



[REDACTED]

Metairie, LA 70005

CONFIDENTIAL & PRIVILEGED

[REDACTED]

September 5, 2007

Dear [REDACTED]

You asked that I reduce to writing my advice with respect to the relative merits of hiring experienced plaintiff counsel on a contingency basis versus hiring a large corporate law firm on an hourly basis to prosecute your business interruption claim in connection with the physical damage inflicted by Hurricane Katrina in August 2005. As you know, I became a reluctant expert in this area as our \$150 million commercial real estate portfolio located primarily in New Orleans suffered substantial damage from this storm. Right after the storm, what we encountered with the insurance companies was an unconscionable, "circle the wagons" attitude of denial of claims. After a few frustrating meetings with adjusters by phone or in person in which all claims were denied on the basis of a technical interruption of exclusions or the employment of stall tactics to force of quick settlement, it became evident to me that we needed to be prepared to engage in a protracted battle of litigation at the local level to enforce our rights under our insurance contracts.

As you know, I am the CEO of a New Orleans based investment company with assets in excess of \$250 million. In this capacity, I do business with all of the major corporate law firms in the area (Jones Walker, Adams & Reese, Chaffe McCall, Phelps Dunbar) and have great relationships with each of them. However, after seeking a lot of advice and doing a lot of praying, my instincts and judgment led me to hire an experienced plaintiff firm who would handle our cases on a contingency basis. While I was rather uncomfortable in hiring plaintiff counsel and will admit that I had a rather jaundiced opinion of the plaintiff bar prior to Hurricane Katrina, I became convinced that this would be the right move because the substantial costs associated with hiring hourly counsel to wage protracted litigation proceedings and because of my belief that positioning of proper legal venue would be critical to prevailing upon the insurance companies to negotiate equitable settlements on our policies. Further, I had some

concerns that many of the large corporate firms in New Orleans already had substantial client relationships with the insurance carriers and thus would have conflicts of interest in representing our claims.

We ultimately chose the plaintiff firm Gauthier, Houghtaling and Williams based upon their reputation as seasoned plaintiff litigators and their track record of success in many large, high profile cases. We checked out their references and became satisfied we had the right team. John Houghtaling, the head principal of the firm and protégé to the late Wendell Gauthier, gave me personal assurances that he would be handling our cases along with his top partner James Williams. Although young in appearance, these guys have a tremendous amount of litigation experience and know all the tactics necessary to win the battle and still maintain the right strategic outlook to win the war. They know all of the state judges well and know how to obtain proper venue to get a fair hearing. The insurance companies hate them but have a healthy respect for them.

In the end, we recovered nearly \$25 million in total settled claims with our various insurance companies. This is a remarkable accomplishment given that many of our carriers were indicating an outright denial of claims upon our initial discussions. Hiring of the Gauthier guys goes down as one of the better business moves that we made last year. They delivered well beyond our expectations and they handled themselves with a professionalism that has earned them a long term business relationship with our firm. I do not know (and do not want to know) the merits of your case but I can assure you that these guys are the right choice for a plaintiff engagement in the state of Louisiana. Interestingly, the largest piece of our settlement proceeds came from the Heritage Plaza building, the property that serves as our present headquarters and your former headquarters for [REDACTED]. The Gauthier firm knows the [REDACTED] Building like the back of its hand, a learning curve that serves as a substantial advantage in litigation discussions. If you were to choose hourly corporate counsel, I can only imagine the size of that bill. With a contingency arrangement, you do not burden your company with cash outlays unless plaintiff counsel is successful. Incidentally, in our view, the Gauthier firm earned every dollar of the contingency fee in working for [REDACTED].

[REDACTED]
[REDACTED] I wish you the best of luck in this decision and your discussions with the insurance companies.

Very truly yours,

[REDACTED]
Chief Executive Officer