SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

STEVEN G. SCHULMAN,

Plaintiff,

-against-

MILBERG LLP, MILBERG TADLER PHILLIPS GROSSMAN LLP, ARIANA J. TADLER, R. GLENN PHILLIPS, MARC D. GROSSMAN, PEGGY J. WEDGWORTH,

Defendants.

Index No.

COMPLAINT

STEVEN G. SCHULMAN ("Plaintiff" or "Schulman"), by his undersigned counsel, as and for his Complaint against Defendants MILBERG LLP ("Milberg"), MILBERG TADLER PHILLIPS GROSSMAN LLP ("Milberg II"), ARIANA J. TADLER ("Tadler"), R. GLENN PHILLIPS ("Phillips"), MARC D. GROSSMAN ("Grossman") and PEGGY J. WEDGWORTH ("Wedgworth") alleges as follows:

1. This is an action to enforce Schulman's rights under a Judgment entered in August, 2009 (the "Judgment") against Defendant Milberg and to counter the fraudulent scheme undertaken by all Defendants in concert to denude Milberg of all or substantially all of its assets in an illegal attempt to evade Milberg's creditors including Schulman who is owed more than $15 million pursuant to the Judgment and is believed to be Milberg's largest creditor. The first step in the scheme was to create Milberg II, an obvious and transparent continuation of Milberg, using its valuable trade name and associated goodwill, as well as the exact same facilities, staff, attorneys, promotional and marketing materials, web address, phone and facsimile numbers and

firm management; and, working on the same plaintiffs' consumer and securities class action matters. Milberg II is clearly a successor to Milberg.

2. The second step was to transfer all or substantially all of Milberg's assets to Milberg II including virtually all Milberg's active cases, together with the accrued amounts invested by Milberg ("lodestar"), millions of dollars of cash, pursuant to a written Assignment and Assumption Agreement which provided no consideration to Milberg in exchange for its assets. Critically, while Milberg II agreed to assume and pay those debts from trade creditors and other support services which were needed for the ongoing operation of the business, it attempted to leave in Milberg, now an empty shell, debts owed to creditors such as former Milberg partners like Schulman.

PARTIES

3. Plaintiff Steven G. Schulman is a resident of New York. He is a former Partner and current judgment creditor of Defendant Milberg.

4. Defendant Milberg LLP is a Limited Liability Partnership organized under the laws of the State of New York. Its principal place of business is One Penn Plaza, 19th Floor, New York, New York and, at least until on or about January 1, 2018, actively operated as a plaintiffs' class action law firm, regularly conducting business in New York County.

5. Defendant Milberg Tadler Phillips Grossman LLP is a Limited Liability Partnership organized under the laws of the State of New York. Its principal place of business is One Penn Plaza, 19th Floor, New York, New York, and since at least January 1, 2018 has operated the legal business of Milberg and regularly conducts business in New York County.

6. Upon information and belief, defendant Ariana J. Tadler is a resident of New York, is a licensed New York attorney and, at all times relevant, was the managing partner, the chair of the Management Committees and equity partner of both Milberg and Milberg II.

7. Upon information and belief, defendant R. Glenn Phillips is a resident of the State of Washington, a licensed Washington attorney and, at all times relevant, was an equity partner and a member of the Management Committee of Milberg II.

8. Upon information and belief, Defendant Marc D. Grossman is a resident of New York, a licensed New York attorney, and at all relevant times, was an equity partner and a member of the Management Committee of Milberg II.

9. Upon information and belief, Defendant Peggy J. Wedgworth is a resident of New York, is a licensed New York attorney and, at all relevant times, was an equity partner and a member of the Management Committee of both Milberg and Milberg II.

Background Facts

10. Milberg was founded in 1965. At the time, it was a pioneer in shareholder class action litigation, particularly with respect to securities fraud claims. Over the years, Milberg grew into a national law firm that became a leader in the plaintiffs' class action bar, representing plaintiffs in hundreds of class action suits, recovering billions of dollars for shareholders victimized by securities, insurance and consumer fraud.

