



**2008
2010**



OUR MISSION

The NYU Pollack Center for Law & Business is a joint venture of the NYU School of Law and the Stern School of Business that aims to bring together legal scholars, thoughtful professionals and experts in business and finance to advance our understanding of the ways in which legal rules affect business behavior and to improve professional education in law and business.

Board of Advisors

William R. Berkley
Chairman and CEO,
W. R. Berkley Corp.

Henry Kaufman
President,
Henry Kaufman & Co.

Martin Lipton, Esq.
Wachtell, Lipton, Rosen & Katz

George T. Lowy, Esq.
Cravath, Swaine and Moore,
LLP

Jack Nusbaum, Esq.
Willkie Farr & Gallagher, LLP

Gerald Rosenfeld
Deputy Chairman,
Rothschild North America

John L. Vogelstein
Managing Director and Senior
Advisor, Warburg Pincus, LLC

Academic Board

William T. Allen
Jack Nusbaum Professor
of Law and Business
Director, NYU Pollack Center
for Law & Business

Yakov Amihud
Ira Leon Rennert Professor
of Entrepreneurial Finance,
Stern School of Business

Jennifer Arlen
Norma Z. Paige Professor
of Law, NYU School of Law

Kose John
Charles William Gerstenberg
Professor of Banking and
Finance, Stern School of
Business

Marcel Kahan
Crystal Eastman Professor
of Law, NYU School of Law

Geoffrey Miller
William T. and Stuyvesant P.
Comfort Professor of Law,
NYU School of Law

David Yermack
Albert Fingerhut Professor
of Finance and Business
Transformation, Daniel P.
Paduano Faculty Fellow,
Yamaichi Faculty Fellow,
Stern School of Business

Center Staff

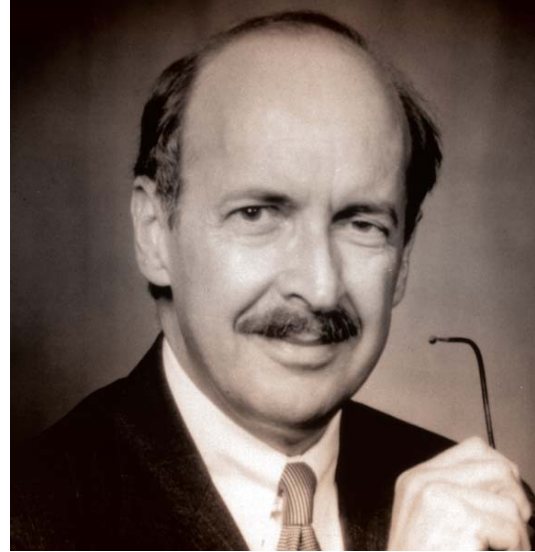
William T. Allen Director
Hilary Peck Associate Director
Harold Jennings Program Coordinator

To contact us, please call 212.998.0565 or visit our website:
www.stern.nyu.edu/clb

LETTER FROM THE DIRECTOR

When, through the vision of former Law School Dean John Sexton and Stern School Dean George Daly, the NYU Pollack Center for Law & Business was established in 1997, the aim of our center was to promote cross-pollination by students and faculty of the Law School and the Stern School. This brief report of the Center's activities over the last two academic years presents a typical snapshot of how that vision has been realized. We hope you will agree that the regular activities of the Center and its periodic special projects more than satisfy the high expectations and hopes all those involved both with its founding and with its growth have had.

As an important part of its activities, the Pollack Center has initiated courses designed to bring MBA and law students into the same classrooms to work together in teams, sometimes on the analysis of major real world transactions. It annually sponsors scholarly conferences, such as the NYU Penn Law & Finance Conference (see page 23 in this report); it promotes other professional level engagement, such as its co-sponsoring, with Cambridge University Judge School of Business and the Guanghua School of Business at Beijing University, of the global Cross-Border M&A Conference (page 15), or its Directors' Institute, which annually produces what we believe is the best one-day review and discussion of corporate governance in the nation (page 17). In addition, the Center brings in guest speakers to help students connect the material they learn in class with real world experiences of active professionals; it works with students to arrange student conferences relating to legal regulation of business, and provides opportunities for faculty to discuss their corporate governance related research. Finally we have been highly successful in helping to train a limited number of post graduate students who seek to begin a career of law teaching. Our Wagner program alumni now include young professors teaching at University of Arizona Law School, UCLA Law School, NYU School of Law, and this year our latest Wagner scholar will leave for his first tenure track appointment at Boston University School of Law.



Almost 13 years after its founding, the Pollack Center is no longer "the only kid on the block". We now work closely with the Mitchell Jacobson Leadership Program in Law & Business at the Law School to train J.D. students in business related matters and with others in the Stern School who share the vision of improving professional education by opening the pathways between the Stern School and the Law School. The portfolio of "Law & Business" courses has grown substantially over the years, and the opportunities to make a positive difference in the education of young professionals remain many and inviting.

