals. Last year, we worked with the ASPCA on real estate and other projects.
- **Dr. Henry Peter–Sganzini Bernasconi Peter & Gaggini.** Dr. Peter is founding partner of Swiss law firm Sganzini Bernasconi Peter & Gaggini. He was an intern at the firm in 1984. An associate of his firm, **Max Maestretti**, worked with us for 10 months in 1999. We have handled many assignments for Dr. Peter's firm, including obtaining a substantial arbitration award for the owner of the Diners Club Swiss franchise and the purchase and sale of a number of New York commercial and residential properties.

## PROFESSIONAL ACTIVITIES

Our attorneys love what they do. And they love to talk about it. As always, we wrote articles, hosted conferences and roundtables, and gave speeches in 1999:

- **Cliff Case** spoke before the environmental and municipal sections of the Westchester County Bar Association and the New York State Bar Association, and at a conference of the New York State Association of Counties, on remedies available to municipalities for dealing with contaminated property within their boundaries. In addition, building on their successful representation of the City of Newburgh, Cliff, **Jean McCarroll** and **Bill Sloane** met with attorneys from other states who have handled manufactured gas cases, to exchange information and consider forming a manufactured gas plaintiff lawyers' group.
- In November, the firm collaborated with *Securities Week* to sponsor the third annual Raiding on Wall Street Conference, which focused on employee recruiting and retention issues in the securities industry. **Larry Carnevale**, the conference chairman, reviewed recent industry developments\* and **Judy Lockhart** discussed computer forensics and privacy issues.\*
- **Tom Whalen** teamed up with *Lloyd's Shipping Economist* in November to host a roundtable in London the day before the LSE Shipping Finance Conference. The roundtable successfully brought together seven participants, representing differ-

ent industry players, to discuss the current situation in the world of shipping finance.

- **Bob Hoegle**, with help from **Chris Boam** and **Jack Cahill**, wrote "Rethinking Traditional Business Models and Practices for the Internet," *Internet Law Journal*. Bob and Chris also collaborated on "Jurisdiction and Cyberspace: While the Courts Clarify Issues in the U.S., International Problems Remain," *IP Worldwide*.\*
- **Bob McTamanev** was quoted extensively on his antitrust analysis of the Microsoft, Intel and other enforcement actions for articles that appeared in publications which included *The Financial Times*, *Business Week* and *The New York Times*.
- "When the Seller Has Internet-Related Business," authored by **Jim Abbott** and **Alan Bernstein**, appeared in *The New York Law Journal* in November.\*
- *The Bankruptcy Strategist* ran two articles by **Jim Gadsden** and **Aaron Cahn**: "Limiting Time to Assume Commercial Leases: What About Kleinsleep?" and "How the 1999 Bankruptcy Bill Could Affect Reorganizations."\*\*
- **Jack Cahill** contributed "The Dilemmas of the Tripartite Relationships-Is the Case Big Enough to Put Away the Swords?" to *Toxic Torts and Environmental Law, Defense Research Institute*, which he presented at the Institute's Toxic Torts and Environmental Claims Seminar in San Diego in May. Jack and **Tim Fitzgibbon** wrote "Intellectual Property Assets Raise Insurance Issues" for *The National Law Journal*.\*

- **Mary Diemer**, Associate Editor of *Litigation News*, which is published by the ABA's Litigation Section, continued her bi-monthly contributions to that publication of practical interest to litigators.
- In September, **Jim Gadsden** presented "Opportunities and Challenges in International Structured Finance" at the IIR Shipping Finance Conference in London.\*
- *Lloyd's List* printed **Tom Whalen's** and **Tom Bardo's** article "Fresh Hope for Foreign Operators as Jones Act Inches Closer to Reform," which reviewed efforts in the U.S. Congress to revise the Jones Act restrictions on U.S. coastwise trade.
- **Steve Kass** and **Jean McCarroll** continued to write the "Environmental Law" column for *The New York Law Journal*.\*
- In August, **Peter Gates** conducted a seminar in Barbados on corporate acquisition agreements for the *Caribbean Commercial Law Workshop*.
- **Steve Kass** led seminars for federal judges on practical aspects of brownfields development and the complexity of climate change regulation. He was also Adjunct Professor of International Environmental Law at Pace Law School and a lecturer on the environmental aspects of corporate transactions at seminars sponsored by NYU's Wagner School of Public Administration and the New York Society of Securities Analysts.

\* Text of this article is available on our web site, [www.clm.com](http://www.clm.com).

### Questions or Comments

If you have any questions or comments about any article, kindly contact Jim Abbott at 212-238-8720 or [abbott@clm.com](mailto:abbott@clm.com), Tom Davis at 212-238-8850 or [davis@clm.com](mailto:davis@clm.com), or Maria D. Velazquez at 212-238-8670 or [velazquez@clm.com](mailto:velazquez@clm.com).

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