

CLOSED

U.S. District Court
Southern District of New York - Civil Database (Foley Square)

CRIMINAL DOCKET FOR CASE #: 99-CR-250-1

USA v. Bankers Trust Co.
Case Assigned to: Judge John G. Koeltl
Dkt# in other court: None

Filed: 03/11/99

BANKERS TRUST COMPANY

defendant
[term 07/27/99]

Samuel W. Seymour
[term 07/27/99]
[COR LD NTC ret]
125 Broad Street
New York, NY 10004-2498
(212) 558-4000

Carey R. Dunne
[term 07/27/99]
[COR LD NTC ret]
Davis, Polk & Wardwell
450 Lexington Avenue
New York, NY 10128
(212) 450-4000

Pending Counts:

Disposition

18:1005.F BANK ENTRIES,
REPORTS AND TRANSACTIONS
(MAKING FALSE ENTRIES IN
BANK BOOKS AND RECORDS)
(1 - 3)

The defendant shall pay a fine
of \$60,000,000.00.
(1 - 3)

Offense Level (opening): 4

Terminated Counts:

NONE

Complaints:

NONE

U. S. Attorneys:

Alex Young K. Oh
[COR LD NTC]
Assistant United States

Proceedings include all events.
1:99cr250-1 USA v. Bankers Trust Co.

CLOSED

Attorney
Mary Jo White, United States
Attorney
Criminal Division
One St. Andrew's Plaza
New York, NY 10007
USA
(212) 791-1991

Proceedings include all events.

1:99cr250-1 USA v. Bankers Trust Co.

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3/11/99	1	WAIVER OF INDICTMENT by Bankers Trust Co. (bh) [Entry date 03/15/99]
3/11/99	2	SEALED INFORMATION as to Bankers Trust Co. (1) count(s) 1-3 (bh) [Entry date 03/15/99]
3/11/99	3	NOTICE of Appearance for Bankers Trust Co. by Attorney Samuel Seymour (bh) [Entry date 03/15/99]
3/11/99	4	NOTICE of Appearance for Bankers Trust Co. by Attorney Carey R. Dunne (bh) [Entry date 03/15/99]
3/11/99	--	Arraignment as to Bankers Trust Co. held. Deft pres w/atty Carey Dunne and Samuel Seymour pres, AUSA Alex Oh pres. Deft pleads not guilty Bankers Trust Co. (1) count(s) 1-3 before Magistrate Judge Michael H. Dolinger. Case assigned to Judge Koeltl for all purposes. (bh) [Entry date 03/15/99]
3/11/99	--	ORAL ORDER as to Bankers Trust Co. , Unsealing Information (Entered by Judge John G. Koeltl) (bh) [Entry date 03/16/99]
3/11/99	--	Change of Plea Hearing as to Bankers Trust Co. held. Defendant Bankers Trust Company present. with attorneys Samuel Seymour and Cary Dunne. AUSA's Alex Oh and Andrea Weiss. Reporter Steven Griffing present. Defendant changes plea of not guilty and pleads guilty to count 1 through 3 of information. Sentence date set for 5/12/99 at 5:00 pm. (mr) [Entry date 03/17/99]
3/11/99	--	Change of Not Guilty Plea to Guilty Plea by Bankers Trust Co. Bankers Trust Co. (1) count(s) 1-3 (mr) [Entry date 03/17/99]
3/11/99	--	PLEA entered by Bankers Trust Co. . Court accepts plea. Guilty: Bankers Trust Co. (1) count(s) 1-3 (Terminated motions -) (mr) [Entry date 03/17/99]
3/11/99	--	Sentencing set for 5:00 5/12/99 for Bankers Trust Co. , Bankers Trust Co. (1) count(s) 1-3 (mr) [Entry date 03/17/99]
5/13/99	5	TRANSCRIPT of record of proceedings as to Bankers Trust Co. filed before Judge Koeltl for dates of 3/11/99. (sac) [Entry date 05/13/99]
6/4/99	6	ORDER as to Bankers Trust Co., The Court received the enclosed correspondence that was not copied to all parties. It is therefore attached. The action seeks a Government inquiry and no action is called for by the Court. (Signed by Judge John G. Koeltl); Copies mailed. (mr) [Entry date 06/10/99]

Proceedings include all events.
1:99cr250-1 USA v. Bankers Trust Co.

CLOSED

6/17/99 7 ORDER as to Bankers Trust Co., The Court forwards to the parties the attached letter from Mr. Supinski because it is not clear that the letter was sent to both parties. No action is called for from the Court. (Signed by Judge John G. Koeltl); Copies mailed. (mr) [Entry date 06/24/99]

7/12/99 8 ORDER as to Bankers Trust Co., The Court has received the attached letter which is being forwarded to the parties. (Signed by Judge John G. Koeltl); Copies mailed. (mr) [Entry date 07/13/99]

7/26/99 -- Sentencing held Bankers Trust Co. (1) count(s) 1-3 (mr) [Entry date 07/29/99]

7/27/99 9 FILED JUDGMENT in a CRIMINAL CASE. Defendant present with attorney Samuel Seymour. The defendant Bankers Trust Co. (1) pleaded guilty to count(s) 1-3. The defendant is sentenced as provided in pages 2 through 4 of this judgment. The sentence is imposed pursuant to the Sentencing Reform Act of 1984. It is ordered that the defendant shall notify the United States Attorney for this district within 30 days of any change of name, residence, or mailing address until all fines, restitution, costs, and special assessments imposed by this judgment are fully paid. The defendant shall pay a fine of \$60,000,000.00. The fine shall be payable, together with interest, by thursday, 7/29/99 from the funds already in Escrow with the Federal Reserve Bank of New York. The Court imposes no restitution because fashioning and order of restitution will unnecessarily prolong and complicate the sentencing process. Statement of reasons attached. Judgment and Commitment issued to U.S. Marshal (Signed by Judge John G. Koeltl); [Docketed as a Judgment #99,1797 on 7/30/99.] (mr) [Entry date 07/29/99] [Edit date 08/02/99]

7/28/99 10 ORDER as to Bankers Trust Co., The Court has received the attached letter which is being forwarded to the parties. (Signed by Judge John G. Koeltl); Copies mailed. (mr) [Entry date 07/29/99]

