

FEDERATION OF DEFENSE & CORPORATE COUNSEL FOUNDATION

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FROM THE PRESIDENT

ANNUAL REPORT

A hearty welcome of all members of the Federation to the Foundation!

Every member of the Federation is now a member of the Foundation. We welcome your participation, input and ideas. The state of the Foundation is good, and by hard work and your assistance, it's going to get better.



OUR PRESENT STATUS

We now have over 100 Foundation Fellows, i.e., members who have contributed \$1,000 to the Foundation. In the past year, the Foundation has sponsored several programs as described in this report. It has also agreed to fund or underwrite other programs as described below. It has agreed to participate with the Federation in funding various programs for members, which particularly fit within our mission of research, scholarship and education in the broadest sense. This includes instruction on things like lawyering skills, and how to live better and longer to enjoy and improve one's practice and lifestyle. The Foundation encourages the preparation and publication of articles and material, particularly directed to the defense of civil litigation and the art and practice of civil litigation, particularly those areas of the law where insurance or risk management is involved.

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ABOUT THE FOUNDATION

The FDCC Foundation, founded in 1960, is a nonprofit corporation sponsored by FDCC members and funded by members and friends of the Federation.

The Foundation's primary purpose is to promote the goals of the FDCC as they relate to the research and study of the law, including the continuing

education of lawyers and others in the broad fields of insurance law and litigation.

Among numerous other projects in recent years, the Foundation has provided the seed money for the Litigation Management College and Law Firm Management Conferences and provided funds to assist

with special projects relating to the defense of nursing homes and to combating punitive damages.

The Foundation has also sponsored prominent speakers with expertise in various aspects of litigation, evidence and law office management.

The financial status of the Foundation is secure as of the end of its fiscal year September 30, 2006. It reported income for the year from donations of \$94,500. It spent \$37,400 in providing, underwriting and financing Foundation projects or assisting the FDCC in initiating new programs, and for administrative expenses. As of the end of its fiscal year, its assets totaled approximately \$116,000.

We need your continued contributions in order to support the ongoing work of the Foundation and the new initiatives and programs the FDCC undertakes for which it seeks Foundation support. The FDCC is the preeminent defense lawyers' association. It anticipates and responds to the challenges that continue to arise in our profession and industry. Only if we continue to recognize those issues and prepare ourselves to analyze and respond to them can we educate ourselves on how to handle them. The Foundation provides the means and methods to do so. By doing so, we continue to better ourselves to serve our clients and ourselves in a cost-effective and proactive manner.

In that way, the Foundation, the FDCC and their members can have a significant impact on the existing and evolving civil justice system. The Foundation exists for the purpose of educating its members, who influence the public through the legal community on current and emerging legal issues. The Foundation supports its members to help the legal system resolve these issues for the betterment and welfare of all concerned.

These projects require financial support. That financial support has to come from the membership. The Foundation needs contributions from individual members, their firms, their clients, and any others who are interested in accomplishing the objectives of the Foundation. This involves not only monetary contributions, but the time and efforts of the members to accomplish these purposes. This can include such things as contacting your clients, to have them make contributions to the Foundation, or advising us of firms or corporations who would be open to a solicitation by the Foundation.

The goals of the Foundation are:

- To identify, research and report on critical issues facing the defense bar and their insurance and corporate clients.

- To initiate programs to educate the members of the Foundation in recognizing, responding to and resolving these critical issues in a manner most favorable to our clients, but at the same time, in fairness to all concerned and the betterment of the legal system.
- To monitor emerging issues, anticipating future trends and developments in the law and related areas to ensure that the members are working proactively to address those issues.

We will accomplish these goals by developing programs to investigate and analyze the same; determine who the outstanding experts are in those areas, and call upon them to produce programs that address those issues to educate the members by such presentations, initiatives, or task forces.