For our progress I want most importantly to thank those whose generosity helps promote this work, especially Lester Pollack, and the staff of the Pollack Center, Associate Director Hilary Peck and Program Coordinator Harold Jennings. I hope you enjoy paging through this brief report. Naturally we welcome comments and suggestions, and are grateful for your support.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "William T. Allen".

William T. Allen

CENTER
PROGRAMS
FOR STUDENTS





Certificate Program Continues to Provide Business Fundamentals to Law Students

The Advanced Professional Certificate in Law & Business (APCLB) has been created specifically for business lawyers. The program provides undergraduate and graduate law students with graduate-level business school training in conjunction with their law education. Over the summer, students take three Stern classes specially designed for them: Financial Accounting and Reporting; Statistics and Data Analysis; and Foundations of Corporate Finance. The professors for these courses are drawn from senior members of the faculty of the Stern School. Students complete additional electives during the Fall and Spring semesters, and they graduate with an Advanced Professional Certificate in Law & Business. In the summer of 2009, students participating in the program hailed from countries including Mexico, Peru, Spain, Switzerland, and the U.S. We were also pleased in 2009 to welcome students who studied in Singapore through the NYU@NUS program to the APCLB.



“I would recommend the APCLB program to anyone who wants to be in business litigation and, even more so, for students planning to work in corporate/transactional areas. The teachers were phenomenal, and the mix of local and international students made for lively and interesting discussions.”

**—Stephen N. Ilg, J.D. 2010
APCLB Student**

Clockwise from top: The 2008 John L. Vogelstein Scholars (left to right) Natalia Stetsenko, Tamir Livschitz, Jing Chen, Matthew Wolf, Francisco Soni Rodriguez, (not pictured) Andrea Ruettimann; Harold Jennings, Program Director of the Pollack Center; Gary Simon, NYU Stern Professor, with APCLB students. Opposite Page: Jing Cheng, LL.M. 2009, Vogelstein scholar



NYU Journal of Law & Business Conference

Each year the NYU Journal of Law & Business, a student-edited publication, holds a symposium on a contemporary topic that highlights the interrelationship of law and business. In January 2010, the Journal sponsored its Fifth Annual Symposium entitled “Legal Aftershocks of the Global Financial Crisis.” Panelists examined significant developments in three areas of business regulation—corporate governance, regulation of financial institutions, and bankruptcy and restructuring of financial institutions. The event, held in the Law School’s Greenberg Lounge, featured numerous speakers, including Lucian Bebchuk of Harvard Law School, William Ackman of Pershing Square Capital Management, and Judge Jack Jacobs of the Delaware Supreme Court.

The Journal’s Fourth Annual Symposium, “Modernizing the Financial Regulatory Structure,” took place in February 2009. Panelists, including practitioners and academics, examined recent developments in the areas of Risk Management, Banking Regulation and Sovereign Wealth Funds. Both events drew packed audiences.

The John L. Vogelstein Scholars Program

This program is made possible by a generous gift from John L. Vogelstein, Managing Director and Senior Advisor at Warburg Pincus LLC, a member of the Stern School Board of Overseers and of the Board of Advisors of the Center.

The Scholars chosen each year demonstrate high academic and professional achievement as well as dedication to the field of corporate law. We are pleased to congratulate the summer 2009 Vogelstein scholars: Juan Felipe Sanchez Curiel and Gino Sangalli. Mr. Curiel plans to return to his home country Mexico to teach and practice law after completion of his LL.M. degree. Mr. Sangalli plans to return to his home country Peru to continue work in the Legal Advisor’s office of Edegel S.A.A, an energy company in Peru.



All current members of the Delaware Court of Chancery visit the Center. Clockwise from top: Stephen Lamb, retired Vice Chancellor, Delaware Chancery Court; William T. Allen, Center Director and former Chancellor, Donald F. Parsons, Jr., Vice Chancellor, Leo E. Strine, Jr., Vice Chancellor, William B. Chandler III, Chancellor, Stephen Lamb, former Vice Chancellor and John W. Noble, Vice Chancellor; Simon Lorne of Millennium Partners and Steven Seidman of Willkie Farr & Gallagher join Vice Chancellor Lamb.

**Stephen Lamb,
Vice Chancellor of the
Delaware Chancery
Court, shared insights
drawn from his twelve
years of experience on
the Court with Law
students and others.**



We are very grateful for the participation of lawyers and businesspeople as tutors in our Transition to Practice course.

Practitioners tend to find this exposure to teaching fun and satisfying, and students have very much enjoyed and benefited from this approach.

