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DAILY BUSINESS REVIEW

FINALISTS



Tabas Freedman team had to expand its area of mastery



Andrea Rigali, Gary Freedman and Joel Tabas
Tabas, Freedman & Soloff

If you asked longtime bankruptcy lawyer Gary Freedman whether he'd ever need to master NCAA rules, offshore-gambling strategies or federal lockup procedures, he'd probably give an unqualified "no."

But that was before his partner, Joel Tabas, became trustee for a highly unusual bankruptcy in which a defunct company's creditors were fleeced by a Ponzi scammer addicted to football boosterism.

Former Miami Beach businessman Nevin Shapiro is serving 20 years in federal prison after pleading guilty to securities fraud in 2010. He was accused of running a \$930

million racket through his grocery brokerage, Capitol Investments USA Inc., and violating NCAA rules by funneling cash to University of Miami athletes.

Tabas and Freedman, acting as the bankruptcy trustee's attorney, had to try to make Capitol's creditors whole despite the fact "there wasn't a pot of money sitting out there in an offshore account," Freedman said. Whatever they retrieved had to come the hard way,

through litigation or pre-suit mediation.

Thus the need to grasp some unfamiliar subjects.

"We were investigating potentially 50 different sources of recovery, some of them similar, some not, some had issues of law that we had never seen before," Freedman said. "At the same time, you had this sort of explosion of Ponzi scheme cases going on throughout the U.S., and all of us looking for precedential value because the law was evolving on a daily basis."

In January, the attorneys sued Shook, Hardy & Bacon, a 500-lawyer

firm based in Kansas City, Mo., and former Miami associate Marc Levinson, a childhood friend and gambling buddy of Shapiro's. The suit alleged Shook Hardy, through Levinson, was Shapiro's main legal adviser for Capitol during the investment scam.

Not surprisingly, Freedman found himself facing some very fine lawyers, "so it made the litigation negotiations extremely challenging."

Finally, without admitting any liability or wrongdoing, Shook Hardy agreed to pay \$5 million plus \$1.65 million for the trustee's predetermined contingency fee.

When U.S. Bankruptcy Judge Laurel Isicoff in Miami signed off on the settlement Oct. 21, the total recovery reached about \$41 million, of which the Tabas Freedman firm gets to keep about \$13.5 million.

"We expect an ultimate distribution to creditors of 35 to 40 cents on the dollar," Freedman said. Considering how difficult that result was to achieve, he calls it "extraordinarily good."

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