11. Schulman joined Milberg as an associate in 1986. At the time, Milberg was one of the preeminent plaintiffs' class action law firms in the country, concentrating in shareholder litigation. It derived nearly all its revenue from contingent fee awards.

12. In 1989, Schulman was made a non-equity partner of Milberg. In 1991, he became an equity partner. During his time at the Firm, he served on both the Management Committee and Executive Committee. In 2004, he became a name partner in the Firm.

13. In December, 2006, Schulman voluntarily withdrew from the Firm.

14. Pursuant to Section 6 of the Milberg, LLP Partnership Agreement, dated as of January 1, 1991 (the "Partnership Agreement," copy attached as Exhibit A), upon Schulman's voluntary withdrawal, he became a "Terminated Partner" and was entitled to certain payments from Milberg. Specifically, he was entitled to (a) a "Termination Year Payment" under Section 6.03 payable within three months of his withdrawal, (b) a "Capital Account Payment" representing return of his capital account payable over a specified time frame together with interest at a specified rate (Partnership Agreement 6.04) and (c) a "Base Amount Payment" payable over a specified time frame (Partnership Agreement 6.05) (collectively, the "Withdrawal Payments").

The Arbitration

15. In 2007, a dispute quickly arose between Schulman and Milberg over its denial of certain Withdrawal Payments, including eventually a complete stoppage and repudiation. On November 1, 2007, Schulman commenced an arbitration against Milberg (then called Milberg Weiss LLP). In its November 6, 2008 award, the three-person arbitration panel determined that Schulman was entitled to each of the Withdrawal Payments and determined the precise amounts of each to which he was entitled and set forth payment schedules. A copy of the November 6, 2008 Award is attached as Exhibit B. On joint application by the parties, the arbitration panel issued a November 26, 2008 award modifying the November 6, 2008 to correct certain numerical

miscalculations. A copy of the November 26, 2008 modification award is attached as Exhibit C (collectively with the November 6, 2008 Award, the "Arbitration Award").

The Schulman Judgment

16. On August 4, 2009, in response to a joint Petition to confirm the Arbitration Award, the Honorable Marylin Diamond of this Court issued a Judgment and directed its entry. The Judgment was entered on August 14, 2009, by the Clerk of the Court (the "Judgment"). A copy of the Judgment is attached as Exhibit D.

17. The Judgment sets forth the specific amounts Schulman was owed for the Termination Payment, Capital Account Payment and Base Amount Payment. It also directs Milberg to pay such amounts on specified schedules. Thus, for example, the Termination Payment was to be paid in a lump sum together with certain Base and Capital Payments which Milberg had unilaterally withheld prior to January 2, 2009. In addition, the Judgment provides that Milberg "shall establish and fund an escrow account in the amount of $500,000 by April 30, 2009 which shall remain in place through April 30, 2010."

18. With respect to Capital Account Payments, the Judgment sets forth as follows:

> "The amount of Schulman's Capital Account as of May 1, 2008 is $16,332,033.27, which consists of capital in the amount of $14,762,956.17 plus interest in the amount of $1,569,077.10. Future Capital Account Payments shall be paid by Milberg to Schulman on a monthly basis pursuant to the [Partnership Agreement];"

Exhibit D.

19. With respect to Base Amount Payments, the Judgment sets forth as follows:

> "The amount of the Base Amount Payment due by Milberg to Schulman as of May 1, 2008 is $4,832,085.48. Future Base Amount Payments shall be paid by Milberg to Schulman on a monthly basis pursuant to the Partnership Agreement;

Exhibit D.

20. Section 6.04(a) of the Partnership Agreement sets forth the specifics of how the monthly Capital Account Payments ordered in the Judgment are to be made. It provides, in pertinent part, as follows:

> "[A Terminated Partner's capital account] shall be paid to the Terminated Partner over a period of 36 months in equal monthly installments, together with interest on the unpaid balance at a rate equal to the rate announced from time to time as the base rate of Citibank, N.A., commencing on the last day of the month following the month in which occurs his or her Termination Date and monthly thereafter until paid in full, . . ."