Students Engage with Senior Business Executives in Center's Transition to Practice Course

Members of the Center's academic board continue to offer courses in the Fall and Spring semesters to enhance the law and business education of NYU graduate students. Among these is our "Transition to Practice" course. This course is designed to allow graduating students of law and business to transition more rapidly and more effectively from the University environment to the world of practice. The course is taught by Gerald Rosenfeld, Deputy Chairman of Rothschild North America and co-director of the Mitchell Jacobson Leadership Program in Law & Business, and Professor William T. Allen. The course is built around a detailed analysis of several recent large corporate transactions, based upon the documents of each such transaction. The lawyers and bankers who completed the deal act as consultants to the student teams that analyze their transaction. Below is the list of deals presented in Spring 2010, each with associated overseer:

Lehman Brothers' Divestiture of its Investment Management Division

Deal overseer: Christopher E. Austin, Partner, Cleary Gottlieb Steen & Hamilton LLP

Private Equity Investment in Flag Star Bank

Deal overseer: Joseph S. Berry, Managing Director, Investment Banking Division, Keefe, Bruyette & Woods

Plumb Point Financing

Deal overseers: David A. Gordon, Partner, Office Managing Partner, Latham & Watkins LLP / Matthew L. Henegar, Partner, Latham & Watkins LLP

Merger Negotiations Between M&F Worldwide Corp. and John H. Harland Corp.

Deal overseers: Ron Perelman, Chairman and Chief Executive Officer, MacAndrews & Forbes Holdings Inc. / Barry Schwartz, Executive Vice Chairman and Chief Administrative Officer, MacAndrews & Forbes Holdings Inc.

Merger of Wendy's/Arby's and Triarc

Deal overseer: Nelson Peltz, Chairman of the Board, Triarc Acquisition Corporation, Chief Executive Officer and Founding Partner, Triarc Fund Management, L.P. Brian Schorr, Chief Legal Officer, Triarc Fund Management, L.P.

Merger of Wendy's and Arby's

Deal overseers: William A. Ackman, Founder and CEO, Pershing Square Capital Management / Roy Katzovitz, General Counsel, Pershing Square Capital Management

Visteon Corporation as Chapter 11 Debtor

Deal overseer: Todd R. Snyder, Managing Director, Rothschild Inc.

Venture Capital for a Biotech Startup

Deal overseer: Josh Wolfe, Co-Founder and Managing Partner, Lux Capital Management



Cross-Registration Offerings a Continuing Success

The Center continues to expand the list of cross-registration courses available to students of the Stern School and the NYU School of Law. This initiative is the most direct way to achieve the Center's goal of enriching the professional education of NYU law and business students. Under this program, the Registrar's office at the Law School reserves several spaces for students at Stern, and vice versa. Law School students choose from a list of classes including Entrepreneurial Finance, Global Banking & Capital Markets, Venture Capital Financing, and Monetary Policy Banks & Center Banks, among many others. Stern students can register for classes in Corporations, Mergers & Acquisitions, Securities Regulations, and Corporate Finance.

Top right: William T. Allen, Center Director, introducing the deals to law and business students at the Transition to Practice course. Bottom right: Sabrina Ursaner, Editor in Chief of the NYU Journal of Law & Business, attending a cross-registered course.



“It’s been fun, it’s been demanding, it’s never gotten boring.”

—Leonard Rosen, Retired founding partner of Wachtell, Lipton, Rosen & Katz, reflecting on 25 years of representing institutional creditors, banks and debtors in workouts and Chapter 11 cases, to a packed audience of law and business students.

Student Luncheons Focus on the Role of the General Counsel and Corporate Reorganizations

In the 2009-2010 academic year, the student luncheon lecture series focused on the Role of the General Counsel. In October 2009, Andrew Hendry, General Counsel of Colgate-Palmolive Company, discussed the many roles of the general counsel – the General Counsel as Chief Counsel, as Global Legal Organization Leader, as Ethical Leader, as Business Executive, as Board Advisor, and as a Public Servant. In March 2010, Larry Thompson, General Counsel of PepsiCo, gave a presentation to students entitled “Thoughts on Business, Professionalism and Responsibility to Society,” in which he urged students to consider a career in public service.

In the 2008-2009 academic year, the student luncheon lecture series focused on Corporate Reorganizations. Stephen Ledoux, Managing Director of Rothschild Inc., addressed the broad restructuring of the US financial system and how this impacts the restructuring market. Mr. Ledoux cautioned that the effects of the US government’s action will be felt globally for many years. Leonard Rosen, Retired Founding Partner of Wachtell, Lipton, Rosen & Katz, discussed the work involved in founding and growing a law firm. Mr. Rosen advised that in an era of great specialization in the law, a lawyer who has multiple specialties can be a great asset to a firm. He reflected on 25 years of representing institutional creditors, banks, insurance companies, funds, and debtors in workouts and Chapter 11 cases: “It’s been fun, it’s been demanding, it’s never gotten boring.”

Marty Whitman, Founder and Co-Chief Investment Officer of Third Avenue Management LLC, offered an introduction to distressed investing, and encouraged students to consider going into the field after graduation: “I’ve never seen anything like the current environment. The opportunities are once in a lifetime.” Thomas Baxter, Jr., General Counsel and Executive Vice President of the Federal Reserve Bank of New York, gave a lecture entitled “A Crisis Trilogy: Bear, Lehman, AIG.”



Above: Thomas C. Baxter, Jr., General Counsel of the New York Fed, apparently trying to frighten students—who appear unfazed.



“There will
always be
M&A...”

