Burke, Warren, MacKay & Serritella, P.C.

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BWM&S

Firm Bucks Industry Trend, Recognized in Chicago Law Bulletin

Jeffrey D. Warren

There has been no shortage of bad news about the serious problems law firms have faced recently, and the painful measures they have implemented to survive, including large-scale layoffs and withdrawals or postponements of employment offers to law school graduates. Across the industry, the number of attorneys at firms is down and billable hours are down. The go-go era of law firm mega-growth came to a screeching halt as the country entered its worst economic downturn since the Great Depression.

According to the *Chicago Law Bulletin*, the Chicago legal community's daily newspaper, only three law firms with

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Religious & Not-For-Profit Practice Hosts Internet Guru David W. Maher

Program first in a series serving directors and executives

"Don't say anything bad about Al Gore around the founders and engineers of the Internet," David W. Maher joked, referring to Gore's role in the development of the Internet, "or you will be excommunicated." According to Maher, Gore paved the way for key legislation and funding that has proved to be integral to today's Internet.

As a key player in the early development and governance

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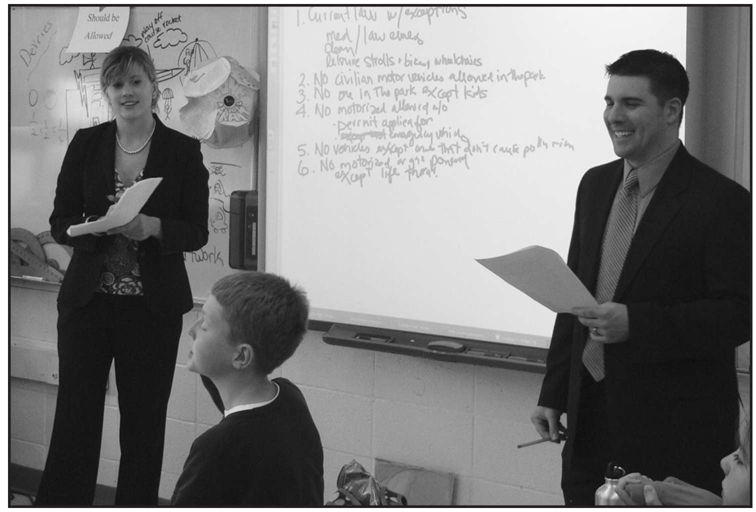

Associates Teach Constitutional Rights to CPS Students

Associates Nora Couri, Andrew LeMar, Alex Marks and Steve Schuster volunteered at Chicago Public School's Decatur Elementary School as part of Law Week, which is a collaboration between the Chicago Bar

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FIRM BUCKS TREND
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over 50 attorneys managed to buck this trend by growing in each of the last five years. Burke, Warren, MacKay & Serritella, P.C. is one of them.

In a front page article of its May 24, 2010 issue, the *Chicago Law Bulletin* explored why this occurred, featuring comments from the managing partners of each of the three firms, including our firm's Jeffrey D. Warren. We were granted permission by the *Chicago Law Bulletin* to share the article, which appears below, with our clients and friends. Mr. Warren can be reached at 312/840-7020 or jwarren@burkelaw.com.

May 24, 2010

3 Illinois firms have seen steady growth since 2006

By Jerry Crimmins,
Law Bulletin staff writer

Three law firms in Illinois with 50 lawyers or more have experienced steady growth during the last five years, according to Chicago Lawyer's 2010 Survey of the Largest Law Firms in Illinois.

The three firms say they achieved this through good times and bad with a conservative outlook, growing according to clients' needs and lower rates. Also, they said they finance operations mostly on cash.

The three firms are:

- Barnes & Thornburg LLP, based in Indianapolis, but with an 85-lawyer office in Chicago.
- McDonnell, Boehnen, Hulbert & Berghoff LLP with 78 lawyers in the 2010 survey.
- **Burke, Warren, MacKay, & Serritella P.C. with 62 lawyers.**

"Some people have a strategy, 'If we build it, they will come,'" said Jeffrey D. Warren, managing partner of Burke, Warren, MacKay & Serritella, P.C. "Our strategy is more towards, 'If they come, we will build it.'"

The 2010 Survey of the Largest Law Firms in Illinois will also show which of the largest firms in Illinois with more than 200 lawyers grew despite the recession (only two), and which firms shrank the most. And it will show how the state's top firms have grown or shrank year by year since 2006.