Exhibit A.

21. Section 6.05(b) of the Partnership Agreement sets forth the specifics of how the monthly Base Amount Payments ordered in the Judgment are to be made. It provides, in pertinent part, as follows:

> With respect to a Terminated Partner whose interest in the Partnership terminated as a result of a voluntary or compulsory withdrawal prior to attaining age 65, the Base Amount Payment shall be paid to such Terminated Partner in 72 [ ] equal monthly installments, in amounts as hereinafter provided, in each case without interest, commencing on the last day of the month following the month in which occurs his or her Termination Date and monthly thereafter until paid in full.

Exhibit A.

22. Section 6.08 of the Partnership Agreement, entitled Limit on Monthly Payments, contains the only limit on Milberg's obligation to make Section 6 monthly payments to former partners. With respect to monthly Base Amount Payments, Section 6.08(a) provides that the total amount of such payments to all "Terminated Partners" shall be subject to a "Base Amount Payment Cap" which, at all relevant times, was $175,000 per month. Ex. A. In the event the total Base Amount Payments due in a particular month exceeded the cap, the cap amount was first applied to pay each Terminated Partner a guaranteed minimum amount of $6,000 with the

balance remaining "paid in proportion to the respective obligations of the Partnership to the Terminated Partners for Base Amount Payments." Critically, this provision expressly provides that the amounts owed but not paid due to the cap remain obligations of the Firm and are simply deferred to the subsequent month.

23. Schulman's Base Payment Amount, at all times, constituted the greatest share of the applicable pool.

24. Section 6.08(b) sets a "Capital Account Payment Cap" which, at all relevant times, was $210,000 per month for all monthly Capital Account Payments. Ex. A. As described in Section 6.08(a), when the Capital Account Payment Cap is in effect, the monthly payments are determined similarly to the application of the Base Amount Payment Cap. It is first applied to payment to each Terminated Partner at the $6,000 minimum with the remaining amount paid to each Terminated Partner in proportion to his or her share of the total monthly Capital Account Payment obligation, applied first to principal and then to interest. As with Section 6.08(a), Section 6.08(b) expressly states that the amounts owed but not paid due to the Capital Account Payment Cap remain obligations of the Firm and are deferred to the next month.

25. Schulman's quantitative share was and remains the greatest portion of this payout pool.

26. Following entry of the Judgment, on August 14, 2009, until August 2018, Schulman consistently received monthly payments of both Base Amount and Capital Payment Amount as per the Judgment. With substantially all monthly payments, he received a notification and a payment schedule showing how much he was then owed, in total, and for the particular month.

27. As an example, attached as Exhibit E, is the schedule and notification he received in September, 2009. The schedule shows for each Terminated Partner (he is Partner No. 22 on the Monthly Capital Payment schedule and Partner No. 48 on the Base Amount Payment schedule), the total amount owed, in the case of the Capital Account, the total accrued interest and a calculation of the monthly Capital Account Payment for each listed former partner, including Schulman. The second schedule reflects essentially the same information for the Base Amount Payments. At that time, the Capital Account Payment Cap and Base Amount Payment Cap were in effect thereby reducing the monthly payment Schulman actually received. The schedules, however, show the deferral or accrual of the unpaid amounts he was owed.

28. The two caps remained in effect during the entire time Schulman received monthly payments. The result of this is two-fold. First, although he was supposed to receive his entire capital account within 36 months from his voluntary withdrawal in 2006, he has now waited for more than twelve (12) years with only partial payout of his initial entitlement. Similarly, Schulman was supposed to receive payment of his full Base Amount in 72 months but has now waited twice that amount of time, without completion.