—Martin Lipton



This page: Students, faculty and practitioners listen as Stephen Friedman, retired Chairman of Goldman Sachs, Martin Lipton of Wachtell Lipton Rosen & Katz and Joseph Rice III, Founder and Chairman of private equity firm Clayton Dubilier & Rice debated the future of M&A in the economic turmoil. Opposite page: Stephen Friedman, Retired Chairman of Goldman Sachs and current Chairman of the Federal Reserve Bank of New York and of global private equity firm Stone Point Capital.



Wall Street's Key Players Debate the Future of M&A

In October 2008, the Center gathered three leading takeover bankers, financiers, and lawyers to discuss the future of mergers and acquisitions in the post-credit-bubble world before an audience of NYU Law and NYU Stern students and alumni.



Stephen Friedman, retired chairman of Goldman Sachs and current Chairman of the Federal Reserve Bank of New York and of global private equity firm Stone Point Capital; Martin Lipton, founding partner of the law firm Wachtell, Lipton, Rosen & Katz; and Joseph Rice III, founder and chairman of private equity firm Clayton Dubilier & Rice, served as panelists. The discussion was moderated by Brett Cole, a writer for *The Economist* and author of *M&A Titans: The Pioneers Who Shaped Wall Street's Mergers and Acquisitions Industry*.

Reflecting on the current U.S. economic turmoil, Rice argued that "human greed" was at fault. He also blamed an abundance of capital for encouraging the bubble because "people needed to find something to do with it."

Friedman described the economic crisis as the greatest financial panic since the Great Depression. He attributed the problem, in part, to the incentive structures that were in place, which encouraged bad lending and faulty business practices: "People will play the way you pay them." He blamed banks, consumers, and rating agencies.

Lipton predicted that the current economic crisis will last between three to five years. He also argued that there will be a new financial order dominated by large banks and filled with many small boutiques. "Capital raising will be in the hands of the big universal bank," he said. "They will have the capital and the networks to do it."

Discussing the future challenges and opportunities for M&A deals, Rice sounded optimistic, expecting that private equity will make a comeback. Although the buyout business is "comatose right now," he said, "it is not going away. We will see a series of small deals next year and then they will grow in size."

Lipton was also upbeat about the future of M&A. "There will always be M&A," he said, but added that "M&A is very psychological, and CEOs don't like to go to their boards in this type of economy" to get approval for a deal. Friedman agreed, saying that while this was a "brutal period," leverage would come back into the system.

CENTER FOCUSES ON INTERNATIONAL ISSUES



University of Cambridge
bridge



International Institute for the Study of Cross-Border M&A

In October 2009, the International Institute for the Study of Cross-Border M&A (XBMA), a cooperative venture among leading business schools in China, the United States, and Europe, held its second annual symposium in Cambridge to consider the implications of the financial crisis and government intervention on cross-border activity. The symposium followed the success of the Institute's inaugural symposium held in Beijing in June 2008. NYU's Stern School of Business, the Judge School of Management at Cambridge University in England, and the Guanghua School of Management at Peking University were the sponsoring academic institutions. The symposium brought together leading business figures from China and the West, senior government officials, legal and banking experts, and academics to discuss the underlying forces, constraints and developments that are shaping or hindering important cross-border transactions and investments. Zhang Weiyin, Dean of Peking University Guanghua School of Management and one of the founders of the XBMA Institute, commented: "We have high hopes that, through programs like this, the XBMA Institute can contribute ideas, and ultimately actions, that will help make the global economy better and more efficient. As China's integration into the global economy accelerates, cross-border M&A and investment promises to play an important role for Chinese companies to globalize and for multinational companies to participate in China's economic growth." Speakers at the Institute included: Jiang Jianqing, Chairman of Industrial and Commercial Bank of China (ICBC); Baron David de Rothschild, Chairman of N M Rothschild & Sons Ltd; Martin Lipton, Founding Partner of Wachtell, Lipton, Rosen & Katz; Richard Li, Chairman of PCCW Ltd and Pacific Century Group; Peter Clarke, CEO of Man Group; Fu Chengyu, Chairman and CEO of China National Offshore Oil Corporation Ltd (CNOOC); Takumi Shibata, Deputy President and COO, Nomura Holdings Inc; Lord Mervyn Davis, Minister of Trade & Investment, UK; and Wang Jianzhou, Chairman and CEO of China Mobile Ltd.



Opposite page: Jiang Jianqing, Chairman of Industrial and Commercial Bank of China (ICBC) with Arnoud De Meyer, Director of Cambridge Judge Business School at the 2009 XBMA symposium.

The next XBMA conference is scheduled to take place on the NYU campus in October 2010.

CENTER PROGRAMS FOR PRACTITIONERS





Directors' Education

Each year, the Center hosts the Directors' Institute, a director education program designed to strengthen the corporate governance practices of boards of directors. The program is an intensive one-day event open to experienced and new directors, as well as general counsels and corporate secretaries. The event is accredited by RiskMetrics-ISS Governance Services and by the National Association of Corporate Directors. Attorneys who are admitted in New York are eligible to receive Continuing Legal Education (CLE) credit for their attendance.