The survey will be available this week online at www.chicagolawyermagazine.com and in the June issue of the magazine, which comes out this week.

Barnes & Thornburg's Chicago office — its only office in Illinois — had 61 attorneys in 2006, 65 in 2007, 72 in 2008, 75 in 2009 and 85 in 2010.

"Absolutely, it's our plan," said Mark E. Rust, managing partner of the Chicago office. "We adopted a strategic plan, very carefully thought-out, in early 2002," when the firm had about 25 lawyers here.

The plan called for growth in increments "of one, or two, or three lawyers at a time, lawyers that had skill sets that created synergy with our firm as a whole." These lawyers had to have enough portable business to keep themselves working and provide work for others.

"We wanted continuous growth and the idea of not making mistakes," Rust said. "Don't try to go for everything at once in a flashy way. … We pretty much know we'll be growing anywhere from seven to 10 high-quality lawyers in the year."

Asked how the firm avoided shrinking here in the tough year of 2009, Rust said Barnes & Thornburg had "no layoffs firmwide or in Chicago."

Instead, the firm had a "record-breaking year" in 2009 in total revenue and is "one of the very, very few firms who beat budget significantly" among the 120 largest firms in the United States, he said.

In 2009, Barnes & Thornburg acquired a small Minneapolis firm and opened offices in Atlanta and Columbus, Ohio.

"We paid for our expansion in cash," Rush said. "We always choose to do everything in cash."

Regarding the Chicago office, he said, "We're finding a lot of lawyers migrating over because it's a better platform for their clients who are suffering sticker shock as some large firms continue to push their rates higher and higher."

Grantland G. Drutchas, managing partner of McDonnell, Boehnen, Hulbert & Berghoff LLP, said, "Our basic theme has always been to grow based on clients' needs."

According to the Chicago Lawyer survey, McDonnell, Boehnen had 59 lawyers in Chicago in 2006, 71 in 2007, 74 in 2008, 76 in 2009 and 78 as of Jan. 1, the date of the survey data.

The patent law and intellectual property firm was founded in 1996 when Drutchas and four other founders left Banner & Witcoff Ltd. The original lawyers had more business than they could handle, he said, so the firm grew rapidly to about 25 lawyers by 1997.

After that, the firm decided "we really wanted to grow from our own training and recruiting efforts rather than through hiring laterals," Drutchas said. In 1997, the firm needed more junior lawyers to handle the work it was generating, he said.

Today, the firm says its rates are cheaper than on either coast even though it does high-tech work.

Also today, the firm still grows by hiring new lawyers out of law school and by hiring technical advisers who then go to law school and stay with the firm.

Asked how the firm avoided shrinking in 2009, Drutchas said, "Clearly a part of this was luck." And he said even in a recession, one of the last things a company cuts the budget on is protecting its patents. "We're certainly not immune to a recession, but it's a slower process."

Since the survey was taken, he said

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New Recruiting Video Launched: *Burke, Warren recently debuted a three-minute video aimed at new recruits and other attorneys interested in joining the firm. The video provides an inside look at firm culture and values and features founding partner Richard W. Burke, managing partner Jeffrey D. Warren and many others. The video was produced by ClarionNewMedia creative director Andrew Roddewig. A link to the video is available at www.burkelaw.com.*

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McDonnell, Boehnen laid off "a couple of associates and a couple partners" this year.

"This is a very conservative firm in that we're not willing really to wait and see what effect certain things are going to have on our bottom line before we take action," Drutchas said. "I think a lot of firms survive on a line of credit, and we haven't gone into a line of credit in 13 years."

The plan at Burke, Warren, MacKay, & Serritella "is to stay as small as we can while meeting the needs of our clients …, a growing client base," Warren said.

Since 2006, this "full-service commercial law firm," which has one office, had 53 lawyers in 2006, 54 in 2007, 58 in 2008, 59 in 2009, and 62 in 2010.

Burke, Warren hires based on anticipated need within the next year or two, he explained, "which I call short term" as opposed to long term strategic growth.

"What's been working for us for over 30 years" under several firm names, Warren said, "is to bring in good people starting at the law school level.

"We provide them with an environment that nurtures their marketing efforts and entrepreneurial efforts. As a result, the business base gets larger. As they mature and grow, so do we."

Burke, Warren also makes "selective" and few lateral hires of partners or associates to fill particular needs.

The firm had "no layoffs, not one" in the recession, he said.