7/31/99 -- Payment of Fine in the amount of \$61,025,852.75 by Bankers Trust Co. Date received: 7/30/99 (bw) [Entry date 08/04/99]

8/20/99 -- Payment of Fine in the amount of \$60,600,000.00 by Bankers Trust Co. Date received: 7/30/99 (sl) [Entry date 08/20/99]

9/10/99 11 TRANSCRIPT of record of proceedings as to Bankers Trust Co. for dates of 7/26/99 before Judge Koeltl. (mr) [Entry date 09/10/99]

10/6/99 12 ORDER as to Bankers Trust Co. The Court forwards to the parties correspondence dated September 28, 1999. (Signed on 10/4/99 by Judge John G. Koeltl); Copies mailed. (bw) [Entry date 10/07/99]

Docket as of August 4, 2000 3:38 pm

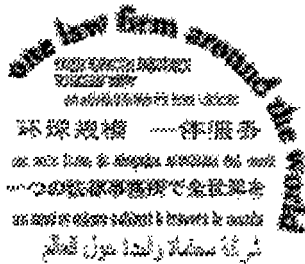
Page 4

Certified as a true copy on

this date 8-4-00By [Signature]

() Clerk

17 Deputy



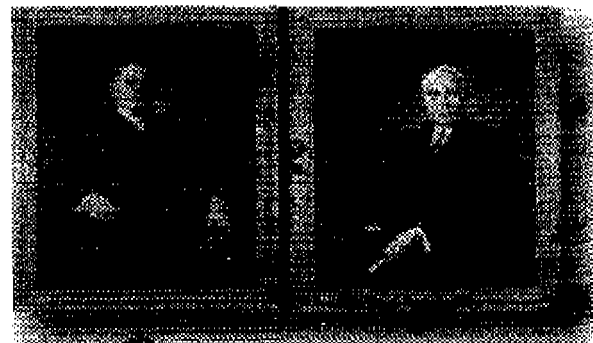
[click for Timeline](#)

History of Firm

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- [The World War II Years and the Relationship with Saudi Aramco](#)
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The Partnership of J. DuPratt White and George B. Case

On May 1, 1901, on Manhattan's Wall Street, two young attorneys contributed \$250 each to launch White & Case, creating what has become one of the world's preeminent global law firms. At the time of the firm's founding, J.



J. DuPratt White and George B. Case

At the time of the firm's founding, J. DuPratt White, 31, had only apprenticed at a law firm and never attended law school; George B. Case, 28, had graduated from Columbia Law School only four years earlier. DuPratt White and George Case founded their law firm with a strong mutual trust, and no partnership agreement.

The firm prospered immediately as a result of its

founders' dedication, legal acumen and strategic business relationships. DuPratt White and George Case's friendship with J.P. Morgan financier Henry P. "Harry" Davison enabled much of the firm's early success. Davison, who was second-in-command to Morgan himself and a rising star on Wall Street, encouraged the young lawyers to form their law firm. He also retained White & Case to represent a series of banking ventures and provide legal services to many of the companies financed by J.P. Morgan in the beginning of the century, including the Morgan firm itself.

White & Case clients during its formative years were sophisticated companies which required the highest level of excellence and reliability from their lawyers. The work ethic and skill required to meet the demands of these clients became deeply ingrained in the firm, shaping the culture and areas of law practiced by White & Case for the next century.

Bankers Trust: An Enduring Client

Bankers Trust epitomized the prominent early clients of White & Case. The relationship between Bankers Trust and White & Case is one of the great enduring client relationships in the history of the legal profession. White & Case represented Bankers Trust for 96 years until its acquisition in 1999 by another White & Case client, Deutsche Bank, which is still a client of the firm today.

White & Case was centrally involved in the formation of Bankers Trust in 1903. The complex concept of a trust company for bankers was novel in the early 20th century. At that time, federally chartered commercial banks were barred from engaging in trust business; however, state chartered trust companies were allowed to conduct most commercial banking activities. When commercial banks referred clients to state-chartered trust companies, they risked losing their clients to these competitive trusts. Since trust companies loaned only against secure collateral, their risks were lower, allowing them to pay higher interest rates on deposits. By welcoming trust accounts referred by commercial banks and publicly pledging not to engage in any aspect of commercial banking,

Bankers Trust became the first trust company for bankers.

For White & Case, its work in helping organize and build Bankers Trust, as well as its early work for a number of other banking institutions – including First National Bank, Liberty National Bank, American Exchange National Bank, New Netherlands Trust Company and Astor Trust Company – established a pattern. Although the firm today has an array of practice areas across the spectrum of corporate law, it is still well known for its leadership in banking law, representing more than 100 banks around the world.

Even though White & Case built its early reputation in banking law, it was not solely a banking firm. White & Case's banking clients often recommended that their own clients retain the firm. There are many examples of this – from the firm's early practice in examining corporate indentures, such as the Denver & Rio Grande Railroad Equipment Trust Agreement of 1903 (of which Bankers Trust was trustee), to its representation beginning in the 1920s of the Pennsylvania coal companies controlled by the Kemmerer and Bowring families (who were referred to White & Case by First National Bank).

White & Case's relationship with Federal Paper Board, which became one of the nation's leading manufacturers of the paperboard used for cereal boxes and other products, began with a referral from Guaranty Trust Company. White & Case represented Federal at its incorporation, and continued to represent the company for its entire 80-year history until it was acquired by International Paper Company in 1996. Throughout the eight-decade relationship with Federal, White & Case represented the company in acquisitions, litigation, its initial public offering in 1953, other equity and debt financings, defenses against hostile takeover attempts, and the sale of the company to three of its senior executives.

White & Case moved into the Bankers Trust headquarters at 14 Wall Street in 1909. At that time, the 35-story building was the most expensive piece of real estate in the world and the



world's tallest structure. White & Case remained at 14 Wall Street until 1984 when it moved to midtown Manhattan, where the firm's New York offices are today.



