

Exhibit 3

PARTNERSHIP AGREEMENT

OF

DONOVAN AMLADI & YEE LLP

A NEW YORK REGISTERED LIMITED LIABILITY PARTNERSHIP

(Dated as of July 15, 1997)

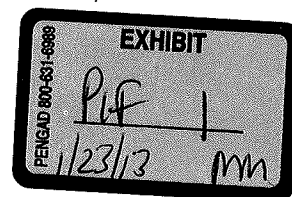


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PARTNERSHIP AGREEMENT

PARTNERSHIP AGREEMENT (this "Agreement") dated as of the 15th day of July, 1997, by and among the undersigned parties and each party hereafter admitted as a partner.

RECITALS

- A. The parties hereto are all members of the Bar of the State of New York.
- B. The parties hereto are desirous of entering into a partnership for the practice of law.
- C. The parties hereto are desirous of recording their understanding with respect to the formation of the partnership, the conduct of the business and affairs of the partnership, as a registered limited liability partnership, the respective rights and obligations of the partners therein, and certain other matters more particularly set forth herein.

In consideration of the facts stated above and for other good and valuable consideration, the parties hereby agree as follows:

ARTICLE I

GENERAL PROVISIONS

1.1 **Formation.** The parties hereto hereby form, as of July 15, 1997, a domestic registered limited liability partnership (the "Partnership").

1.2 **Registration.** The parties hereto have caused the Partnership to be registered pursuant to Article 8-B, Section 121-1500 of the Partnership Law of the State of New York, by the execution and filing of a Certificate of Registration of a Domestic Registered Limited Liability Partnership, a copy of which is annexed hereto as Exhibit "1", with the Department of State of the State of New York in accordance with and pursuant to the Partnership Law of the State of New York.

1.3 **Name.** The name of the Partnership is DONOVAN AMLADI & YEE LLP (the "Partnership Name").

1.4 **Date, Purpose.** The undersigned parties and each party hereinafter admitted as a partner (herein referred to collectively as "Partners" and singularly as "Partner") to the Partnership hereby agree, effective as of July 15, 1997, to commence operation of the Partnership, and to continue to operate the same for the purpose of engaging in the practice of law and conducting all types of business incident thereto pursuant to and in accordance with the terms and conditions of this Agreement, until the Partnership is dissolved in accordance with either the provisions of this Agreement or the New York Law.

1.5 **Location.** The principal place of business of the Partnership shall be at The Soho Building, 110 Greene Street, Suite 700, in the City of New York, County of New

York, State of New York. This location may be changed and/or additional offices established upon approval by a Majority Vote. Such location changes or additions may be made without formal written amendment of this Agreement.

ARTICLE II

VOTING

2.1 Vote Required for Partnership Action. Unless the vote of a greater proportion or number is otherwise required by the New York Law or by this Agreement, decisions concerning the management of the Partnership and all Partnership action shall be taken by a Majority Vote.

2.2 Absence. A Partner who is not present at a vote may vote by written proxy or by specific written instruction.

2.3 Quorum. A majority of the Partners, present in person or by proxy, holding at least a majority in interest of the Partnership's net profits and losses (as the same may be allocated from time to time, without regard to any unallocated units of participation), shall constitute a quorum at any meeting of the Partners. Notwithstanding the foregoing, if at the time of said meeting there shall only be two (2) Partners in the Partnership, then both Partners, present in person or by proxy, shall be required to constitute a quorum.

2.4 Action Without a Meeting. Any and all actions required or permitted to be taken at a meeting of the Partners may be taken without a meeting, without prior notice and without a vote, if one or more written consents, setting forth the action taken, shall be signed by Partners who hold voting interests having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all of the Partners entitled to vote therein were present and voted.

2.5 Disqualification. A Partner will not be disqualified from voting on any issue notwithstanding his personal interest in the matter, except that a Partner will be disqualified from voting:

(a) On dissolution of the Partnership if he has given notice of withdrawal from the Partnership;

(b) On his own disability, retirement, expulsion, or leave of absence;

or

(c) On any other matter from which he is disqualified under the provisions of this Agreement.

When a Partner has been disqualified from voting under this section the quorum necessary for the vote and percentage necessary for passage shall be determined as though he were not a Partner.