Burke, Warren "does not depend on leverage or using large teams of associates to render services. So we basically staff our matters with one or two people." Thus, "we operate much more efficiently and cost effectively for the clients," Warren said

Big firms, he said, lay off associates in downturns or cut them if they don't make partner.

Burke, Warren has been able "to preserve our talent pool. We've never had excess head count. We find it's more expensive to have to hire new people to fill needs than to keep people who are already developed."

The firm has also not sought mergers to grow.

This "enables us to present ourselves as a clear alternative to the bigger firms that charge higher fees and depend on staffing leverage.

"We have a very small line of credit that is generally never more than half a month's revenues." Typically, he said, the firm uses no credit from May through December.

LITIGATION

Non-Compete vs. Non-Solicitation:

Every Business Person Should Know the Difference

In industries where customer lists are essential, the employer will often seek to prevent an employee from "stealing" clients through the use of legal covenants, namely the non-competition (non-compete) and non-solicitation agreements.

The restrictiveness of non-compete and non-solicitation agreements determines whether the contract will be enforced in court. A non-compete agreement bars a former employee from competing against a former employer for a specified amount of time. If the employee, for example, had worked in a pharmaceutical company, a non-compete agreement would prevent him or her from working in the pharmaceutical industry. Oftentimes, these agreements are restricted to a specific geographic area.

The non-solicitation agreement is a less restrictive contract and is narrowly aimed at preventing an employee from soliciting his or her former employer's clients. Unlike the non-compete agreement, the employee is allowed to immediately start work in the same industry and in the same geographic area.

Burke, Warren recently represented a company that was seeking to enforce a non-solicitation agreement against a former employee. The former employee left the company, started his own business and actively solicited clients from his former company. In court, Aaron Stanton and John Kobus, partners at Burke, Warren, showed that the former employee breached his non-solicitation agreement and obtained a preliminary injunction that effectively shut down the former employee's new business.


Aaron Stanton


John Kobus

Courts have generally viewed non-solicitation agreements more favorably as they do not impose limitations on an employee's right to work. When balanced against the company's legitimate interests — to preserve and to protect its client base — non-compete agreements have been found to greatly restrict an employee's ability to seek other employment. Non-solicitation agreements, on the other hand, are generally viewed by the courts as imposing reasonable conditions as the employee is free to continue working in his or her area of expertise.

If you have a question about which type of contract better fits your company's needs, feel free to contact Aaron Stanton at 312/840-7078 or astanton@burkelaw.com or John Kobus at 312/840-7093 or jkobus@burkelaw.com.

WEALTH & SUCCESSION PLANNING

Jonathan W. Michael Leads Discussion on Business Legacy


Jonathan W. Michael

Burke, Warren's Jonathan W. Michael recently moderated a panel of business owners at the University of Illinois at Chicago's Family Business Council (FBC) annual "Family Business Day." The event was themed around building a legacy for a family business, and the FBC presented Jim Oberweis, owner of Oberweis Dairy, with its 2010 Leadership Award.

The panel shared their experiences with successfully transferring businesses to family members and key employees while minimizing the impact on the businesses. The panel also discussed techniques that should be avoided.

The firm serves as the strategic law partner to the FBC, which was founded on the belief that family owned and closely held businesses offer a challenging and fulfilling way to create a personal and community-based legacy. With a membership of over 70 family owned and closely held businesses, the FBC is the largest organization of its kind in Chicago.

For more information about the FBC please contact Jonathan W. Michael at 312/840-7049 or jmichael@burkelaw.com or Jeffrey D. Warren at 312/840-7020 or jwarren@burkelaw.com.

REAL ESTATE

Burke, Warren is Sous Chef to Top Chef

Bravo's reality show Top Chef winner Stephanie Izard recently opened her restaurant, "The Girl and the Goat," in Chicago's West Loop. The celebrity chef focuses on serving small plates with a focus on charcuterie, or cured meats.

The firm's Joe von Meier represents Brian Goldberg, Barry Howard and Marc Lifshin of LG Development Group, who built the restaurant with Rob Katz and Kevin Boehm of Boka Restaurant Group as well as James Geier of 555 Design.

Joe von Meier

The building at 809 W. Randolph features an Old World interior—the restaurant is converted from two storage facilities separated by a brick wall—and is one of the year's most exciting newcomers to Chicago's restaurant scene.