The World War I Years and the Great Depression

During World War I, the firm conducted critical work for J. P. Morgan & Co., which had been hired by the British and French governments to purchase war materials in the United States on their behalf. White & Case handled all the legal work, including the writing of contracts with nearly 1,000 U.S. suppliers. By the war's end, some \$3 billion of armaments had been channeled to the British and French military through the program, representing nearly half of all U.S. supplies sold to the Allies during the war. After the war, the French government made DuPratt White a Chevalier of the French Legion of Honor in recognition of the firm's contributions to this massive undertaking, which helped win the war for the Allies.

By the late 1920s, White & Case clients included United States Steel Corporation, Armour & Company, McGraw-Hill, Inc., New York Shipbuilding Corporation, Swift & Co., West Virginia Coal and Coke Company, and Combustion Engineering Corporation, among many others.

In 1926, White & Case's international expansion began in France with the opening of an office in Paris on the Place Vendome. The Paris office, White & Case's first office outside of New York, serviced the firm's many banking clients, as well as the International Red Cross. The firm had taken an active role in transforming the Red Cross from a small charity into a national institution during World War I. Harry Davison, who oversaw the Red Cross at the request of President Woodrow Wilson, appointed George Case to the Red Cross "War Council." White & Case's pro bono work for the Red Cross initiated a long-standing commitment to pro bono service still practiced and held in high esteem at White & Case today.

White & Case's growth continued through the 1920s;

but then came the Great Depression of the 1930s. Although many companies had to tighten their purse strings by laying off employees and scaling back operations, demand for White & Case's services kept growing. In the 1930s, White & Case added many new clients, including Swiss Bank Corporation and The Seagram Company Ltd. of Canada. Seagram retained the firm on the eve of Prohibition's repeal, as it was charting plans to enter the U.S. spirits market. White & Case partner Ezra Cornell, great-grandson of the founder of Cornell University, was the cornerstone of this important client relationship, which endured for 35 years.

These years saw a substantial increase in federal legislation that fundamentally changed how businesses operated and were financed. New federal statutes such as the Securities Act of 1933, the Securities Exchange Act of 1934, the National Labor Relations Act of 1935, the Public Utility Holding Act of 1935, the Social Security Act of 1935 and the Trust Indenture Act of 1939 all bolstered demand for legal services. In addition, bankruptcies and corporate reorganizations were a major source of work throughout the 1930s.

To keep pace with the needs of its clients, the firm hired an average of six new attorneys each year during the Depression and took additional space in the Bankers Trust building. However, despite the expansion of White & Case's business during these tumultuous years, the firm had to take some cost-cutting measures during this time. Associates earned less in 1937 than they had in the beginning of the decade: In 1930 their salaries were \$200 per month; they earned \$175 per month in 1937.

The U.S. Steel Relationship

U.S. Steel was one of the first companies to register a public offering and the pioneering task of determining how to comply with the newly enacted Securities Act of 1933, including the necessary due diligence, fell largely to White & Case. In 1938, U.S. Steel was confronted by highly contentious Congressional antitrust hearings. White & Case, as U.S. Steel's special counsel, defended the company effectively in the hearings. Overshadowed by the nation's entry into

World War II, the Congressional antitrust efforts faded away without much impact on U.S. Steel.

The relationship with U.S. Steel was so strong that two White & Case partners, Irving Olds and Roger Blough, eventually served as chairman and CEO of the company. Irving Olds had served as U.S. Steel's special counsel for the antitrust hearings 1938. Two years later he was invited by the U.S. Steel board of directors to become chairman and CEO. Olds served in this capacity for 12 years while continuing as a partner of the firm, but withdrawing from active involvement. In 1942, Olds recruited White & Case associate Roger Blough to be U.S. Steel's solicitor general. Irving Olds retired from U.S. Steel in 1952 and returned full-time to White & Case.

Meanwhile, Blough moved ahead rapidly at U.S. Steel and became its CEO in 1955. He led the company for the next 14 years and melded its scattered operations into a unified business. Roger Blough returned to White & Case in 1969. Despite his accomplishments, he is primarily remembered for his run-in with President Kennedy in 1962 over the price of steel. When U. S. Steel raised its average price by \$6 a ton, the president reacted with fury, insisting the company should restrain its prices because the United Steelworkers union had previously accepted only a modest wage increase. The president derided Blough publicly and threatened an antitrust investigation, price controls and other actions unless the company relented. Although Blough defended the price increases as necessary to finance plant modernizations, he eventually rescinded them under pressure from the president.

The World War II Years and the Relationship with Saudi Aramco

World War II and the postwar years witnessed renewed economic expansion for the United States and

securities offerings and important issues of corporate governance.

One of the most significant antitrust cases during this period involved Saudi Aramco. Aramco, Saudi Aramco's predecessor before its purchase by the Saudi government, held an exclusive concession to develop and produce Saudi Arabia's massive oil reserves. Faced with a federal grand jury subpoena related to an investigation of alleged worldwide oil cartels, Aramco heeded the advice of U.S. Senator Taft of Ohio and contacted White & Case for representation. No action against the company resulted from those grand jury proceedings, and an enduring relationship between Aramco -- and later Saudi Aramco -- and White & Case had begun.

White & Case continued to provide counsel to Aramco in matters ranging from arbitration against Greek shipping magnate Aristotle Onassis in 1954 to the sale of the company's assets to the Saudi government in the 1970s and 80s, creating Saudi Aramco. Most notably, in 1988 the firm advised Saudi Aramco in the formation of a \$16 billion tripartite joint venture between Saudi Aramco, Texaco Inc. and Shell Oil Company, called Motiva Enterprises LLC. The venture not only markets those brands in the eastern United States, but also owns and operates four major U.S. refineries -- three previously operated by Star Enterprise (a joint venture of Saudi Aramco and Texaco) and one previously operated by Shell Oil. This transaction was one of the most innovative downstream oil products restructurings in the history of the industry.

Another landmark transaction for White & Case was one of the largest real estate transactions in New York City history. In 1954, White & Case



represented the sellers in the \$51.5 million sale of the Empire State Building. Also in New York, the firm began to work in the 1950s with many cultural institutions, including the Metropolitan Opera,

Carnegie Hall, the Simon Guggenheim Trust and the Guggenheim Museum.

