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8
 9 UNITED STATES BANKRUPTCY COURT
 10 EASTERN DISTRICT OF CALIFORNIA
 11 SACRAMENTO DIVISION

12 In re
 13 CITY OF STOCKTON, CALIFORNIA,
 14
 15 Debtor.

Case No. 2012-32118
 DC No. SLF-1
 Chapter 9

16 **DECLARATION OF SEAN M. JONES IN SUPPORT OF CALPERS' MOTION TO DISQUALIFY WINSTON & STRAWN LLP**

17
 18 Date: July 2, 2013
 Time: 9:30 a.m.
 19 Place: United States Courthouse
 Dept. C, Courtroom 35
 20 501 I Street
 Sacramento, CA 95814

21
 22 I, Sean M. Jones, hereby declare:

23 1. I am an attorney with K&L Gates LLP ("K&L Gates") and am the Administrative Partner
 24 of K&L's Charlotte office (the "Charlotte Office"). In my capacity as Administrative Partner, I am
 25 responsible for and oversee the day-to-day operations of K&L Gates' Charlotte office. I make this
 26 declaration in support of CalPERS' Motion to Disqualify Winston & Strawn LLP. Except as to those
 27 matters as set forth on information and belief, I have personal knowledge of the facts set forth herein
 28 and if called as a witness I could testify competently to such facts.

1 2. In February 2013, Jo Ann J. Brighton, a former partner of K&L Gates who was co-head
2 of K&L Gates' firm-wide Restructuring and Insolvency Practice Group, told me she was considering
3 leaving K&L Gates. On April 12, 2013, Ms. Brighton told me that she was in discussions with
4 Winston & Strawn LLP ("Winston") and that K&L Gates was at risk in losing most of the Charlotte
5 Office Restructuring and Insolvency Practice Group, specifically including Ms. Brighton, Felton E.
6 Parrish (partner), Lawrence E. Behning (of counsel), William C. Petraglia (associate) and Nathan P.J.
7 Lebioda (associate). It was clear to me from conversations with Ms. Brighton in April 2013 that Ms.
8 Brighton was negotiating on behalf of these lawyers, amongst others from the Charlotte Office
9 Restructuring and Insolvency Practice Group, to get them an offer from Winston.

10 3. On April 15, 2013, Ms. Brighton informed me that she was resigning from K&L Gates
11 and would be joining Winston. Ms. Brighton also told me at that time that she believed others in the
12 Charlotte Office Restructuring and Insolvency Practice Group would join her at Winston.

13 4. During several conversations over the week of April 15, 2013, Mr. Parrish informed me
14 that he was in discussions with Winston and that he was considering leaving K&L Gates to join Ms.
15 Brighton at Winston.

16 5. Early afternoon on April 22, 2013, Mr. Parrish gave notice that he was leaving K&L
17 Gates to join Winston.

18 6. Late afternoon on April 22, 2013, I participated in discussions and written
19 communications that K&L Gates had with Mr. Parrish regarding a request he communicated from
20 Winston for a waiver letter from K&L Gates' client CalPERS. K&L Gates represents CalPERS in the
21 two pending Chapter 9 Cases relating to the City of Stockton and the City of San Bernardino in
22 California. Mr. Parrish had worked on behalf of CalPERS in those matters, and Winston is counsel
23 to certain bondholders, the primary adversary to CalPERS in those matters. Mr. Parrish showed me a
24 letter from Winston, directed to CalPERS' general counsel that he apparently intended to send
25 directly. I instructed Mr. Parrish to forward the letter to Mr. Gearin, a partner in K&L Gates' Seattle
26 office, who is one of the responsible partners for supervising the CalPERS representation in the
27 Chapter 9 Cases. It was my understanding at that time that Mr. Parrish's offer from Winston was still
28 contingent on clearing conflicts. However, I was informed by Mr. Parrish on or about April 23 that

1 although Winston would like a waiver letter, they were prepared to move forward and hire him as a
2 partner even without it. Mr. Parrish reaffirmed his resignation from K&L Gates to join Winston early
3 morning on April 23, 2013, and Mr. Parrish departed the Charlotte Office mid-day on April 23, 2013

4 7. During the morning of April 23, 2013, Mr. J. Michael Booe, a partner in the Charlotte
5 office, and I met with Mr. Petraglia and Mr. Lebioda, and they confirmed they were in discussions
6 with Winston, had agreed to compensation levels and expected to receive formal written offers soon.
7 Both Mr. Petraglia and Mr. Lebioda indicated there was little likelihood they would choose to remain
8 at K&L Gates and began organizing their files and making other transition arrangements in
9 preparation of their anticipated departure and hiring by Winston.

10 8. During the afternoon of April 23, 2013, I learned from K&L Gates' partner Michael
11 Gearin that CalPERS was not going to consent to Mr. Parrish joining Winston, and would bring a
12 motion to disqualify Winston if the firm hired him.

13 9. Beginning on April 23, 2013 and continuing through April 30, 2013, Mr. Lebioda and
14 Mr. Petraglia continued to make transition arrangements in preparation of their anticipated departure
15 and hiring by Winston. Mr. Booe advised me during this period that Mr. Lebioda and Mr. Petraglia
16 had received offers from Winston conditioned upon clearance of conflicts, and that they believed
17 Winston's conflict clearance would occur on or before April 30, 2013.

18 10. On May 1, 2013, after Mr. Lebioda and Mr. Petraglia had substantially completed
19 preparations for their anticipated departure from K&L Gates without notice from Winston that
20 conflicts for them had been cleared, Mr. Booe and I concluded that it was no longer productive for
21 Mr. Lebioda and Mr. Petraglia to continue to come to the office while they were simply waiting for
22 Winston to resolve the conflicts issue. We communicated this to them and asked that they give us
23 one business days notice of their formal notice of departure.

24 11. Early on May 6, 2013, I learned from Mr. Booe that he had spoken to T. Thomas
25 Cottingham III, the Managing Partner of Winston's Charlotte office that morning, who informed him
26 that the Winston offers of employment to Mr. Lebioda and Mr. Petraglia remained open but that
27 Winston did not intend to "bring them on" until the CalPERS conflict issues were fully and finally
28 resolved.

1 12. Early afternoon on May 6, 2013, Mr. Booe and I met personally with Mr. Lebioda and
2 Mr. Petraglia in the Charlotte Office. They informed us that their offers of employment from Winston
3 remained open, but that they had been told that they could not start until the CalPERS conflict issues
4 were fully and finally resolved, one way or another. Further, Mr. Lebioda and Mr. Petraglia said that
5 Winston had committed to them that Winston would “make them whole financially” in the event their
6 employment with K&L Gates terminated prior to the start of their employment with Winston.

7 13. On May 9, 2009, Mr. Booe informed me that he received a telephone message on his cell
8 phone from Ms. Brighton in which she informed him that Mr. Lebioda and Mr. Petraglia, along with
9 two secretaries from our Charlotte office, would be starting at Winston on May 20, 2013. The
10 secretaries, Debbie Vitelli and Jane Butler, gave their notices of termination on or about April 24,
11 2013, and their last date of employment with K&L Gates was April 30, 2013. On May 13, 2013, Mr.
12 Booe and I met personally with associates Mr. Lebioda and Mr. Petraglia. Both of the associates
13 confirmed that they had accepted offers from Winston, and would be starting there on May 20, 2013.

14 I declare under penalty of perjury under the laws of the state of California and the United
15 States of America that the foregoing is true and correct.

16
17
18 Dated: May 14, 2013

By: /s/ Sean M. Jones
Sean M. Jones