Pictured are LG Development's Brian Goldberg, Boka Restaurant Group's Rob Katz and Kevin Boehm and 555 Design's James Geier.

LG Development Group's construction portfolio largely consists of luxury residences in Lincoln Park and "The Girl and the Goat" is Goldberg and Lifshin's first major restaurant project. Katz and Boehm, who own culinary heavyweights such as "Boka," "Perennial" and "Landmark," are the owners.

For more information, please contact Joe von Meier at 312/840-7063 or jvonmeier@burkelaw.com.

ASSOCIATES TEACH STUDENTS

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Association's Young Lawyers Society and the Constitutional Rights Foundation's "Edward J. Lewis II Lawyers in the Classroom Program." The program is designed to promote civic engagement and helps students understand the U.S. Constitution and the role of the court system to administer justice.

At Decatur Elementary, firm attorneys led an interactive lesson plan with two energetic sixth grade classes. Most importantly, they taught students what makes a "good law."

"Lawyers in the Classroom is a fantastic program," says associate Alex Marks. "To be able to educate children about the Constitution and our legal system, while also inspiring future legal minds, is incredibly rewarding. I take great pride in my participation."

Over 650 attorneys currently volunteer in the program at 98 different schools in Illinois. For information, contact the Constitutional Rights Foundation of Chicago, or Alex Marks at amarks@burkelaw.com or 312/840-7022.

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New Firm Attorney Launches "Green" Practice

New attorney Peter Vitale becomes a member of our Corporate, Real Estate and newly launched Energy and Sustainability Group. His work will focus on sustainability, renewable energy and environmentally responsible business practices.

As an attorney and as a real estate developer, Peter works on matters involving debt and equity financing, governmental affairs, LEED construction and asset management. He has also created and managed sustainability and energy efficiency initiatives, including energy reduction strategies, recycling program implementation, green cleaning, water usage reduction strategies and other sustainable operational best practices.

The Energy and Sustainability Group focuses on environmentally responsible real estate development, energy efficiency initiatives, solar and wind energy development and clean technology innovations. Strengthened by resources from the firm's Real Estate, Corporate, Litigation and Tax Advisory Services practices, the group has the transactional, legislative and regulatory expertise required to meet today's energy and sustainability needs.

Peter Vitale

Peter holds a B.A. from the University of Notre Dame and a J.D. from the University of Colorado at Boulder Law School. He is also a LEED AP and holds the CCIM designation. Peter is licensed in Illinois and New Mexico.

For more information, contact Peter Vitale at 312/840-7129 or pvitale@burkelaw.com

Money Lost, Money Found -
Bringing Back Shareholders Burned by Early Stage Investing

For all the trillions lost in publicly-traded stocks, overlooked are the billions lost by shareholders of small privately-held companies. These investors enjoyed the double disaster of a declining stock market along with write-offs of significant portions of their private portfolio. Private companies, however, can lure these investors back in the game with some well considered investor protections that still permit firms to grow and prosper.


Craig McCrohon

1. Provide an Exit Sign Along with the Welcome Mat

Problem: Often, the company gets cash, while shareholders get hope for a future bonanza. Investors too often view their stock as a lottery ticket for a future payoff — with vague notions of a million-dollar moment when the company goes public or is acquired. Companies would benefit from clarifying rules dictating when investors may sell their investment or receive their money back from the company.

Solution: The articles of incorporation or written shareholders' agreement can give investors the right to demand their investment after a specified time. Investments may include terms that are likely equity stocks, terms like borrowed debt, or a combination of both. Shareholders should incorporate loan covenants and protections in the equity documents. This could include forced dividends akin to interest payments, or a right to sell the shares back to the company akin to a loan repayment. The company could repay the purchase price over a few years via a promissory note. The right to sell the shares back to the company could be triggered by the occurrence of an event of default or upon achieving a milestone. The repayment could be partial or only required of non-management shareholders. While tough love for the company, these investor exit rights give management the benefit of deadlines and targets they would otherwise lack.

2. Empower the Investor

Problem: Investors often write checks, go home and wait for dividends. Aside from the unusually lucky shareholder, small company investing does not work like that. Without written rights to information and management control, investors are as empowered as a medieval serf. Also, without a plan to actively monitor investments, the company loses the discipline and oversight that outside shareholders can provide. Even the best athlete needs a good coach.