1960s: The Salad Oil Scandal and Hostile Takeovers

The 1960s at White & Case were punctuated by two seminal matters, the "salad oil scandal" and the defense of tire manufacturer B.F. Goodrich Company against a hostile takeover.

The *Wall Street Journal* dubbed the 1963 salad oil scandal "one of the biggest swindles in history." The scandal involved a vegetable oil dealer who defrauded customers and lenders, including a subsidiary of American Express that had issued warehouse receipts certifying the existence of oil, when, in fact, that oil did not exist. The dealer had used the receipts to finance his inventories with Continental Illinois, Chase Manhattan Bank, several other banks and vegetable oil exporters. Not only would the dealer move oil between tanks so that the same oil would be counted twice, but he also installed cylinders in the tops of some tanks and filled them with oil, creating the impression that the entire tank was full. White & Case represented Continental Illinois National Bank & Trust Co., the largest creditor in the matter, with \$20 million of outstanding loans. Facing novel legal issues in this case, White & Case employed innovative tactics to cause American Express to honor the warehouse receipts issued by its subsidiary. The case resulted in one of the largest financial settlements in history at the time, in which American Express agreed to pay its creditors \$57.9 million in cash and up to \$30 million of recoveries from insurance and other sources.

The representation of B.F. Goodrich paved different paths for White & Case. In the mid-60s, as the number of mergers and acquisitions began to skyrocket, White & Case was at the forefront of both friendly and hostile takeovers. In 1969 it defended B.F. Goodrich Company against a hostile takeover by Northwest Industries. Hostile takeovers were uncommon at this time and White & Case's legal strategies on behalf of Goodrich led to Northwest eventually letting its bid for Goodrich expire.

At the time of the Goodrich defense, federal antitrust enforcement was being tightened. White & Case took advantage of this political climate and sought to have the government block the Northwest takeover on antitrust grounds. Both the Justice Department and Representative Wilbur Mills, the powerful chairman of the House Ways and Means Committee, became involved in the case. Mills, concerned about the economic impact of mergers involving conglomerates, introduced legislation that severely limited the tax deductibility of interest on debentures issued for stock in takeovers, thus threatening to destroy the acquisition currency of conglomerates and thereby inhibiting growth. Mills' proposal sent shock waves through the stock market, causing the share prices of many conglomerates - including Northwest - to plummet. Mills' legislation became the basis for the Tax Reform Act of 1969, which helped bring the conglomerate movement to an end.

Expanding Globally and Domestically in the 1960s and 70s

Propelled by Europe's economic integration following the 1957 Treaty of Rome and the European expansion of White & Case client Bankers Trust, the firm made great strides in its global expansion in the 1960s and 1970s. The firm's Paris office, which had reopened in 1961 after closing at the beginning of World War II, advised many U.S. industrial companies that were investing in Europe and U.S. banks that had established operations in Paris. In 1971 the firm opened an office in London, just as that city was establishing itself as a global financial center, impelled in part by the U.S. interest equalization tax. The tax drove many foreign borrowers to Europe, resulting in the creation of the eurodollar loan market in London. White & Case was an innovator in this market, writing many of the earliest eurodollar loan agreements from its office in New York.

The next phase in the firm's globalization involved its sovereign-related practice. Led by Jim Hurlock, White & Case represented Indonesia in the mid-1970s in connection with a financial crisis involving the state-owned Indonesian oil company Pertamina. Over the

next two decades, the firm provided representation to Indonesia in many of the major public sector industrial projects implemented in Indonesia, including numerous oil and gas, mining, power generation and other infrastructure projects, as well as the construction of many different types of process plants.

Indonesia was the starting point in the development of the firm's sovereign practice, which became increasingly important to White & Case in the 1980s and 1990s. White & Case has represented more countries in sovereign-related projects and commercial activities than any other law firm. In addition to Indonesia, the firm has represented dozens of sovereigns, including Abu Dhabi, Albania, Algeria, Belarus, Cameroon, Costa Rica, Croatia, Gabon, Guinea, Honduras, Ivory Coast, Mexico, Morocco, Peru, Poland, Thailand, Tunisia, and Turkey.

In 1978, White & Case opened an office in Hong Kong, in part to place lawyers closer to Indonesia.

White & Case's domestic practice burgeoned as the firm's international presence grew. The firm continued to work for a broad range of clients in the United States during the 1970s, such as Prudential Insurance Company, General Electric Company, Chemical Bank and Arthur Young & Company. It successfully defended U.S. Steel in a major product liability case in which the Tennessee Valley Authority and Allis-Chalmers Corporation alleged that the failure of a stay-ring made from T-1 steel had caused massive delays in the construction of a hydroelectric project. The firm also represented a group of New York banks in the city's 1974-1975 fiscal crisis, playing an important role in negotiating a solution to the city's then-huge budget deficits. The crisis nearly resulted in the city's bankruptcy, but was ultimately resolved through a series of steps, including tighter budget controls and the issuance of bonds guaranteed by the state.

In 1974, the firm opened an office in Washington, D.C., primarily at the initiative of Roger Blough, who had dealt extensively with elected officials and government agencies while head of U.S. Steel. Blough correctly predicted that Washington would take on ever-increasing importance to the businesses

represented by White & Case, such as Bankers Trust.

An historic effort – beginning in the 1970s and continuing through the 1980s and into the late 1990s – was to help Bankers Trust break down the barriers of the Depression-era Glass-Steagall Act, which prohibited banks from engaging in certain activities considered risky. This effort is a prime example of working closely with a client over an extended period to help that client achieve its business objectives and, in the process, help reshape and modernize the business terrain of a key global industry. In 1999, Congress passed the Gramm-Leach-Bliley Act, which repealed the Glass-Steagall Act's restrictions on banks and securities firms.

A New Era Begins



James B. Hurlock

The 1980s began with the election of James B. Hurlock as chairman of the Management Committee of White & Case. He led the firm for 20 years until his retirement from management in 2000. Hurlock shaped White & Case into a truly global law firm long before other U.S. and English firms responded to the globalization of their clients' businesses. Under Hurlock's leadership in the 1980s, White & Case added offices in Singapore, Jakarta and Stockholm in 1983; Ankara and Istanbul in 1985; Los Angeles in 1986; Miami and Tokyo in 1987; and Jeddah in 1989. In many countries, White & Case was one of the first U.S. firms – if not *the* first – to establish a beachhead.