29. Second, because he accrued unpaid monthly Capital Account Payment amounts and the monthly interest and because the amount of his capital account is far greater than other partners on the list, his share of the monthly cap amount continued to grow mathematically over time. In addition, as other partners were fully paid off, his share of the monthly cap amount also grew. As a result, in each successive month, with a few limited exceptions, the amount of each monthly payment increased.

30. For similar reasons, Schulman's share of the capped Base Amount Payment increased each month as partners were removed from the list.

31. By way of illustration, while Schulman's total monthly payment for September 2009 payment was $69,686.70, his most recent payment received in July 2018 was $104,304.37.

Defendants' Fraudulent Scheme to Denude Milberg and to Frustrate Creditors' Rights Including Schulman's Rights Under the Judgment

32. Upon information and belief, in or about 2017 and/or 2018, Milberg received tens of millions of dollars of legal fees from awards in *In re Vivendi Universal S.A. Securities Litigation*, Case No. 02 Civ. 5571 (S.D.N.Y.), *Jaffe v. Household International, Inc.*, Case No. 02-C-05893 (N.D. Ill.), and *In re Merck & Co., Inc., Securities Litigation*, Nos. 05-1151 and 05-2367 (D.N.J.), among other cases. Instead of using those fees to capitalize the Firm, the Management Committee, upon information and belief, caused Milberg to distribute a substantial amount of those funds to the current Milberg equity partners.

33. Upon information and belief, the distributions were part of a common plan and scheme by Defendants to fraudulently avoid non-essential creditors, most particularly Schulman, its largest creditor, by stripping Milberg of its assets and continuing Milberg's law practice under Milberg II.

34. In September 2017, Milberg sought to reorganize as Milberg Tadler Phillips Grossman LLP ("Milberg II"). Attached here at Exhibit F is a New York Secretary of State record showing formation of Milberg II on September 14, 2017. Upon information and belief, at or about that time, pursuant to a written Assignment and Assumption Agreement, dated as of September 15, 2017, (copy attached as Exhibit G), Milberg assigned all or substantially all of its assets to Milberg II, including all "Active Files" and all furniture, fixtures and leasehold improvements, as well as reassigning its staff and work in process. Upon information and belief, Milberg II operates out of the same space as Milberg, employs all of Milberg's employees, is

handling all of Milberg's cases, and commandeered all of Milberg's remaining cash assets and ongoing fee awards. Milberg II's website is www.milberg.com. In essence, Milberg II is Milberg minus Milberg's obligation to its former partners which this "transaction" was intended to evade.

35. Upon information and belief, as a result of these transfers, Milberg was left with insufficient capital and was unable to pay its debts as they became due. Upon information and belief, these transfers were part of a fraudulent scheme undertaken by Defendants to hinder and frustrate Milberg's creditors including Schulman, a judgment creditor, from collecting on their legitimate debts.

36. Upon information and belief, as a result of the excessive partner distributions and shedding of substantially all its assets, Milberg lacked liquidity to service certain of its business loans. As part of Defendants' scheme, Defendants Phillips and Grossman, upon information and belief, accepted responsibility for serving these specific business loans in consideration of receiving significant ownership interests and leadership positions in Milberg II. Upon information and belief, the debt relief assumed by Defendants Phillips and Grossman was disproportionately small consideration and less than reasonably equivalent value for the share of Milberg's law practice they received as equity partners in Milberg II.

37. According to their own public statements, effective January 1, 2018, Milberg II began operating Milberg's business. Milberg II has taken Milberg's substantial contingency fee caseload filing notices of change in firm name (rather than a substitution of counsel) from Milberg to Milberg II.