PAST ACCOMPLISHMENTS

As part of its education mission, the Foundation supports the FDCC in providing educational opportunities for lawyers, corporate counsel, and insurance executives throughout the world, including such diverse places as Europe, Canada, Mexico, etc. Our clients and our practices are no longer local, regional, or national, but have become increasingly more international. However, we have not forgotten our roots here at home. The Foundation continues to support the FDCC's Litigation Management College, the Corporate Counsel Symposium, and various projects studying specific questions.

FOUNDATION PROJECTS COMPLETED

Some of the recent projects funded by your contributions to the Foundation have been:

- "Avoiding the Punitiveness of Jury Awards" based on the study of jury reactions to various fact situations and techniques to be used to avoid or ameliorate a jury's punitive response thereto. The program and materials, produced as a result, were presented at the 2006 Winter Meeting, and involved an expenditure of \$20,000.
- "The Art of Negotiation," presented at the 2006 Annual Meeting, at a cost of \$11,000.
- "Life After Lawyering," presented at the 2006 Annual Meeting, by Dr. Joan Brannick.

- Participation in funding the preparation of material on the effect of the Class Action Fairness Act and the distribution of that material to FDCC members.
- Underwriting the membership assessment project of the FDCC to identify further areas of interest to members and clients.
- Underwriting the search engine for the website used by all members, particularly those working on Foundation programs, to ensure the ready availability of all the knowledge and wisdom which has been generated by the Foundation members over the years. The Foundation contributed \$9,600 for the purchase and installation of the software for the Knowledge and Equity project.

ONGOING OR PENDING PROJECTS

- Contributions of \$5,000 annually to Marquette University to subsidize students who work on the FDCC Quarterly review board. Student aid is part of the educational arm of the Foundation.
- Program on the future of the legal profession, "Lawyering for Tomorrow," to be presented at the 2007 Winter Meeting, at a cost of \$5,000.
- Program on Tort Reform and Catastrophic Disasters, such as hurricanes; how have they affected the nation, the legal system and the citizenry. Has it been good or bad? To be presented at the 2007 Annual Meeting. This subject will be considered by some outstanding speakers, including Victor Schwartz, an author of Prosser on Torts; Dickie Scruggs, a prominent plaintiff's attorney; and moderated by Trish Henry, General Counsel of ACE, and an active lobbyist at Congress on the asbestos situation.
- Law Firm Management Conference. The Foundation helps the FDCC underwrite the expense of that meeting as an ongoing educational experience for the membership.
- The FDCC Diversity Program. The Foundation is participating with the FDCC in sponsoring this initiative to educate and develop programs to not only make the FDCC more diverse, but also to study how to implement those principles and practices by members in their firms or by their clients.

THE CHANGING OF THE GUARD

At the 2006 Annual Meeting, several stalwart members of the Foundation Board retired because they had served their full terms provided by the bylaws. **Bob Babcock** has been on the Foundation Board since the 1980s. He has had the third longest tenure after Charlie Robison and Dudley Oldham. Bob has been instrumental in maintaining and updating the Board's bylaws over the years. **Marv Karp** is also leaving the Board after many years of meritorious service to the Foundation. His wisdom and ability to succinctly state issues and the resolution thereof have been of great service through his tenure. However, neither of them are getting away scot-free. They have both agreed to act as ex-officio members of subcommittees that will comprehensively review all of the Foundation corporate documents to ensure they are sufficiently broad to cover the activities in which the Foundation has participated in the past and in which it may engage in the future. In addition, Bob has agreed to prepare the most recent set of amended bylaws. Marv has agreed to serve on the subcommittee that is studying the Foundation Fellows' program and the implementation of further developments therein.

Last, but not least, **Vic Halbach** has completed his term as president. During his two years, he oversaw the Foundation as it became more organized with an executive office and director, Marty Streeper; the resolution of issues raised by the IRS; having the Foundation's 501 (c)(3) status restored and enhanced; arranged to have a CPA do the required tax returns and reports, and generally got the Foundation's house in order. Further, he promoted the Foundation Fellows' program, which has grown substantially during his tenure. The Foundation appreciates the work he's done and thanks him for it. Vic left with the Foundation in good order, financially sound, and with officers committed to carrying on his tradition of continual improvement.

