



CASE STATISTICS

More than \$500 million in disputed tax shelters

10 tax shelters based on cross-border leases, each with hundreds of leases and sub-leases

More than 15 participating firms, including General Electric, Wal-Mart, Rhone-Poulenc and EDS

35,000 pieces of leased equipment

One million pages of case documents

More than 50 depositions

Multiple tax shelter techniques, including lease stripping and basis pumps

Puts and calls written against Long-Term Capital

CFP'S ROLE

Assemble team of testifying experts

Analyze business activities of investors, banks, the hedge fund, GE, and other participating firms

Analyze fees and other transactions costs

Value lease cash flows, options and warrants

Assist government attorneys with analysis of all economics and finance issues

Assist experts with expert reports and underlying analysis

Consult and provide logistical support at depositions and trial, including IT support and exhibit management at trial

Manage all documents, including construction of scanned and OCR document database and incorporation into Summation and Sanction software

Long-Term Capital Holdings, et al. v. United States of America

At one time, Long-Term Capital was the largest hedge fund in history with more than \$100 billion in assets. Its partners included legendary bond trader John Meriwether, and Nobel Prize-winning economists Robert Merton and Myron Scholes. Following Long-Term's demise, its partners sued the U.S. government over a substantial tax dispute. Cambridge Finance Partners was retained by the U.S. Department of Justice to provide economics and finance consulting services in this highly publicized matter. CFP assembled a team of experts, including Nobel Prize winner Joseph Stiglitz, and assisted the government attorneys with all aspects of the case. Following a four and one-half week trial, the Court subsequently ruled in favor of the United States.

LTCM Trial Gives Inside Peek At Executives and Their Taxes

How many Nobel Prize-winning economists does it take to determine whether a tax shelter is illegal? ... At least three, according to a trial that opened here in federal court Monday.

Wall Street Journal, June 24, 2003

Meriwether Provides a Glimpse Into LTCM at Tax-Shelter Trial

The trial casts a light on the complex and varied methods the ultrarich can use to avoid paying taxes.

Wall Street Journal, July 3, 2003

Partner Testifies That Tax Shelter of Hedge Fund Was Legitimate

A Nobel Prize-winning economist who was a partner in Long-Term Capital Management ... testified today in a trial that will determine whether he and his partners must pay \$56 million in taxes and penalties. ... The trial, which is in its third week and is expected to last several weeks more, is an important test of the government's resolve in its battle against tax shelters.

New York Times, July 8, 2003

Partner Questioned on Tax Shelter Profits

The two men who faced off in federal court here this morning seemed ill matched for a game of intellectual chess, one a career trial lawyer for the Justice Department, the other a Nobel laureate in economics. ... Under questioning by his own lawyer on Tuesday, Dr. Scholes, a partner in the hedge fund, coolly explained that he knew the tax shelter must have had real economic substance to survive I.R.S. review. ... Today, he appeared to wilt. ... after he answered a question showing that the shelter could not have turned a profit, and with no question pending, Dr. Scholes revealed what was on his mind. "I'm being trapped here," he blurted out.

New York Times, July 9, 2003

A Tax Shelter, Deconstructed

[I]n a federal courthouse in New Haven, the doors have been thrown wide open and bright lights have been trained on one room in the house of Mammon that is tax avoidance in America today. ... for the government, the trial is a challenge with huge consequences ...

New York Times, July 13, 2003

Nobel Winner Stiglitz Says Deals At LTCM Had 'No Economic Value'

In the battle of the Nobel Prize winners in federal court here to determine the legality of a tax shelter, Nobel laureate Joseph E. Stiglitz didn't pull any punches.

Wall Street Journal, July 18, 2003