38. Milberg II has taken over Milberg's leadership of significant matters which Milberg commenced and presented itself essentially as a continuation of Milberg. By way of

example, Milberg commenced *In re: Dealer Management Systems Antitrust Litigation,* MDL 2817 (N.D.Ill.), part of a multidistrict litigation pending in the United States District Court for the Northern District of Illinois. Milberg II, not Milberg, moved to be appointed lead counsel. In support of Milberg II's motion, Defendant Wedgworth submitted a declaration on March 26, 2018 claiming "Milberg Tadler's attorneys" expended considerable time investigating and commencing the action – work which was performed by Milberg, much of it before Milberg II was formed. Wedgworth's declaration also sought to trade on Milberg's long practice history, claiming at one point that Milberg II enjoyed decades' long "history" and "has taken the lead in landmark cases that set legal precedents." Of course, it is Milberg, not Milberg II with the decades of precedent setting history.

39. Defendants have also taken from Milberg lodestar for services performed in Milberg's contingency matters and have caused Milberg II to apply for fees earned by Milberg. For example, in *In re: Ariad Pharmaceuticals, Inc. Securities Litigation*, Case No. 13-cv-12544 (D.Mass.), Milberg II made a motion as "Co-Lead Counsel" for an award of contingent legal fees, which application was granted by the Court. The fee application was based upon Milberg's work and lodestar and the firm resume submitted in support of the fee application recounted Milberg's achievements.

40. Defendants marketed Milberg II as a continuation of Milberg, leveraging Milberg's decades long reputation. A January 8, 2018 press release issued by Milberg II (the "Press Release," copy attached as Exhibit H), at the direction of the individually-named Defendants assures potential clients and adversaries that Milberg II would continue Milberg's practice without interruption. The Press Release refers to "Milberg LLP, a leading class action

and complex litigation firm" and continues that "Milberg LLP lawyers will prosecute new and active cases out of Milberg Tadler Phillips Grossman LLP."

41. The Press Release notes that Tadler "marked" "her 20th year at Milberg, LLP." Further giving assurances of continuity in the Press Release, Tadler is quoted as stating "Milberg's proud history is the launching point for this strategic partnership." Similarly, Defendant Phillips is quoted as saying "This strategic combination enables us to build on Milberg's strong foundation in pioneering and delivering fierce and effective plaintiffs' representation in litigation against well-financed corporations."

42. The Press Release states that the four individual Defendants comprise Milberg II's "management team."

43. As noted, Milberg II is using Milberg's website domain address www.milberg.com. The "Results" tab on the website used by Milberg II leads to listings of dozens of "Milberg" decisions and billions of dollars of recoveries achieved by Milberg, rather than Milberg II. Under the "News" heading, there are references to firm accomplishments dating back years before Milberg II even was formed. The attorneys at Milberg II advertise their "@milberg.com" email addresses continued from their tenure at Milberg.

44. Defendants have purposely continued the law practice of Milberg and have made such continuation the cornerstone of Milberg II's ongoing business. Whether for purposes of marketing to potential clients, seeking lead counsel designations or making fee applications, Defendants rely on Milberg's goodwill built over decades.

45. Notwithstanding the foregoing transfers in September, 2017 and January, 2018, Schulman continued to receive monthly payments of Capital Account and Base Amount pursuant to the Judgment from September 2017 through July 2018 without being advised that Milberg and

Defendants were taking steps to evade their payment obligations to Schulman under the Judgment.

46. In August, 2018, Schulman did not receive the monthly payment of Capital Account and Base Amount due for the month of September pursuant to the Judgment.

47. By letter to Schulman dated September 4, 2018, Defendant Tadler stated as follows: "Please be advised that Milberg LLP ('Milberg' or the 'Firm') will no longer make any further payments to you as a retired legacy partner because it does not have the operating cash or profits to continue to do so."

48. Thereafter, Milberg failed to make the monthly payments for September, 2018, October, 2018, November, 2018 and December, 2018 as required by the Judgment.[1]

49. Defendants failed to make or cause Milberg to make the January, 2019 payment as required by the Judgment which payment was to be made no later than December 31, 2018.

50. Pursuant to New York Debtor and Creditor Law ("DCL") § 270, Schulman is a creditor of Milberg. Schulman became a creditor of Milberg no later than August 14, 2009, the date the Judgment was entered.

