

## WOOD LLP

San Francisco

Managing partner: Robert W. Wood

- Represented intervenor Tom Gonzalez in a large case involving tax shelters backed by KPMG LLP.
- Represented an anonymous foreign national who received a record-setting \$30 million whistleblower award from the Securities and Exchange Commission.
- Represented a large group of law firm partners reclaiming taxes they had paid on compensation they were later forced to return following the firm's dissolution.
- Represented numerous wrongly convicted, exonerated prisoners receiving compensation from law enforcement.
- Represented an Australian investment concern in funding litigation between several founders of a multibillion-dollar tech company.

**T**ax law changes frequently. Litigation is constant.

That's a big reason Wood LLP has carved out a unique focus on the tax aspects of litigation, said the firm's namesake, Robert W. Wood.

Over nearly 35 years of practice, he has regularly consulted and litigated about what sort of litigation damages are taxable to plaintiffs or deductible for defendants. As one recent controversial example, if a governmental entity wins damages from a bank over its failed mortgage investments, are the damages a nondeductible fine or penalty, or are they remedial in character and therefore deductible?

But those issues only scratch the surface of Wood's litigation-related tax work. The firm also consults on how best to set up structured settlements to minimize taxes and on the tax aspects of litigation financing, in which outside companies essentially invest in pending lawsuits or class action.

Wood also has helped attorneys figure out ways to spread large fee awards from contingency cases over time while avoiding a huge upfront tax bill. Usually, he said, "there's ways to do that if you do it right."

"There's a lot of variety in litigation," Wood added. Civil, criminal, family, patent, employment and estate cases all raise very different issues. "There is this huge variety of litigants," he said.

Wood has become a top national expert in the field. In fact, he wrote the book on it "Taxation of Damage Awards and Settlement Payments," now in its fourth edition.

He has been involved in creating litigation settlement trusts known as "qualified settlement funds," used following mass disasters such as all spills and airliner crashes. In one such case, for example, he represented terrorism victims receiving funds from the government of Iran.

Those cases "involve a whole bunch of clients and a whole bunch of lawyers ... fighting over the money," he said. Typically, the defendants have funded the settlement and are no longer involved. Wood also has written a book on them, called "Qualified Settlement Funds and Section 468B."

But only about half of Wood LLP's work relates to litigation. The seven-lawyer firm takes on most any sort of tax problem involving any sort of taxes and any tax-collecting authority.

For instance, several years ago, Wood represented a mom-and-pop produce wholesaler in a hearing before the State Board of Equalization over a demand for eight years of unpaid sales tax on food sold to the San Francisco zoo. Unlike food sold for people to eat, animal food is taxed. Wood won by pointing out the difficulty of figuring out who or what ate each item of

produce the little company sold the zoo.

The firm handles both tax controversy and litigation work as well as tax planning for special situations. "It's good to be exposed to litigation to see how things unravel and to planning to see how things are put together," he said.

What Wood doesn't do is general tax-avoidance planning — the "how can I lower my tax bill this year" work. "I don't know what to do with that kind of client," he said. "What I would rather do is focus on [a problem] that has happened or is happening."

He has never had any interest in merging with a larger firm or in expanding his practice to other areas.

"I see tax specialty being a really good field.... One can be valuable and represent all sorts of different clients."

- Don J. DeBenedictis



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