During Hurlock's tenure the firm also became dominant in international project finance, privatization and international dispute resolution, in addition to building sizable antitrust, taxation and intellectual property practices. The firm's banking, securities, and mergers and acquisitions practices, three of the firm's core practice areas, also continued to thrive.

White & Case was involved in many landmark transactions in the 1980s. Two notable matters were

the representation of U.S. Steel in the 1982 acquisition of Marathon Oil for \$5.9 billion and the representation of banks in the 1988 leveraged buyout of RJR Nabisco for \$24.5 billion. In an unusually complex transaction, the firm represented General Electric in its 1984 sale of two natural resource subsidiaries to Broken Hill Proprietary Company of Australia for \$2.4 billion, at that time the largest takeover in Australian history.

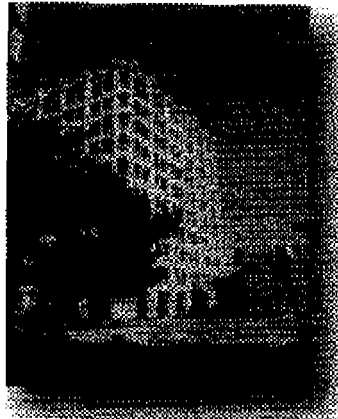
Moreover, in the mid-1980s, long before the Internet revolution and the heightened value of intellectual property, White & Case became the first major law firm to establish a significant intellectual property practice, which until then was an area dominated by smaller boutique firms.

1990s: Serving Clients in a Complex Business Environment

Throughout the 1990s, White & Case was one of the fastest-growing law firms in the world, continuing to add clients, attorneys and offices. Continuing its global expansion, White & Case opened 17 new offices in the last decade of the 20th century: Budapest, Mexico City, Moscow, Prague and Warsaw in 1991; Helsinki in 1992; Bangkok and Riyadh in 1993; Almaty, Bombay and Hanoi in 1994; Johannesburg in 1995; Ho Chi Minh City and São Paulo in 1997; and Bratislava, Frankfurt and Palo Alto in 1999. It also expanded operations in the two world centers of business regulation by merging with McClure, Trotter & Mentz in Washington in 1995 and with Forrester, Norall & Sutton in Brussels in 1998.

As has been true throughout its history, the firm was involved in some of the decade's most important transactions and events – from the privatization of companies around the world, to the restructuring of sovereign debt, from the representation of clients in complex merger and acquisition negotiations, to an involvement in significant issues of multinational antitrust law. The expanding network of offices around the globe allowed White & Case to build its European Union practice and develop innovative financing structures in the Middle East consistent with Islamic law.

Additionally, White & Case's global presence has enabled the firm to provide representation in many cross-border transactions. Noteworthy examples include Dutch grocery retailer Royal Ahold's acquisition of the U.S.-based Giant Foods, which involved White & Case attorneys in New York, Washington, London and Brussels, and the Deutsche Bank/Bankers Trust merger in 1999.



Palo Alto Office

Over the years White & Case's intellectual property practice continued to attract a blue-chip roster of clients. In 1999, White & Case became the first U.S. law firm in London to recruit an intellectual property group made up of English-law qualified practitioners. Later that year, the firm further strengthened its IP practice with the opening of an office in Palo Alto, California, as a focal point for providing litigation, patent prosecution, licensing and general corporate services to the information technology industry.

A notable matter on which White & Case's IP group has recently worked involved genetically engineered corn. White & Case provided representation for Novartis Seeds, both as a plaintiff and defendant, in 10 different patent litigation cases in district courts throughout the United States. The matters concerned genetically engineered corn and were part of the seeds patent war that has engulfed the entire corn seed industry after the first genetically engineered corn product, *Bt* corn, came on the market in 1996.

The firm's international project finance practice thrived in the 1990s and White & Case was consistently one of the top-ranked firms in the world. During the 1990s, White & Case was also active in leveraged finance transactions and, among other things, helped take the technique outside the United States to Latin America. The firm represented Morgan Stanley in providing financing for the 1996 purchase of a 50-year concession to operate Mexico's 2,455-mile Northeast

Rail Line, involving a U.S.-style leveraged financing done in connection with a privatization.

In 1998, in a move that transcended the normal tax practice, White & Case formed the NPC Safe Harbor Coalition to seek a legislative or regulatory change that would permit certain foreign persons to trade in U.S. securities derivatives without becoming subject to U.S. taxation. The coalition included the Securities Industry Association; Morgan Stanley; Credit Suisse First Boston; Salomon, Smith Barney; Merrill Lynch; E D & F Man Inc.; and Stockton Reinsurance Limited. As a result of these efforts, the U.S. Treasury issued a regulation basically adopting the coalition's recommendations.

Also that year, the firm represented the Electricity Generating Authority of Thailand (EGAT) in an innovative financing that enabled the authority to raise funds on favorable terms in the midst of the Asian economic crisis.

In 1999, White & Case served as regulatory counsel in Deutsche Bank's \$9 billion acquisition of Bankers Trust and was involved in numerous other mergers and acquisitions, many across national borders, such as representing Netherlands-based Royal Ahold in its \$1.8 billion acquisition of Stop & Shop Companies in the United States.

Also in 1999, White & Case represented British Cable & Wireless plc in its public tender offer for Japan's International Digital Communications, Inc., a long-distance carrier. This was the first successful contested acquisition in the Japanese market, and the success of the transaction may have fundamentally changed the nature of the Japanese securities markets.

A New Century Begins with New Management

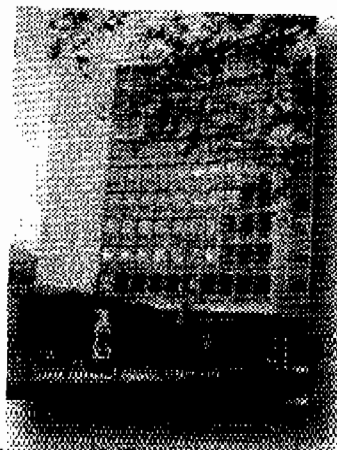
Jim Hurlock's 20 years as head of the firm ended on April 1, 2000. A new management team led by Duane Wall as Managing Partner assumed office on that date and moved quickly to



demonstrate its commitment to maintain the firm's position as one of the leading global law firms.