51. Upon information and belief, the transfer of substantially all its assets to Milberg II rendered Milberg insolvent pursuant to DCL § 271. The present fair saleable value of Milberg's assets after the transfer is, upon information and belief, less than the amount that would be required to pay Milberg's probable liability on existing debts as they become absolute, due and owing.

[1] Following Schulman taking certain actions to enforce his rights under the Judgment, Schulman recovered certain amounts due to him under the Judgment for September, October and November, 2018 pursuant to a Stipulation and Order dated November 30, 2018 in *Schulman v. Milberg LLP*, Index No. 106549/2009. Because Defendants refused to provide Schulman with the monthly schedules for each such months, as it had previously, the amount paid reflects the minimum amount due to Schulman for those months. Upon information and belief, discovery will reveal that Schulman is owed more for each of those months.

52. Upon information and belief, Schulman is the largest creditor of Milberg.

53. Upon information and belief, the present fair saleable value of Milberg's assets after the transfer is less than the amount that would be required to pay Milberg's liability to Schulman.

54. The aforementioned transfers to Milberg II were not, upon information and belief, made for fair consideration or reasonably equivalent value as required by DCL § 272.

55. Defendants undertook both the distributions described above and the transfers described above with the intent of taking the benefit of the value of Milberg's assets including its goodwill and reputation built over decades, while wrongfully evading Schulman's rights under the Judgment.

56. Milberg II and each of the individual Defendants were beneficiaries of the wrongful transfers and direct or indirect transferees of the assets of Milberg.

57. But for the complained of transfers and distributions, Milberg would have had assets and business sufficient to meet its obligations to Schulman under the Judgment.

58. Milberg II has continuity of ownership with Milberg, including Tadler and Wedgworth.

59. Defendants, upon information and belief, have ceased Milberg's ordinary business as a law practice, and, in a transaction not in its usual course of business, have denuded Milberg of its assets, leaving it a shell which is dissolved in fact, if not in law.

60. Milberg II, as successor to Milberg's law practice, upon information and belief, has assumed only the liabilities of Milberg necessary to carry on Milberg's business.

61. Milberg II is a continuity of Milberg's trade name, ownership, management, personnel, physical location, assets and general business operation.

62. Upon information and belief, Defendants Tadler, Wedgworth, Phillips and Grossman caused Milberg to transfer its assets to Milberg II so that Milberg could escape liability under Schulman's Judgment.

FIRST CAUSE OF ACTION
(Alter Ego against Milberg II)

63. Plaintiff repeats and realleges each and every allegation set forth in Paragraphs 1 through 62 above as if more fully set out herein.

64. As set forth above, the Management Committee of Milberg II is comprised of the same members as comprise or comprised the Management Committee of Milberg.

65. As a result, Milberg II and Milberg are controlled by the same individuals.

66. Upon information and belief, all or substantially all of the partners of Milberg II are or were also partners of Milberg.

67. As a result, Milberg II and Milberg have common ownership.

68. Milberg is undercapitalized.

69. Milberg II and Milberg share, amongst other things, use of the Milberg name, common office space, common assets, and common personnel.

70. Plaintiff is entitled to a declaration that Milberg II is the alter ego of Milberg and, accordingly, is responsible for Milberg's debts including, the Judgment.

SECOND CAUSE OF ACTION
(Successor Liability against Milberg II)

71. Plaintiff repeats and realleges each and every allegation set forth in Paragraphs 1 through 70 above as if more fully set out herein.

72. As set forth above, all or substantially all of Milberg's assets were transferred to Milberg II.

73. Milberg II is continuing precisely the same business as Milberg.

74. Milberg II is continuing such business working on the same cases, at the same location, using substantially the same personnel, under the same management as Milberg and making use of the Milberg name and goodwill.