The 2009 Institute, "Board Monitoring of Risk Management," was structured around several panel discussions. To help set a background for the day's discussion of board responsibilities, Joseph Tracy, Executive Vice President and Director of Research at the Federal Reserve Bank of New York, shared with the Institute the New York Fed's view of the current and future regional and national economy.

Thomas French, a Partner at Willkie Farr & Gallagher, offered a timely tutorial on "What Every Director Should Know about Asset Backed-Securities and Credit Default Swaps."

The luncheon keynote address was delivered by Richard Ketchum, Chairman & CEO of the Financial Industry Regulatory Authority (FINRA). Mr. Ketchum spoke about financial reform legislation in the US and abroad. He argued that the present financial turmoil creates opportunities and suggested that regulators address the lack of transparency with over-the-counter derivatives, improve surveillance of the equity markets, create legislation that establishes a clear set of principles, develop one oversight body of investment advisors and broker/dealers, and resolve turf issues.

Opposite page: Simon Lorne of Millennium Capital and Judge Leo Strine of the Delaware Chancery Court at the 2009 Directors' Institute. This page top: Richard Steinberg, Founder of Steinberg Governance Advisors, speaking about the board's role in monitoring risk management at the 2009 Directors' Institute; Succession Planning and CEO Compensation panel at the 2009 Directors' Institute.



**“Timely
topics,
excellent
format,
outstanding
faculty!”**

**—Corporate Director,
2009 Directors’ Institute**

Faculty from the 2009 Directors’ Institute, including Julie Hembrock Daum of SpencerStuart, Daniel Kramer of Paul, Weiss, Rifkind, Wharton & Garrison and Audrey Strauss of Fried, Frank, Harris, Shriver & Jacobson. Opposite page: Robert Pozen, Chairman of MFS Investment and former Vice Chairman of Fidelity Investments and President of Fidelity Management & Research Company, discusses U.S. financial regulation after the crisis to a crowd of several hundred law and business students and alumni; Peter Blair Henry, the new Dean of the NYU Stern School of Business, introducing Robert Pozen at the Joint NYU Law-Stern conference.

Additional Faculty at the 2009 Institute Included:

Paul Curnin, Partner of Simpson Thacher & Bartlett; Julie Hembrock Daum, North American Board Services Practice Leader at Spencer Stuart; Jeremy Goldstein, Partner of Wachtell, Lipton, Rosen & Katz; David Katz, Partner of Wachtell, Lipton, Rosen & Katz; Daniel Kramer, Partner of Paul, Weiss, Rifkind, Wharton & Garrison; Simon Lorne, Vice Chairman & Chief Legal Officer of Millennium Management LLC; Lawrence Pedowitz, Partner of Wachtell, Lipton, Rosen & Katz; Linda Rappaport, Partner of Shearman & Sterling; Anthony Santomero, Senior Advisor of McKinsey & Co; Richard Steinberg, Founder & Principal, of Steinberg Governance Advisors; Audrey Strauss, Partner of Fried, Frank, Harris, Shriver & Jacobson; Honorable Leo Strine, Jr., Vice Chancellor of the Delaware Court of Chancery; David Swinford, President & CEO of Pearl Meyer & Partners; and Christopher Young, Director of M&A and Proxy Fight Research at RiskMetrics Group.

The next Directors’ Institute, “Corporate Governance: Responding to New Challenges,” will take place in May 2010 with Keynote speaker John Thain of CIT Group.

Bankruptcy and Business Reorganization Workshop

Each year the Center, in association with Professor Barry Adler at the NYU School of Law, organizes the Lawrence P. King and Charles Seligson Workshop on Bankruptcy and Business Reorganization. The workshop comprises two simultaneous programs: a basic program for general practitioners and business professional who desire a grounding in the fundamentals of bankruptcy law and practice; and an advanced program for practitioners and financial professionals who are experienced in the business reorganization process. Participating faculty have written and lectured extensively on the Code, and many are members of the National Bankruptcy Conference. Attorneys who are admitted to practice in New York are eligible to receive Continuing Legal Education (CLE) credit.



Robert Pozen Considers Post-Financial Crisis Regulation in Keynote at Joint NYU Law-Stern Conference

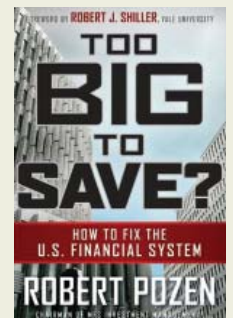
In January 2010 the Center, together with the Jacobson Leadership Program in Law and Business, hosted a conference on “U.S. Financial Regulation After the Crisis.” Robert Pozen, Chairman of MFS Investment and former Vice Chairman of Fidelity Investments and President of Fidelity Management & Research Company, delivered the keynote address.

Pozen evaluated the efficacy of the government’s response to the crisis and tried to determine how best to prevent future crises. Placing the roots of the crisis in excessive U.S. consumer spending and an international trade imbalance, Pozen pointed out that the U.S. budget deficit in the most recent fiscal year was roughly double that of any other year since World War II and that these issues needed to be addressed to help avert future crises. He also questioned the nature of the Federal Reserve’s involvement in attempting to save troubled corporations: “If we are going to solve this financial crisis and prevent future ones, we need to get the Fed back to its independent position and to have the Fed not be involved in these sorts of bailouts over and over again.”