Duane D. Wall



Berlin Office

During 2000, the firm added to its English law capability by more than doubling the size of its London office and positioned itself to play a major role in the expanding merger and acquisition business in Germany by merging with Feddersen, Laule, Ewerwahn, Scherzberg, Finkelnburg, Clemm a leading German law firm with 160 lawyers in offices in Berlin,

Dresden, Düsseldorf, Frankfurt and Hamburg.

Although White & Case has had a presence in Singapore since 1983, it was not allowed to practice local law until last year. In response to new rules in Singapore opening its legal services market to foreign firms in 2000 through joint ventures, White & Case and Colin Ng & Partners, a leading Singapore law firm, formed a joint venture law firm that began operating on January 1, 2001. The firm, known as White & Case, Colin Ng & Partners, is one of only seven such ventures approved by the Singapore government. The seven licensed firms may be viewed as an elite "magic circle" among the city-state's law firms and are expected to play an important role in Singapore's legal community.

On January 1, 2001, White & Case also opened offices in Rome and Milan through integration with the noted Italian firm Varrenti e Associati. The joint entity, called Studio Legale White & Case Varrenti e Associati, added intellectual property and capital markets lawyers to its merger and acquisition practice soon after formation.



Milan Office

A Look Behind, A Look Ahead

On May 1, 1901, J. DuPratt White and George B. Case joined forces to form the partnership that has never had a name other than White & Case. Superb lawyers and sound business counselors, Messrs. White and Case worked hard and thought creatively on behalf of clients.

On May 1, 2001, one hundred years after it opened with two U.S. lawyers in a two-room office on Nassau Street in lower Manhattan, White & Case has more than 1,400 lawyers of more than 50 nationalities in 39 offices in 27 countries. Along with its name, two fundamentals have never changed: the powerful combination of talented lawyers and a client base composed of major financial institutions and corporations; and the continued tradition of hard work and creative thought by White & Case lawyers on behalf of clients.

* * *

All of us at the firm wish to thank the clients, alumni, colleagues and friends who have been invaluable in making White & Case @ 100 a major global law firm in which we may all take great pride.

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White & Case Celebrates Its 100th Birthday on May 1

Firm Receives New York State Bar Association's Special Recognition Award for its Pro Bono Service on its 100th Anniversary

New York, May 1, 2001 ... White & Case LLP, the 1400 lawyer international law firm, turned 100 years old on May 1, 2001. The same day, the Firm was honored by the New York State Bar Association for its decades of pro bono service. White & Case received the Bar Association's Special Recognition Award, an award given on infrequent occasions to mark special or enduring pro bono service.

White & Case, which now has offices in 27 countries, was formed a century ago in New York City by two young attorneys, J. DuPratt White, then 31, and George B. Case, then 28, at the urging of some of the titans of finance of their time. Within a few years, White and Case had formed Bankers Trust Company, were representing the leading New York banks and were advising many of the emerging business giants of the 20th century.



[click](#) for History of Firm

The first major American law firm to embark upon a global strategy of client service and expansion, White & Case is now one of the leading international law firms in the world. Its lawyers concentrate in cross-border corporate and financial transactions and dispute resolution.

"We live in fascinating times as the global marketplace and the promise

White & Case Celebrates its 100th Birthday on May 1

Page 2 of 4

of the firm. "We at White & Case embrace the future still well guided by the example of two extraordinary and intrepid young lawyers from 100 years ago."

White & Case highlights of the last century

The Early Years

- Forming Bankers Trust Company; representing New York's leading banks and industrial entities formed by JP Morgan & Company; clients include New Netherlands Trust Company, Newmont Mining Corporation, New York Shipbuilding Corporation, Armour & Co. and Swift & Company. Structuring the financing and acquisition of war supplies for the Allies.

1920s

- Advising the lenders and corporations pacing the boom in corporate America; representing McGraw Hill, U.S. Steel, Federal Paper Board; opening our first foreign office, in Paris

The Depression and World War II

- Dealing with copious new regulations of business, bankruptcies and reorganizations; establishing our relationship with Swiss Bank Corporation; advising New York's cultural institutions - Metropolitan Opera, Carnegie Hall, the Simon Guggenheim Trust and the Guggenheim Museum; partner Irving Olds becomes CEO of US Steel.

Postwar Growth and Change

- Advising on landmark tax cases, mergers and acquisitions, securities offerings and issues of corporate governance; defending major cases for U.S. Steel, General Electric, Eastman Kodak, Aramco and McGraw-Hill.
- Representing the sellers of the Empire State Building - at \$51.5 million - a huge real estate deal!
- Representing the buyer, Allegheny Corporation, in the country's first "hostile takeover", the proxy fight to acquire the New York Central Railroad.

1960s: Antitrust Litigation, M&A Work and Other Major Cases

- Reopening the Paris office, opening a new office in Brussels
- Recovering for the lenders against American Express in the "salad oil scandal," one of the biggest swindles of all time

- Defending Federal Paper Board and B. F. Goodrich against hostile takeovers, U.S. Steel in antitrust cases, Douglas Aircraft in class action lawsuits
- Restructuring of the banking industry and creating bank holding companies
- Arguing the Texas Gulf Sulphur case before the Supreme Court - decision expands the scope of Securities Act of 1933

1970s: New Directions

- Expanding to London, Hong Kong, Washington, D.C.
- Financing the Trans-Alaska Pipeline
- Restructuring New York City's finances; restructuring the debt of Indonesia and then other sovereigns around the world.