It has been a pleasure to serve as your president since the Bermuda meeting. As we continue our mission, we solicit your support financial and otherwise. For the Officers and Directors, I wish you a Happy Holiday season, and a successful and prosperous New Year.

Donations should be made payable to the Federation Foundation and mailed to the Foundation at 11812 North 56th Street, Tampa, FL 33617. You will receive an appropriate acknowledgment to use for tax purposes.

Richard P. Mahoney
President, FDCC Foundation

FOUNDATION FELLOWS

The following individuals have given or pledged \$1,000 to the Foundation.

Benjamin Acosta, Jr.	Helen Johnson Alford
Robert A. Allen	Robert D. Allen
T. Eugene Allen, III	Terry E. Ansnes
Robert A. Babcock	Steven L. Barney
Lawrence Borys	Janet L. Brown
Alan S. Brown	Raymond L. Brown, Jr.
Dave Carothers	Christopher R. Carroll
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Robert E. Cooper	F. Thomas Cordell
David M. Covey	Colin V. Croly
Gray T. Culbreath	Robert V. Dewey, Jr.
Walter W. Dukes	David C. Dunbar
James Ebanks	William J. Ewald
William F. Fanter	John T. Fitts
Morton Forbes	Larry B. Funderburk
Henry Mills Gallivan	Alexander T. Galloway, III
J. Ric Gass	Frank Henry Gassler
J. David Gibbs	Gerald (Jerry) P. Green
Victor M. Halbach, Jr.	Richard E. Hall
Charles Henderson	James B. Hiers, Jr.
Douglas G. Houser	Robert B. Hunter
Alan D. Hunter	Lori E. Iwan
Robert F. James	Frederick C. Johns
Edward M. Kaplan	Marvin L. Karp
Amy E. Kempfert	Michael D. Knight
Dan D. Kohane	Jean M. Lawler
Michael T. Lucey	Robert T. Lynch
Richard P. Mahoney	Wayne B. Mason
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R. William Tooms	John R. Trigg
James A. Varner	Stephan E. Walters
Michael N. Watts	Thomas A. Williams
Roxanne M. Wilson	John R. Woodard, III
Linda Woolf	Marc A. Young

ABOUT THE FOUNDATION BOARD

The Foundation's business and property is managed by a Board of nine Directors. Each Director is elected by the Federation members for a term of three years. A majority of the Directors must have served as President of the FDCC. The current officers of the

Foundation (who are not otherwise elected Directors), along with any President Emeritus, and the appointed liaison from the FDCC, are also voting members of the Board of Directors.

MEMORIALS AND GIFTS

A gift to the Foundation, to be used to further the Foundation's educational purposes, is an excellent way to remember a departed member of the Federation. Such gifts are also frequently used to honor the achievements of current members of the Federation.

GIFTS SINCE AUGUST 1, 2005

IN MEMORY OF

Bill Reed by T. Eugene Allen, III

Robert Dickson, Jesse P. Williams and Bill Reed by Robert A. Babcock

Joe Olshan, Susan Steinmetz, Bill Reed and Mary Mahoney by Steven L. Barney

Joe Cashen and Joe Olshan by Daniel P. Chesire

Bob Dickson, Joe Olshan and Bill Reed by Robert V. Dewey, Jr.

Joe Olshan by William F. Fanter

Joe Olshan and Bill Reed by Victor M. Halbach, Jr.

Bill Reed by John R. Trigg

Robert Dickson by Roxanne M. Wilson

IN HONOR OF

Bob and Lauri Dewey's marriage by Steven L. Barney

GIFTS OF SECURITIES TO FOUNDATION

Gifting appreciated securities is an excellent tax-planning technique to use in making donations to the Foundation. The Foundation maintains a brokerage account so that such transfers can be made by wire through your broker. For information about the Foundation's brokerage account, please contact the Foundation's Secretary-Treasurer.