Following Pozen’s keynote, a panel moderated by Center Director William T. Allen delved further into post-financial crisis regulation. Also participating in the panel were NYU Law Professor Geoffrey Miller, NYU Stern Professor Matthew Richardson, and Christopher Allen, senior managing director of Resource America.

“We in fact have no theory of ‘too big to fail.’ We have no coherent rationale, and we have no process.... What is the rationale by which we bail out institutions?”

—Robert Pozen





Center and American Academy of Arts & Sciences Suggest Solutions for Challenges to Business and Society in the 21st Century

In November 2009, the Center co-hosted the 1950th meeting of the American Academy of Arts & Sciences, "Challenges to Business & Society in the 21st Century: The Way Forward." Rajat Gupta, Senior Partner Emeritus and Former Managing Director at McKinsey & Company, spoke about recovery and reform. Mr. Gupta discussed the need for an "adequate engagement model to bring together all stakeholders" worldwide to address the recovery of the global economy, the reduction of greenhouse gases, and healthcare reform. He underscored the need for businesses to work together with NGOs, governments and non-profits to address these issues. He urged business leaders to seek "natural intersections between their organizations and society, mobilize other leaders and engage regulators, stand up and be counted, and work in partnership across sectors."

Roger Ferguson, President and CEO of TIAA-CREF, addressed long-term financial security. Mr. Ferguson said he believes the lack of financial literacy in the US contributed greatly to the current financial crisis. He pointed out that Americans are responsible for their lifetime income and retirement savings now more than ever before, but the average American family will have only 2/3 of the income needed to retire. He suggested that the US create a holistic system that (1) ensures employees' full participation and automatic enrollment in retirement accounts with savings of at least 10-14 percent of their pay; (2) helps employees manage risk by offering them 15-20 options for diversified plans; (3) provides financial education to employees; (4) and offers incentives to employees to save for medical expenses that occur during retirement. He also advised businesses to focus on their own financial security by strengthening their risk management programs and resisting "short-termism" by focusing instead on sustaining their health for the long-term.



If You Can't Control the Wind, Adjust Your Sails

In September 2008, the Center co-hosted with Willkie Farr & Gallagher a conference devoted to topics of interest to the private fund community. Panels consisting of regulators, industry participants, and attorneys discussed issues including responding to volatile markets, dealing with increased regulation and enforcement, anticipating litigation, and targeting opportunities.

Top photo: Jack Nusbaum, Partner at Willkie Farr & Gallagher, with William T. Allen, Center Director, at the 2008 conference for the private fund community. Opposite page: Roger Ferguson, President and CEO of TIAA-CREF, addressing long-term financial security at the 2009 AAAS conference; Lester Pollack, Founder-Chairman of Centre Partners and Chair Emeritus of the NYU Law School Board of Trustees, with Richard Revesz, Dean of NYU Law School; Chandrika Tandon, Executive-in-Residence at NYU Stern, with William T. Allen and Gerald Rosenfeld, Deputy Chairman of Rothschild North America and co-director of the Mitchell Jacobson Leadership Program in Law & Business

A man with dark hair, wearing a dark suit jacket over a light-colored button-down shirt, is captured in a medium shot. He is looking upwards and to the right, with his mouth slightly open as if speaking. His right hand is raised, palm facing up, in a gesturing motion. A name tag is pinned to his shirt, which includes the NYU logo and the name 'Heitor Almeida'. The background is a blurred indoor setting, likely a conference room or lecture hall.

CENTER PROGRAMS FOR FACULTY

NYU
Heitor Almeida
University of Illinois at
Chicago & Georgetown
Center for Learning & Innovation



NYU/PENN Conference on Law & Finance

In February 2010, the Center sponsored jointly with the University of Pennsylvania's Institute for Law and Economics the Sixth Annual Law & Finance Conference. Featuring sessions on topics such as Delaware's antitakeover statute, asset fire sales and credit easing, the impact of investor protection law on corporate policy, and the price of pay to play in securities class actions, the conference included experts from the host schools, as well as from Harvard Law School, MIT Sloan School of Management, Northwestern School of Law, Rutgers Business School, Stanford Law School, University of Chicago's Booth School of Business, University of Colorado, University of Illinois at Urbana-Champaign, University of Michigan Law School, and Yale Law School.



Top photo: Faculty at the 2010 NYU/Penn Conference on Law & Finance. Bottom right: Sanjai Bhagat, University of Colorado, served as commentator for the paper "Price of Pay to Play in Securities in Class Actions". Bottom left: Simi Kedia, Rutgers Business School, served as commentator for the paper "Are Securities Class Actions 'Supplemental' to SEC Enforcement?". Opposite page: Heitor Almeida, University of Illinois at Urbana-Champaign, serving as commentator for the paper "When the Government is the Controlling Shareholder".