75. Milberg II markets itself as a "continuation" of Milberg.

76. Milberg II is a continuation of Milberg.

77. Upon information and belief, the ownership of Milberg II is substantially the same as Milberg.

78. Upon information and belief, Milberg has discontinued its operations and is preparing to dissolve.

79. In connection with the assignment of Milberg's assets to Milberg II, Milberg II assumed only those liabilities necessary to continue the operations of Milberg's business.

80. The transaction pursuant to which Milberg assigned all or substantially all of its assets to Milberg II was a defacto merger.

81. The transaction pursuant to which Milberg assigned all or substantially all of its assets to Milberg II was intended to evade creditors of Milberg, including Schulman.

82. Plaintiff is entitled to a declaration that Milberg II is the successor to Milberg and, accordingly, is responsible for Milberg's debts including, the Judgment.

THIRD CAUSE OF ACTION
(Fraudulent Conveyance by Insolvent – DCL § 273)
(Against all Defendants)

83. Plaintiff repeats and realleges each and every allegation set forth in Paragraph 1 through 82 above as if more fully set out herein.

84. As further set forth above, Defendants participated in, and Defendants other than Milberg benefited from, Milberg's transfers, which transfers were made without fair consideration and rendered Milberg insolvent.

85. As further set forth above, Plaintiff was a creditor of Milberg at the time of the transfers and has been injured.

86. As a result, Plaintiff is entitled to judgment against Defendants, jointly and severally, for return of transferred property or money damages in an amount to be determined at trial.

FOURTH CAUSE OF ACTION
(Fraudulent Conveyance by Persons in Business – DCL § 274)
(Against All Defendants)

87. Plaintiff repeats and realleges the allegations set forth in paragraphs 1 through 86 above, as if set forth at length herein.

88. As further set forth above, Defendants participated in, and Defendants other than Milberg benefited from, Milberg's transfers, which transfers were made without fair consideration.

89. As further set forth above, at the time of the transfers Milberg was engaged in the business of the practice of law, and as a result of the transfers, the property left in Milberg was an unreasonably small amount of capital.

90. As further set forth above, the transfers rendered Milberg unable to conduct its business and meet its debts, including its duty to Schulman pursuant to the Judgment.

91. As further set forth above, Plaintiff was a creditor of Milberg at the time of the transfers and has been injured.

92. As a result, Plaintiff is entitled to judgment against Defendants, jointly and severally, for return of transferred property or money damages in an amount to be determined at trial.

FIFTH CAUSE OF ACTION
(Fraudulent Conveyance by Persons About to Incur Debts - DCL § 275)
(Against All Defendants)

93. Plaintiff repeats and realleges the allegations set forth in paragraphs 1 through 92 above, as if set forth at length herein.

94. As further set forth above, Defendants participated in, and Defendants other than Milberg benefited from, Milberg's transfers, which transfers were made without fair consideration.

95. As further set forth above, at the time of the transfers, Defendants believed that Milberg would incur debts beyond its ability to pay as they mature.

96. As further set forth above, the transfers rendered Milberg unable to conduct its business and meet its debts, including its debt under the Judgment.

97. As further set forth above, Plaintiff was a creditor of Milberg at the time of the transfers and has been injured.

98. As a result Plaintiff is entitled to judgment against Defendants, jointly and severally, for return of transferred property or money damages in an amount equal to be determined at trial.

SIXTH CAUSE OF ACTION
(Fraudulent Conveyance of Partnership Property - DCL § 277)
(Against All Defendants)

99. Plaintiff repeats and realleges the allegations set forth in paragraphs 1 through 98

above, as if set forth at length herein.

100. As further set forth above, Defendants participated in, and Defendants other than Milberg benefited from, Milberg's transfers, which transfers rendered Milberg insolvent and were made to a partner and to a person not a partner without fair consideration to the partnership as distinguished from consideration to the individual.

101. As further set forth above, the transfers rendered Milberg unable to conduct its business and meet its debts, including its debt under the Judgment.