1980s: Creating a Global Firm

- Structuring new financing products and services; assisting banks to expand into securities businesses; financing and structuring acquisitions and buyouts, defending hostile takeovers
- Working with banks and the Federal Reserve Board on terms to provide liquidity when stock market crashes
- Advising newly independent governments when the Iron Curtain falls
- Expanding the practice to protect the intellectual property of clients

1990s: Serving Clients in a Global Business Environment

- Privatizing state entities and creating legal systems; structuring commercial transactions throughout the formerly communist world
- Advising foreign investors investing in the burgeoning economies of Asia and Latin America
- Expanding our resources in the world's two leading centers of business regulation, Washington DC and Brussels
- Handling major cross-border and multijurisdictional transactions and disputes
- Advising on the merger of two long-time clients, Deutsche Bank and Bankers Trust
- Earning awards for the firm's pro bono efforts
- Advising Cable & Wireless in the first contested takeover in Japan
- Developing innovative financing structures in the Middle East to comply with Islamic law
- Restructuring the finances and assets of the Tung Group in China
- Adapting legal regimes to the cyber-world

2000 - Build-out in Key World Centers

- Expanding in Western Europe with mergers in Germany and Italy; growth in London; a joint venture in Singapore
- Anticipating and building for the needs of clients in the global century

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Sept. 30, 1999. It stuck by its core business, betting incorrectly that buying 20 small distributors in two years would keep it afloat. After filing for Chapter 11 in April, CHS proposed selling off its European subsidiaries and becoming a Web-based emporium of hardware and infrastructure products. But in May it dropped the plan; CHS will liquidate this summer. As for MicroAge, which lost \$160 million on 12-month trailing revenues of \$6.1 billion, it is gasping for new life selling networking equipment and servers online.

Radical reinvention may be the only cure. The survivors have vastly expanded their range of products and services. Ingram Micro (sales: \$29 billion) is now using a fee-based system to assemble, ship and, when necessary, hold

MicroAge is gasping for life selling servers and networking equipment.

inventory for PC makers, and is getting into e-commerce fulfillment in a big way. Tech Data (\$17 billion) wholesales 75,000 different products, from Cisco routers to Palm devices.

Still, diversification is no guarantee of survival. Merisel (which lost \$54 million on 12-month trailing revenues of \$5.1 billion) looks vulnerable. Facing a falloff in business, Merisel consolidated U.S. and Canadian operations, eliminating 400 positions. A new unit—selling and servicing resellers of Sun Microsystems products—now accounts for one-third of the company's revenues this year, up from 20% in 1999. But that rate may not continue, since Merisel recently lost a few key customers it declines to name. Its shares can be had for 91 cents.

There's a whiff of mortality about Dallas-based CompuCom, too. While it's moving to a more service-based model, a disproportionate amount of its \$3 billion in revenues still comes from PC products. Its stock is down 80% in the past year to \$1.50. **F**

White Shoes, Black Shirts

SCANDALS | U.S. prosecutors say White & Case and KPMG helped hide dirty doings at MGM and Crédit Lyonnais.

BY DAVID MCCLINTICK

A SCATHING 215-PAGE REPORT from the U.S. Department of Justice sets out how one of the world's leading law firms, Wall Street's White & Case, together with the equally renowned global accounting firm KPMG, played a role in helping to conceal fraud, forgery and other crimes allegedly committed by Crédit Lyonnais, the once grand, now decimated Paris bank (*FORBES*, Dec. 13, 1999).

The highly unusual private report, marked "Distribution Limited," was prepared by two Justice Department prosecutors in Los Angeles for French authorities conducting their own investigation of the bank. While the report does not say that White & Case or KPMG themselves committed criminal acts, its embarrassingly detailed contents could well attract the attention of bar associations and accounting regulatory groups.

Richard Holwell, a senior White & Case partner, vigorously rejected the report's characterizations of his firm's actions, and firmly denied any wrongdoing. A spokesman for KPMG said the firm hadn't yet seen the report and thus couldn't comment.

The report focuses on the two firms' roles in the 1990 acquisition of MGM/UA by Giancarlo Parretti and Florio Fiorini, two Italian businessmen now under house arrest in Italy awaiting extradition to Los Angeles to face U.S. criminal charges. As is now known, Parretti and Fiorini bribed officials of Crédit Lyonnais to get more than \$2 billion with which to buy a number of properties, including MGM, from which



The man who started it all:
Giancarlo Parretti.

they subsequently looted millions of dollars.

According to the new Justice Department report, KPMG and White & Case both played roles in several pivotal transactions involving the misrepresentation by Parretti and Fiorini of how much debt they owed Crédit Lyonnais through one of their companies, Pathé Communications, whose stock was traded on the New York Stock Exchange. Under U.S. law, the amount of money a public company owes is material information that must be disclosed accurately.

Pathé, KPMG's client, had another requirement. Under a prior agreement with the Securities & Exchange Commission, Pathé was prohibited from engaging in "related party transactions"—transactions between Pathé and its executive officers, directors and other individuals and entities associated with the company—without approval of an independent

committee of the board.

Parretti and Fiorini concocted a scheme by which a company called Cinema 5, purportedly controlled by Italian media mogul Silvio Berlusconi, purchased a group of Pathé's movie theaters in England and Holland for \$185 million. Pathé purportedly used the money to pay down its debt owed to a Crédit Lyonnais subsidiary. In fact, Cinema 5 was a shell created by Fiorini, with the knowledge of Crédit Lyonnais officials, for the sole purpose of deceiving regulators, including the SEC. The money didn't come from Silvio Berlusconi. The signature of one of Berlusconi's aides was forged on a document to make it appear that it did, when in fact the money came from Crédit Lyonnais. Parretti and Fiorini's overall debt to the bank rose rather than declining.

According to the Justice Department report, a KPMG partner in Amsterdam, Henk Lafebre, was "highly suspicious" that the Cinema 5 transaction was not an arms-length deal. Lafebre expressed his concerns to

► Widening Scandal

Prosecutors have termed the MGM-Credit Lyonnais affair a global fraud case of "unprecedented complexity."

Two Crédit Lyonnais bankers pocket bribes from Parretti, an Italian with a long criminal record.

Parretti and his partner Fiorini acquire MGM with bribe-oiled Crédit Lyonnais loans.

Criminal investigations of Crédit Lyonnais, Parretti and Fiorini gear up in the U.S. and France.

Parretti and Fiorini are placed under house arrest in Italy to await extradition to Los Angeles.

