

From: Krul, Michael
Sent: Wednesday, April 27, 2011 3:10 PM
To: RUDEN - ALL
Subject: FW:Report on Firm Status

It has now been approximately one month since I sent you the below interim report on the firm's status. I am pleased to provide you with the following confidential update.

The firm has now reached agreements, in principle, with our landlords in Tampa, Miami, Boca Raton and Orlando. These agreements are in various stages of being finalized at this time. The results are excellent for the firm.

In Miami, we had 23,000 square feet of space and only 2 remaining full time attorneys (Brent Klein and Lety Vega). We were able to negotiate a Lease Termination arrangement with the landlord that will save the firm approximately \$1.8 Million in lease obligations over the remaining 2 years of the lease term. We have leased a small office in Coral Gables. Brent and Letty will move into that office as of Monday, May 2, 2011.

In Boca Raton, once Scott Elk announced that he was leaving to go in-house with one of our clients, we decided to close that office. Our lease for 6,636 square feet of space was relatively new and didn't expire for 4.5 more years (November, 2015). We have negotiated a Lease Termination arrangement with the landlord that will save the firm over \$1 Million of rent obligations over that period of time. We have agreed to vacate the premises as of the end of this month.

In Tampa, we have 33,000 square feet of space with ten attorneys. We only need approximately 10,000 square feet to accommodate our existing staff and reasonable expansion. We have reached a deal with our landlord to reduce our space, by year end, to a 10,000 square foot location in the same building. Until year end, we will remain where we are on the 27th floor. The rent reduction that we have achieved will save the firm over \$4.6 Million through August, 2016 when that lease expires.

In Orlando, after David Wood announced he was leaving, we had no shareholders left in that office so we decided to close it. Our sublease for that space was scheduled to terminate at the end of October, but we have made an arrangement with the landlord to end the lease four months earlier (June 30), thus providing some additional savings.

In West Palm Beach, we are still analyzing our options. We need approximately one-half of the space we now have. We are examining a reduced space and rental offer from the landlord in the existing space, our lease for which expires this November, and also looking at options in other locations. There will clearly be savings from our existing obligations whichever way we elect to go.

For the long term, these lease restructurings are essential to bringing our occupancy costs in line with the reduced size of the firm. We believe we will have accomplished that and it will be fully in place by January,

2012. The settlement payments that need to be made to achieve some of these results are accelerating the cash needs of the firm, so we will be operating on a tight basis for the rest of this year.

Things are clearly moving in the right direction. We still have a way to go and need your continued excellent work and support. Although we will continue to make sure that we are operating as efficiently as possible, we believe that our staffing level is now appropriate and do not anticipate that the firm will have any need to seek staff reductions in the near future and, hopefully, not for the long term. The inflow of new work is on the rise and our timekeepers are increasing their recorded time. This is a positive sign for improved revenues down the road.

On behalf of all the firm's shareholders, I wish to express our gratitude to each and every one of you for your efforts and loyalty to the firm. Our current situation is far more stable than it was a year ago and you should all breathe a bit easier in that regard. As I indicated above, we still have a way to go but there is no reason that we shouldn't be able to ultimately return to the stability and profitability we enjoyed for most of the firm's history.

From: Krul, Michael
Sent: Friday, March 25, 2011 9:59 AM
To: RUDEN - ALL
Subject: Interim Report on Firm

Dear Fellow Employees,

I know that you are all interested in receiving current information on the financial condition and future prospects of our firm. It has been a while since we have met for that purpose.

Please understand that the delay is not due to any lack of desire to communicate with all of you. It is just that we have been engaged in very active negotiations geared toward bringing certain of our costs, particularly occupancy costs, down to an amount that is realistic for the reduced number of personnel that we now have.

I believe that we are within weeks of concluding these negotiations, hopefully in a manner that will be very positive for the firm. If we accomplish our goals through these negotiations, we believe the firm will be in a sound financial condition and poised to grow and prosper. Under any circumstances, once we know where we stand on these matters, meetings will be set at which time we will update you on everything and answer any questions that you may have.

In the interim, please continue to support our firm as many of you have so well for so many years. Your loyalty and service to the firm are greatly appreciated, even if we don't always do a good job of communicating that to you. We are well aware how stressful the situation has been for all of you. With your continued effort and support, we will get through this together and move forward stronger than before.

Michael Krul, President and Co-Managing Director

Michael H. Krul
954-527-2406

Michael H. Krul


954-527-2406

Michael H. Krul

954-527-2406

Michael H. Krul

954-527-2406



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