Solution: Management should craft corporate documents that describe rules of director oversight, without sacrificing managerial autonomy. The articles of incorporation are like a company's constitution and are filed with the state. Corporate laws protect investors from arbitrary changes and amendments must be publicly available. In addition, bylaws and private investment contracts provide owners with the following protections, among others:

- Voting thresholds to approve significant tasks. This could include majority or supermajority approval levels, such as two-thirds of the shareholders. The threshold will depend on the concentration of ownership. In general, investors should ensure that no single manager or lead investor can make all the decisions. On the other hand, the documents should not suffocate corporate management by requiring virtual unanimity.
- List of important decisions requiring approval. These are the significant decisions of the company, such as hiring of senior management, spending significant sums, selling significant assets, making significant acquisitions, or changing the rules governing the company and investors.

3. Manage Expectations – Forging a Foundation for Future Investment

Problem: Shareholders often falsely believe that the first investment in the company will be their last. Like a car requiring gasoline on the road trip, many investors must refuel their portfolio companies every year. If revenues are slow and earnings light, firms commonly look to current shareholders for cash.

Solution: Provide investors protection against the unexpected by giving them some control over the amount of future investment. Alternatively, firms may provide shareholders with "anti-dilution" protection. This usually equates to increasing the shares allotted to an early investor to protect against dilution either in their proportion of ownership, or based on the price per share originally paid.

4. Perception is Reality – Inside Deals that Trigger Investor Anger
Problem: Companies often execute employment and other agreements that reward or protect insiders for initial investments and previously uncompensated time. Firms should avoid approving overly generous agreements. For example, management may execute employment agreements with job protection fit for a sports superstar, but not disclose such an arrangement to the investors. These are especially common for companies that had operated without outside investor oversight.

Shareholders often falsely believe that the first investment in the company will be their last.

Solution: Provide new shareholders with a purchase agreement with lengthy representations and warranties, or accommodate due diligence inquiries that require disclosure of all agreements. These agreements could require a review of all inside contracts and arrangements. Firms might empower shareholders to require that windfall deals for the managers be revised to fairly reflect market terms. Future insider agreements should require the approval of outside directors or shareholders.

5. Advertise Realistic Company Values
Problem: Investors often purchase stock based on the creativity and logic of the business idea, not the measure of the value of the entire business. The private company is usually small and the business concept untested — why else would an entrepreneur launch a new venture? As a result, traditional valuation methods fail. Comparables in the public market — are you kidding? Net present value of a stream of earnings — what earnings? Liquidation value of the assets — ever try selling used clothes?

Solution: Investors are left with methods that resemble valuing a home. Companies can assist by identifying similarly sized, similarly situated firms. How did the investors value this comparable company? How much did a larger company pay to acquire the company? If there is no comparable firm or idea — then management should be prepared to radically discount the value of the investment.

In addition, agree upon a fair sharing of the business. Once the parties establish a value, simply assign a percentage of the company based on the amount invested. This might vary slightly if the investors negotiate rich dividends and other protections. However, often investors mistakenly believe that their purchase of thousands or millions of shares represents a significant stake. In fact, these seemingly large numbers might actually amount to a very modest proportion of many millions more issued to other purchasers. If a company needs their help or financial assistance again, the one-sided deal will come back to haunt the company.

6. No Financial News is Bad Financial News
Problem: Once the shareholders' checks have been cashed, they may never again receive detailed financial information on the company operations. Investors are left waiting and wondering whether their investment will ever return.
Solution: Management should provide agreements that require periodic reporting, including the types of financial information required.
If necessary, employ third-party accountants to verify the accuracy and veracity of the information.

7. Finding a Home for the Orphan Investor
Problem: If the company has too many shareholders, not a single one holds enough of a stake to care. While this might seem like a summer vacation to unsupervised managers, in fact this deprives them of valuable oversight. Even well-meaning company managers are deprived of the valuable oversight of shareholders with a significant interest. Like the public park that no one cleans, the company becomes a financial afterthought of concern to no one but the management.

Solution: Corporate documents should dictate that at least two or three investors who have significant holdings also have control. These lead investors can often act on behalf of those with smaller interests. For example, the investors might be grouped into different classes with each guaranteed a representative on the board of directors.

8. Protecting the First Investors
Problem: Shareholders without significant experience investing in private companies often mistakenly believe that the first money in is the first money out. Ironically, often the second or third-round investors receive more protections than the first. Thus, the cruel irony: the most loyal supporters receive the lowest return.