102. As further set forth above, Plaintiff was a creditor of Milberg at the time of the transfers and has been injured.

103. As a result, Plaintiff is entitled to judgment against Defendants, jointly and severally, for return of transferred property or money damages in an amount to be determined at trial.

SEVENTH CAUSE OF ACTION
(Conveyance Made With Intent to Defraud - DCL § 276)
(Against All Defendants)

104. Plaintiff repeats and realleges the allegations set forth in paragraphs 1 through 103 above, as if set forth at length herein.

105. As further set forth above, Defendants participated in, and Defendants other than Milberg benefited from, Milberg's transfers.

106. Defendants participated in the making of Milberg's transfers with actual intent to hinder, delay, or defraud either present or future creditors.

107. As further set forth above, the transfers involved a lack of consideration; there was a close relationship between the parties in that the Milberg firms have a continuity of

ownership, management, attorneys and staff; Milberg II retained and continues to use the transferred property; Milberg has been rendered insolvent while Milberg II is applying for and receiving fees earned by Milberg; the Milberg firms stopped paying nonessential Milberg credits; the transactions that suddenly denuded Milberg of its assets after over fifty years of operation were not in the usual course of business; and Defendants had knowledge of the Judgment.

108. As further set forth above, the transfers rendered Milberg unable to conduct its business and meet its debts.

109. As further set forth above, Plaintiff was a creditor of Milberg at the time of the transfers and has been injured.

110. Pursuant to DCL § 276-a, Plaintiff is entitled to reasonable attorney's fees in this action from Milberg, Milberg II and the other Defendants that were participants, transferees or beneficiaries of the complained of transfers.

111. As a result, Plaintiff is entitled to judgment against Defendants jointly and severally, for return of transferred property or money damages in an amount to be determined at trial, together with reasonable attorneys' fees.

EIGTH CAUSE OF ACTION
(Tortious Interference with Enforcement of a Judgment)
(Against Defendants Milberg II, Tadler, Phillips, Grossman and Wedgworth)

112. Plaintiff repeats and realleges the allegations set forth in paragraphs 1 through 111 above, as if set forth at length herein.

113. As further set forth above, Plaintiff is entitled to more than $15 million pursuant to a valid and enforceable Judgment entered against Defendant Milberg on August 14, 2009.

114. As further set forth above, the terms of the Judgment require Milberg to make monthly payments to Schulman.

115. All Defendants were at all relevant times aware of Milberg's obligation to Schulman pursuant to the Judgment.

116. As further set forth above, with knowledge of the Judgment, the Defendants participated in a scheme to fraudulently transfer Milberg's assets to Milberg II in an intentional effort to render Milberg an empty shell and unable to make payments to Schulman necessary to satisfy Milberg's obligations under the Judgment.

117. As a result, Plaintiff is unable to recover from Milberg payments owed to him pursuant to the Judgment and has, therefore, been injured by the Defendants' intentional interference with Milberg's ability to pay the Judgment.

118. As a result, Plaintiff is entitled to judgment against the Defendants, jointly and severally, for tortious interference with enforcement of the Judgment, and an award of money damages in an amount to be determined at trial.

WHEREFORE, Plaintiff demands judgment against Defendants, as follows:

A. Damages, jointly and severally, in an amount to be determined at trial;

B. In the alternative to joint and several money damages, avoiding the wrongful transfers and awarding Schulman the full amount outstanding under the Judgment;

C. In the alternative to joint and several money damages, granting execution upon the transferred property in the amount necessary to satisfy Milberg's obligation to Schulman under the Judgment;

D. Costs and expenses incurred in this action, including reasonable attorney's fees and disbursements; and

E. Such other relief as the Court deems just, proper and equitable.

Dated: New York, New York
January 2, 2019

EISNER, A.P.C.

By: */s/ Leslie D. Corwin*
Leslie D. Corwin
Counsel for Plaintiff Steven G. Schulman
152 West 57th Street, 48th Floor
New York, NY 10019
(646) 876-2600