Federal prosecutors criticize White & Case and KPMG for their roles in key MGM transactions.

François Gille, a top Crédit Lyonnais official, refused to identify Cinema 5's owners, citing "bank secrecy" concerns, KPMG signed off on the newly named MGM-Pathé's 1990 annual 10-K report to the SEC, a document the Justice Department has since concluded was "materially false and misleading." At about the same time, a newly installed chief financial officer at MGM-Pathé, Thomas Carson, tried to fire KPMG as MGM-Pathé's auditors. But he was overruled by François Gille, who himself had been a partner at a predecessor firm to KPMG Peat Marwick. It was Carson's impression that KPMG's first loyalty was to Crédit Lyonnais, not MGM-Pathé.

Concerned about looting at MGM-Pathé, Crédit Lyonnais launched its own probe, dispatching a team of bankers to its Dutch subsidiary, which had lent most of the money to the Italians. In a briefing to his Paris colleagues, Yves Gouzerh, the bank's chief investigator, burst into tears when describing the frauds he had discovered.

By then it was too late. Fiorini tried to protect himself by going behind Parretti's back to aid Crédit Lyonnais

in its probe. In February 1991, Fiorini wrote a note to a White & Case partner, acknowledging that the Cinema 5 transaction hadn't been at arm's length.

But White & Case did nothing to change the public characterization of the deal. In fact, according to the Justice Department report, the White & Case Paris office later helped Crédit Lyonnais hide relevant documents from Swiss authorities who were investigating the bank, seriously impeding the investigation. Says Holwell: "There's nothing wrong in keeping central control over documents."

As counsel for Crédit Lyonnais, White & Case played a key role in deciding how to report the Cinema 5 transaction to the investing public through SEC documents. But because the firm represented many of the key participants in the Cinema 5 transaction, the Justice Department concluded there were "numerous conflicts of interest which seriously undermined any ability White & Case had" to be thorough, complete and independent.

The firm, for instance, submitted a memorandum to French authorities for transmittal to the SEC which "deliberately ignored substantial [in-criminating] evidence of which the bank was aware." Example: White & Case knew of a forgery by Fiorini but did not bring it to the attention of the SEC. "Ultimately," the report says, "the SEC did not take any action ... largely in reliance on representations made by White & Case."

Retorts Holwell: "I don't think anybody can charge that anybody was dishonest with the SEC." To the contention that White & Case had conflicts of interest investigating Cinema 5, Holwell says: "Baloney."

It is not too much to read into the report from Justice the damning implication that, had White & Case and KPMG exercised reasonable diligence, the MGM deal would have collapsed and the legendary studio would never have been looted. **F**



Florio Fiorini's many talents include forgery.

partners in the Los Angeles office, which bore final responsibility for auditing Pathé.

But the Los Angeles partner in charge of the account, James Weir, did not credit the warnings, or those of Douglas Flint, an audit partner for KPMG in London. Despite the fact that



Corruption threatens "soul and fabric" of U.S.: FBI

Tue, Dec 8 2009

By Pascal Fletcher

BOCA RATON, Florida (Reuters) - Corruption, whether in the form of crooked officials, financial fraudsters or even philandering sports stars, is tearing at the fabric of U.S. society and is the country's No. 1 criminal threat, a senior FBI agent said on Tuesday.

Addressing businessmen in Florida, where financial fraud cases jumped by 42 percent in the last year, FBI Miami Division Special Agent in Charge John Gillies said failures in personal ethics and integrity sowed the initial poisonous seeds of corruption in a society.

Gillies said transgressions by high-profile public servants and even perceived social role models, like top golfer Tiger Woods, currently embroiled in allegations that he had extramarital affairs, sent the signal to young Americans that cheating and stealing were acceptable.

"Where do our children learn this? They see us, their elected officials, their sports stars, they see how they act and they figure, 'well it's OK,'" he said, citing the case of Woods, whose early morning car accident in Florida last month triggered a storm of media questioning of his clean-living reputation.

"Money can't buy everything," Gillies said in a speech to the West Boca Chamber of Commerce in Boca Raton, Florida. The special agent, who manages high-profile cases in Florida, the Caribbean and Latin America, in no way suggested Woods had committed any criminal offenses.

Florida police issued Woods a ticket for careless driving last week and said no criminal charges would be filed. He quickly paid the \$164 fine, his lawyer said. Police also said no allegations of domestic violence were leveled.

Gillies, a 27-year veteran of the FBI, called corruption in all its multiple forms, whether in law enforcement or in the judicial system, or involving tax cheats and fraudsters, "our number one criminal threat" in the United States.

"It really gets at the soul and fabric of the United States when people are out there corrupting ... it all starts with simple ethics violations," Gillies said.

FOLLOW THE MONEY

He said public corruption investigations by the FBI were "huge" and had increased by more than 20 percent in the last five years, while financial scams -- from securities and hedge fund frauds to Ponzi schemes -- had jumped by more than 25 percent nationwide in the last year alone.

These cases involved hundreds of millions and even billions of dollars.

Florida in particular has been rocked by a number of high-profile Ponzi schemes this year, including fallout from the cases surrounding convicted Wall Street swindler Bernard Madoff and accused Texas financier Allen Stanford.

Gillies' FBI team last week arrested a flamboyant Fort Lauderdale attorney, Scott Rothstein, and charged him with bilking investors out of \$1.2 billion in a Ponzi scheme that funded his luxury lifestyle and political largess.

Rothstein, now disbarred, has pleaded not guilty.

Asked why the "Sunshine State" of Florida appeared to be so increasingly prone to financial scams, Gillies told Reuters the concentration of money in the wealthy Southeast state was "the number one" factor.

He said a high concentration of out-of-state Americans and foreigners was also a factor.

In his speech, Gillies also cited the economic recession as a contributing feature, as many victims were -- often blindly, often out of greed -- seeking to improve returns on money and investments in hard financial times.

He said offers of 15, 20, 25 percent returns in a recession should be an automatic "red flag" of possible fraud.

For those frustrated by diminished earnings eroded by the crisis the FBI veteran offered the following caveat against temptation: "The worst day at work is still better than the best day in jail."

(Editing by Jim Loney and Howard Goller)



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