Solution: Companies can protect their early investors by reviewing proposed amendments to corporate documents that benefit later-stage shareholders. For example, later investors might receive their funds first in "liquidation."

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BRINGING BACK SHAREHOLDERS
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Problem is, "liquidation" is usually defined to include the sale of the company. Money from the sale of the company would not be distributed evenly. A ten-percent shareholder would receive ten percent of the proceeds only if the price of the firm exceeded a pre-determined threshold. One group of shareholders may be guaranteed to receive $10 million first, and the others share in the distributions only after the sale proceeds exceed this $10 million threshold. Thus, a ten percent stake in the company could actually yield *nothing* if the firm sells for $9 million. One investor's payday is another's write-off. This imbalance is magnified if one group of shareholders must be paid all their dividends before the others. If possible, investors should receive dividend rates, and payout schedules, comparable with other classes of owners.

Investors often take false comfort when appointed as a director.

9. Create a Board with Genuine Oversight

Problem: Investors often take false comfort when appointed as a director. True, they enjoy the theoretical right to extra information. However, without a contractual veto right, or the ability to vote as a majority of the directors, the position is meaningless. Companies can simply skip meetings or overrule the minority director. Nothing will stop the other directors from simply calling each other, making decisions, and directing management, all without a formal meeting.

Solution: The bylaws should be drafted to provide a solitary excluded director the right to compel directors meetings. Shareholders' agreements should require that specific information, including annual business plans, be delivered to substantial shareholders. Directors may also be divided into classes, where an outside group of directors, voting as a class, must approve significant changes.

10. Create Rules about the Rules

Problem: New investors often ignore the procedural provisions of corporate documents — the dullest and densest of the corporate contract. These include procedures to amend the bylaws or the articles of incorporation. A shareholders agreement that appears air-tight may be amended with the consent of merely a majority of shareholders. Company management could provide rules imposing high thresholds for amendment, whether for the articles of incorporation, the bylaws or other shareholders' agreements. To the recreational investor, these documents may appear "boilerplate" on the first day of the deal. If shareholders neither read nor discuss these provisions with their counsel, however, they can hardly claim to be shocked upon discovering that the rules are written in silly-putty, not stone.

Solution: Companies may provide investors with rights that restrict the company from unilaterally changes corporate procedures. To accomplish this very unexciting exercise of drafting the rules to write the rules, shareholders should either choose a first among equals to review and negotiate the terms, or, alternatively, investors can pool resources to select an advisor to review the deal or represent the new owners when negotiating the deal.

11. Convertible Notes — the Swiss Army Knife of Investments

Problem: Early-stage investing is like the first brush stroke on a white canvas — no one quite knows where to begin. What is the company worth? What are fair protections for investors? Will the venture ever get its first customer? What will other investors demand? The company is a bitter-sweet cocktail of hope and uncertainty.

Solution: Investors can lend the company the money, with the promise of converting the note into equity once the parties better understand the company's financial prospects. The promissory note becomes a shareholder right once other shareholders agree to contribute funds. The terms of the converted note will simply mirror that of the future investment. Thus, the original investor need not fret about matching the precise terms of the investment to the market. The parties simply wait and permit the first investor to benefit from the investor's position as a creditor until the financial future becomes clear. However, investors should carefully negotiate significant terms of the note, such as:

- Who can elect to convert the note — the company or the shareholder?
- Will the note simply convert automatically upon the raising of future equity?
- Is there a minimum future investment before the note converts?
- Will the note contain covenants and interest provisions similar to other promissory notes?

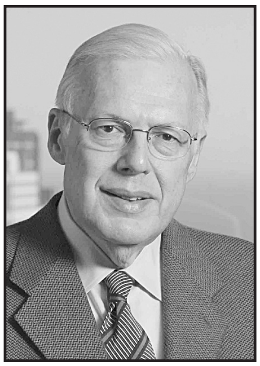
Craig McCrohon specializes in mergers & acquisitions and securities law. For more information, he me may be contacted at 312/840-7006 or cmccrohon@burkelaw.com.

PRACTICE HOSTS INTERNET GURU

Continued from page 1

of the Internet, Maher shared stories of his experiences at Burke, Warren, MacKay & Serritella's ".org" luncheon on May 6 in Chicago. The Religious & Not-For-Profit practice and chair Jim Serritella brought together Maher and over 75 representatives from numerous religious and other not-for-profit organizations.