Below is a list of papers presented at the 2010 NYU/Penn Conference:

Is Delaware's Antitakeover Statute Unconstitutional? Evidence from 1988-2008

Authors: Guhan Subramanian, Harvard Law School; Steven Herscovici, Analysis Group, Inc.; Brian Barbetta, Analysis Group, Inc.
Commentator: Robert Daines, Stanford Law School
Moderator: Hon. Jack B. Jacobs, Supreme Court of Delaware

Asset Fire Sales and Credit Easing

Authors: Andrei Shleifer, Harvard University Department of Economics; Robert W. Vishny, Booth School of Business, University of Chicago
Commentator: Jonathan R. Macey, Yale Law School
Moderator: Michael Roberts, The Wharton School, University of Pennsylvania

Are Securities Class Actions 'Supplemental' to SEC Enforcement? An Empirical Analysis

Author: Michael Klausner, Stanford Law School
Commentator: Simi Kedia, Rutgers Business School
Moderator: William T. Allen, NYU School of Law

The Impact of Investor Protection Law on Corporate Policy: Evidence from the Blue Sky Laws

Author: Ashwini K. Agrawal, NYU Stern School of Business
Commentator: Allen Ferrell, Harvard Law School
Moderator: William T. Allen, NYU School of Law

When the Government Is the Controlling Shareholder

Authors: Marcel Kahan, NYU School of Law; Edward B. Rock, University of Pennsylvania Law School
Commentator: Heitor Almeida, University of Illinois at Urbana-Champaign
Moderator: Travis Laster, Delaware Court of Chancery

A Lintner Model of Dividends and Managerial Rents

Authors: Bart M. Lambrecht, Lancaster University Management School; Stewart C. Myers, MIT Sloan School of Management
Commentator: Alan Schwartz, Yale Law School
Moderator: Richard E. Kihlstrom, The Wharton School, University of Pennsylvania

The Price of Pay to Play in Securities Class Actions

Authors: Stephen J. Choi, NYU Law School; Drew T. Johnson-Skinner, Law Clerk to Judge John G. Koeltl of the United States District Court for the Southern District of New York; A.C. Pritchard, University of Michigan Law School
Commentator: Sanjai Bhagat, University of Colorado
Moderator: Prof. Richard E. Kihlstrom, The Wharton School, University of Pennsylvania

Share Auctions and the Division of Value in Corporate Reorganizations

Authors: Gustav Sigurdsson, The Wharton School, University of Pennsylvania
Commentator: Kenneth M. Ayotte, Northwestern School of Law
Moderator: Hon. Donald F. Parsons, Jr., Delaware Court of Chancery

The NYU/Penn Conference, together with the Corporate Governance luncheon series, the Law & Finance luncheon series, and a PhD course in Corporate Governance, contribute to the great range of programming NYU offers in the field of corporate governance.



Institute for Law and Economics
PENN LAW and THE WHARTON SCHOOL

Corporate Governance Luncheons

The Center and Professor David Yermack of NYU Stern's Finance Department collaborate each year to bring together leading academics in the field of corporate governance. These professors present their research to a group of approximately 25 faculty and students from nearly every department at Stern, as well as from the Law School and from other institutions in the New York area including Columbia, Rutgers, and the Federal Reserve Bank of New York. Each presentation is followed by informal discussion and Q&A. Recent speakers include: Viral Acharya, Ashwini Agrawal, Stefano Bonini, Fabrizio Ferri, Xavier Gabaix, Kose John, Samuel Lee, Avri Ravid, Marty Subrahmanyam, and David Yermack.



Law & Finance Seminar Series

Each Spring, the Center invites professors from leading universities to discuss their recent academic works relating to the fields of law and business. The following is a list of our Spring 2010 papers and presenters. All papers can be downloaded from our website: www.stern.nyu.edu/clb



“Conflicts in Bankruptcy and the Sequence of Debt Issues”

—Avri Ravid, Rutgers Business School

“The Powerful and Pervasive Effects of Ownership on M&A”

—John Coates, Harvard Law School

“The Credit Crisis Around the Globe: Why Did Some Banks Perform Better?”

—René Stulz, Fisher College of Business,
Ohio State University

“Securitization and Distressed Loan Renegotiation: Evidence from the Subprime Mortgage Crisis”

—Vikrant Vig, London Business School

Top right: Henry Hu, University of Texas Law School, and Avner Kalay, University of Utah David Eccles School of Business and Tel Aviv University, at the 2010 NYU/Penn Conference. Opposite page: Jennifer Arlen, NYU Law School, at the 2010 NYU/Penn Conference.

RESEARCH

From left to right: David Webber; Xavier Gabaix; Viral Acharya; Marcel Kahan



“For me, the Pollack Center for Law & Business has been the ideal forum for real-time discussion and analysis of this historic financial crisis. Leading bankers, lawyers, government officials, judges, and academics in law and finance have presented their divergent views at lectures, seminars, and social gatherings. The ideas shared here these past two years will shape my own academic career for decades, and will continue to transform the public debate about some of the most challenging and important questions of our time.”

