

BANKRUPTCY PROFESSIONAL:

SPOTLIGHT



Karen B. Shaer
Executive Vice President and General Counsel
The Garden City Group, Inc.

With offices nationwide, The Garden City Group, Inc. (GCG) manages legal administration services for class action settlements, Chapter 11 business reorganizations and legal noticing programs. The company's 400 employees and 30 attorneys can "handle any case. Large. Small. Straightforward. Complex."

Hardly a newcomer to the legal administration scene, Crawford & Company subsidiary GCG has "diligently helped [its] clients bring their toughest cases to timely, positive conclusions" since 1984. Karen B. Shaer, EVP and General Counsel, joined GCG in September 2001 as Senior Vice President and Managing Director of the company's then fledgling Business Reorganization division.

In 2003, Ms. Shaer assumed the additional role of General Counsel and was named Executive Vice President and General Counsel just three years later. According to GCG, her "accomplishments as an attorney, combined with her class action and Chapter 11 reorganization management skills, have contributed to the successful expansion of GCG's services." A Phi Beta Kappa graduate of Yale University, Ms. Shaer received her J.D. from Columbia Law School, where she was also a Harlan Fiske Stone Scholar. We spoke with Karen about her work with the U.S. Attorney's Office in the Southern District of New York, GCG's high percentage of lawyers and ever-increasing industry competition.

BP: When were you bit by the bankruptcy bug and what made you choose a career in bankruptcy administration?

KS: The way I first became exposed to bankruptcy is that I was General Counsel of American Family Publishers, Ed McMahon's sweepstakes company. I was asked to come in as General Counsel to help with a lot of the legal troubles they were having in the late 90s—with class action lawsuits and cases filed by Attorneys General across the country. There were Congressional inquiries and all sorts of issues. I went over to help out with all their troubles. As part of those legal issues, the company was placed in Chapter 11. As General Counsel, I saw that company through bankruptcy from beginning to end. I oversaw everything from the Company's perspective, from the inside out. In that case, we were paying 100 cents on the dollar, so claims were not a huge concern.

BP: Earlier in your career, you served as Deputy Chief, Criminal Division and Assistant United States Attorney at the U.S. Attorney's Office, Southern District of New York. While our readers know first-hand how rewarding bankruptcy work can be, don't you miss the thrill of criminal law?

KS: Of course, there's quite a difference. I moved from working in the criminal justice system to completely being on the civil side. It certainly is different and the day to day is different. I was in court all the time working on cases that involved people's liberty, but the experience and training you get handling federal prosecutions as a lawyer can be used anywhere. Do I miss it? Sometimes. It's a different kind of stress. I don't worry about locking people up now.

BP: The legendary Arthur S. Olick recently told *Bankruptcy Professional*, “Those of us who were fortunate enough to serve [at the U.S. Attorney’s Office] in the Southern District of New York became very friendly. There was a great deal of camaraderie and mutual respect. We considered ourselves the ‘best of the best.’ That complimented my career greatly.” How did your background at the U.S. Attorney’s Office impact subsequent career moves?

KS: I agree there is a tremendous amount of camaraderie in the Southern District of New York’s office. There is a lot of mutual respect and support, and a bond is developed in that office that lasts a lifetime. There is a network of former colleagues now working in other areas of the law. There is a level of trust and understanding of a shared ethical approach to the law that people take to things. Sharing that gives you a certain comfort level to work with those same people in any area of the law.

BP: GCG’s management team maintains more than 30 attorneys: “the most of any other firm of our kind.” Why does GCG feel it is so critical to beef up its attorney roster, and what advantage does that offer your clients?

KS: It helps us to be able to anticipate our clients’ needs, to be the sort of back-up or safety net for them in the handling of these cases. The rigor of a legal education really can be put to use in many different places—in particular when your clients are lawyers and the area you’re in is bankruptcy, which is governed by all these rules and statutes. It can be extremely useful to have the legal foundation. Plus, those that have joined us from law firms have proven success with the rigor that law firms demand. They immediately understand the demands of the bankruptcy arena and the required work ethic.

BP: How do you offset the billing cost of such a lawyer-laden professional staff?

KS: Actually, we are able to be very efficient and staff things in a lean way. We’re very much about being cost-effective. If someone can do something and handle it in about an hour we’ll have that person do it rather than have others spend more time on it. You can do the math. Most of the lawyers that have joined us came to GCG because they wanted a change in lifestyle. Even though we service law firms that work 24/7 and we provide 24/7 coverage, they have a better lifestyle here than at the law firms. They are not compensated at the same rate they would be there.

BP: Since your firm has advanced notice on these bankruptcies, what kind of confidentiality measures does GCG implement to keep pending filings quiet in the pre-petition phase?

KS: We have a lot of confidentiality procedures and policies in place for all of the work at GCG. We have extensive need-to-know practices. We have a compliance and audit department that oversees all of this, and we have very, very comprehensive procedures in place. I take particular pride in that given my background.

BP: You joined GCG in 2001. What changes have you seen in the bankruptcy administration sector over the past decade?

KS: There’s a lot more technology driving the business. In particular, the Websites have become very sophisticated. We have an increase in the handling, slicing and dicing of data. The speed of bankruptcy cases now is so much faster than ever before. The pace of the business has picked up significantly. It’s more consistently urgent. Bankruptcy was always a crisis situation for a company no matter what, but the constant, urgent pace is new. There is very little down time anymore, and the pace seems pretty steady now by and large.

BP: What short and long-term administration trends do you envision?

KS: Well, I don’t have a crystal ball, but history shows that there are always companies that are going into bankruptcy. Bankruptcy work does come in cycles. I personally hope that the economy picks up soon for everybody’s sake. In good times and bad, we can offer the highest level of claims administrative services.

BP: How does GCG secure new clients? Do you actively solicit distressed companies, or do those companies come looking for you?

KS: It’s really a combination. We have relationships with certain law firms that like us and trust us in our work. We have individuals here that have worked with other colleagues that know us and trust us. Our reputation has really grown, so people have heard of us and call us. We also participate in many RFP processes and usually do quite well with those. Our motto is that the best way to get more work is to do good work.

In particular, when we did the General Motors case this

summer, those people that had not yet heard of us saw what an amazing job we did in that case. There were so many professionals involved in that case. We worked at lightning speed and handled it—quite frankly—flawlessly.

That led to us handling more cases. Part of our growth over the past year has been that while handling GM, we also handled Hayes Lemmerz, R.H. Donnelley, Trump and several other high-profile cases in their own right, as well as many smaller cases. Nobody felt that we weren't giving them the attention they needed. People realized we had the bandwidth to handle these things. We enjoyed tremendous growth in 2009, and it will carry into 2010.

BP: How, if at all, did the administration's involvement in the GM proceeding change the dynamic?

KS: Government involvement in the GM case obviously made it unique. It was kind of exciting to not flip that Website live until President Obama spoke. GCG handles

a number of matters where we work directly with the government. We're no stranger to it, although this was not part of our role in the GM case.

BP: What's the worst part of your job? The best?

KS: I'd have to say the worst part is my commute. The best part is being a part of this growth. GCG recently launched a new solicitation team. It's headed by our VP Jeff Stein. That's something I'm extremely proud of. When people go to hire a claims agent, they often do not focus on the solicitation agent but that's what it's all about: a company successfully emerging from Chapter 11. We have a lot of expertise in this area with our background in public securities, and we're looking forward to more growth in this area. We also opened a Chicago office this past year, and I was a big part of that. It was exciting to be involved with finding the property, picking out furniture, and most importantly, hiring good people—especially in economic times like this!

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