Maher, who was the founding chairman of the board of Public Interest Registry, invited his audience to explore the possibilities and evolution of the Internet. In the 1990s, Maher worked closely with Vint Cerf, the "father of the Internet," and Jon Postel, the "god of the Internet" and was responsible for establishing many of the basic concepts that govern the technical coordination of the Internet, including domain names. He continues to serve as a Senior Vice President at the Public Interest Registry, steward of the ".org" domain.



Jim Serritella

The ".org" luncheon is the first in a series of programs that provide valuable information to officers, directors and staff of not-for-profits throughout Chicagoland. "David Maher did provide fascinating insights into the development and workings of the Internet. With programs such as this we hope to bring our clients and friends important information about the continuously developing environment in which they work," said Serritella.

Anyone interested in attending future events is invited to contact Lila Johnson at 312/840-7046 or ljohnson@burkelaw.com or Jim Serritella at 312/840-7040 or jserritella@burkelaw.com.

ABOUT THE PRACTICE

Burke, Warren's Religious and Not-For-Profit practice provides the unique services that not-for-profit, religious, education and social services organizations need.

Many firms treat not-for-profit organizations as afterthoughts by providing services through various practice areas and, in the process, ignore many of their specific needs. Burke, Warren takes the opposite approach by providing distinctive services specifically designed for not-for-profits through a dedicated group of attorneys.

The group provides services tailored to not-for-profit organizations in corporate, sponsorship, tax, risk management, constitutional, litigation, employee relations, real estate, estate planning, fund raising and sophisticated giving law. Visit www.burkelaw.com for more information.

WEALTH & SUCCESSION PLANNING

Chicago Tribune Calls Michael for Expert Advice

The firm's Jonathan W. Michael was quoted in the May 31st Business Section of the *Chicago Tribune* as an expert on business succession planning.

"Few family businesses take time out for planning," says Michael. "A common problem is waiting too long to start the business succession planning process."

According to Michael, the failure to plan can result in acrimony among the remaining family members over who should control and lead the business. "The failure to get along can damage the business to the point where it must be sold," he warns. The best way to avoid these problems is to start early. "Plan early and often," says Michael.

"Your competition will view your failure to plan as an opportunity to take advantage of your crisis by luring away key employees and customers."

He also suggests that it's important for key customers and employees to know that you have a business succession plan in place, or they will assume otherwise.

The failure to have a business succession plan in place in the event of a crisis could spell disaster for the business. "Your competition will view your failure to plan as an opportunity to take advantage of your crisis by luring away key employees and customers," Michael says. "It's a competitive world."

For more information about business succession planning, please contact Jonathan W. Michael at 312/840-7049 or jmichael@burkelaw.com.

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WEALTH & SUCCESSION PLANNING

KEEPING YOUR REVOCABLE LIVING TRUST ON TRACK

To minimize estate taxes and prevent the disclosure to the public of one's personal financial information upon death, many clients of the firm have established revocable living trusts. The terms of such trusts will govern the distribution of assets upon death.

Karen MacKay

Marty Ryan

In order for the terms of revocable living trusts to be carried out in the manner intended, it is important that assets are titled, and beneficiary designations are made, consistent with those terms. From time to time, it is prudent to review beneficiary designations and the documents evidencing title to assets to determine how they currently read. You should review the title on brokerage accounts; beneficiary designations under life insurance policies; beneficiary designations under qualified plans, nonqualified plans and IRAs; and title to your residence.

If title to your assets and beneficiary designations do not yet reflect the changes that were recommended, or if you are now uncertain as to those recommendations, then please contact your Burke, Warren attorney.

More information is available from Karen MacKay 312/840-7009 or kmackay@burkelaw.com and Marty Ryan at 312/840-7060 or mryan@burkelaw.com.

Lieberman to Present at Taxation of Intellectual Property conference in Chicago

The Council for International Tax Education presents its Sixth Annual U.S. Taxation of Intellectual Property, October 25 and 26, in Chicago.

Rich Lieberman

This technical update is designed for tax directors, controllers and CFOs as well as executives with companies with strong IP assets.

Rich Lieberman's presentation entitled "Domestic IP Management Companies: State and Local Tax Planning," will focus on the formation and operation of IP management companies. He will discuss the tax issues in moving the IP into the management company as well as state and local nexus issues.

For more information, please contact Rich at 312/840-7012 or rlieberman@burkelaw.com.