—David Webber
2008-2010 Wagner Fellow

All papers can be downloaded from our website:
www.stern.nyu.edu/clb

Fellowships

The Center awards research support each year to graduate students and professionals in finance and corporate law. Past fellows have gone on to pursue careers in academia, professional practice, and government service. For the 2009-2010 academic year, we were pleased to support the following fellow:

David Webber—Wagner Fellow. Thanks to a generous grant of the Leonard Wagner Testamentary Trust, the Center offers a research fellowship to help develop future academics with an interest in the social control of business institutions and the social responsibility of business. Our Wagner Fellow for the 2008-2010 academic year, David Webber, graduated magna cum laude from Columbia University, where he was elected to Phi Beta Kappa. Mr. Webber graduated from NYU Law School, where he was a Notes Development Editor for the New York University Law Review and a Lawrence Lederman/Milbank Tweed Fellow in Law and Business. His research focuses on the role of public pension funds in securities class action litigation. In Summer 2010, David will join the faculty of Boston University Law School as an Associate Professor of Law.

Recent NYU Corporate Governance Research

Professors at NYU Stern School of Business and the NYU School of Law have published a number of papers recently on the topic of corporate governance, many of which have received substantial coverage in the national media. The Center compiles academic working papers on a variety of topics related to law, business, finance and economics, with a special focus on corporate governance.

Xavier Gabaix. “Dynamic Incentive Accounts” Alex Edmans, The Wharton School, University of Pennsylvania; Xavier Gabaix, NYU Stern School of Business, National Bureau of Economic Research (NBER), Centre for Economic Policy Research (CEPR); Tomasz Sadzik, NYU Department of Economics; Yuliy Sannikov, University of California, Berkeley, Department of Economics, August 2009

Contracts in a dynamic model must address a number of issues absent from static frameworks. Shocks to firm value may weaken the incentive effects of securities (e.g. cause options to fall out of the money), and the impact of some CEO actions may not be felt until far in the future. The authors derive the optimal contract in a setting where the CEO can affect firm value through both productive effort and costly manipulation, and may undo the contract by privately saving. The optimal contract takes a surprisingly simple form, and can be implemented by a "Dynamic Incentive Account." The CEO's expected pay is escrowed into an account, a fraction of which is invested in the firm's stock and the remainder in cash. The account features state-dependent rebalancing and time-dependent vesting. It is constantly rebalanced so that the equity fraction remains above a certain threshold; this threshold sensitivity is typically increasing over time even in the absence of career concerns. The account vests gradually both during the CEO's employment and after he quits, to deter short-termist actions before retirement.

Viral Acharya and Yakov Amihud. "Creditor Rights and Corporate Risk Taking" Viral Acharya, NYU Stern School of Business; Yakov Amihud, NYU Stern School of Business; Lubomir Litov, Washington University in St. Louis-Olin Business School, July 2009

The authors analyze the link between creditor rights and firms' investment policies, proposing that stronger creditor rights in bankruptcy reduce corporate risk-taking. In cross-country analysis, the authors find that stronger creditor rights induce greater propensity of firms with low-recovery assets to acquire targets with high-recovery assets. These relationships are strongest in countries where management is dismissed in reorganization, and are observed in time-series analysis around changes in creditor rights. The authors' results question the value of strong creditor rights as they have an adverse effect on firms by inhibiting management from undertaking risky investments.

Marcel Kahan and Stephen Choi. "Director Elections and Role of Proxy Advisors" Marcel Kahan, NYU Law School; Stephen Choi, NYU Law School; Jill Fisch, University of Pennsylvania Law School, August 2008

This paper was selected as one of ten best corporate and securities articles of 2009 by Corporate Practice Commentator. Using a dataset of proxy recommendations and voting results for uncontested director elections from 2005 and 2006 at S&P 1500 companies, the authors examine how advisors make their recommendations. Of the four firms they study, Institutional Shareholder Services (ISS), Proxy Governance (PGI), Glass Lewis (GL), and Egan Jones (EJ), ISS has the largest market share and is widely regarded as the most influential. The authors find that the four proxy advisory firms differ substantially from each other both in their willingness to issue a withhold recommendation and in the factors that affect their recommendation. It is not clear that these differences, or the bases for the recommendations, are transparent to the institutions that purchase proxy advisory services. If the differences are not apparent, investors may not accurately perceive the information content associated with a withhold recommendation, and investors may rely on those recommendations based on an erroneous understanding of the basis for that recommendation. To the extent that proxy advisors aggregate information for the purpose of facilitating an informed shareholder vote, these limitations may impair the effectiveness of the shareholder franchise. If the differences are apparent, the results show that investors, through selecting a proxy advisor, can indirectly choose the bases for their vote on directors. To that extent, it is likely that proxy advisory firms will retain more investor clients if their recommendations are based on factors that their clients consider relevant.

NEW YORK UNIVERSITY



NYU Pollack Center for Law & Business
44 West Fourth Street, KMC 9-53
New York, NY 10012

www.stern.nyu.edu/clb