ARTICLE III

RIGHTS AND OBLIGATIONS OF PARTNERS

3.1 Limitation on Liability. Each Partner's liability shall be limited to the fullest extent permitted by the New York Law and other applicable law. Without limiting the generality of the foregoing, a Partner shall not be personally liable or accountable, directly or indirectly (including, by way of indemnification, contribution or otherwise) for any debts, obligations, or liabilities of the Partnership or each other, whether arising in tort, by contract or otherwise, which are incurred, created or assumed by the Partnership, solely by reason of being a Partner of the Partnership or acting (or omitting to act) in such capacity or performing professional services or otherwise participating in the conduct of the Partnership's business.

3.2 Professional Obligations. At Partnership expense, each Partner shall maintain his license and privilege to practice law in the State of New York and in the courts and administrative bodies in which he shall have occasion to practice.

Each Partner shall at all times be in material compliance with all of the canons of professional ethics adopted by the American Bar Association and by the New York State Bar Association, and with all statutes, rules and regulations applicable to the professional services he shall render.

3.3 Firm Obligations. Each Partner shall devote his best efforts and substantially all of his normal business time to professionally serving the Partnership and its clients and to any other activities sanctioned by a Majority Vote of the Partners for the number of hours so sanctioned. No Partner shall practice law under any name other than the Partnership Name. It is the duty of each Partner to account to the Partnership for all work done and transactions carried on under his supervision relating to the affairs of the Partnership.

3.4 Restrictions. No Partner shall, without the consent of a Majority Vote of the Partners:

(a) Borrow money in the Partnership name whether for Partnership purposes, or otherwise, or utilize collateral owned by the Partnership as security for such loans; or

(b) Pledge or hypothecate or in any manner transfer his interest in the Partnership or its assets, receivables, records, documents, files or clientele except as provided in this Agreement.

3.5 Expenses. Reasonable expenses incurred by the Partners in connection with the furtherance of the business of the Partnership will be reimbursed by the Partnership on

submission of adequate vouchers and other supporting documentation, in accordance with the policies from time to time established by the Partnership. If any such reimbursed expenses incurred by a Partner are subsequently disallowed, in whole or in part, by any competent tax authority, then all items of income resulting from such disallowance will be allocated solely to the Partner who incurred such disallowed reimbursed expense. Any expense for any item or related items costing in excess of \$5,000, in the aggregate, shall require a Majority Vote.

ARTICLE IV

CAPITAL

4.1 Original Capital Contributions. The original capital of the Partnership shall consist of the total cash and property, at book value, contributed to the Partnership as of the date hereof or prior hereto by the respective Partners as indicated in the attached Schedule "A" (the "Original Capital Contribution"). Said Schedule reflects the contributions heretofore made by the original signatories hereto as of July 25, 1997 to the capital of the Partnership.

4.2 Capital Accounts. A separate capital account shall be established for each Partner to which will be credited his share of the Original Capital Contribution and any subsequent capital contributions and from which shall be debited all permitted withdrawals. Each Partner's capital account will be increased or decreased, as the case may be, by (1) the amount of money contributed by such Partner to the Partnership; (2) the fair market value of property contributed by such Partner to the Partnership (net of liabilities secured by such contributed property that the Partnership is considered to assume or take subject to under Section 752 of the Internal Revenue Code of 1986, as amended (the "Code")); (3) allocations to such Partner of net profits and net losses (as defined in Section 6.1); (4) allocations to such Partner of income described in Section 705(a)(1)(B) of the Code; and (5) allocations to the account of such Partner of Partnership loss and deduction as set forth in the treasury regulations promulgated under the Code, taking into account adjustments to reflect book value.

4.3 Additional Capital Contributions.

(a) Each newly admitted Partner will be required to contribute to the Partnership's capital such sums, at such times and in such manner, as shall be determined by a Majority Vote, which requirements shall be reflected by a written agreement between such newly admitted Partner and the Partnership.

(b) Each Partner may be required, by decision of a Majority Vote, to make additional contributions to the Partnership's capital if such sums are reasonably necessary for funding actual or anticipated capital expenditures or other cash flow requirements of the Partnership. Each Partner's capital contribution shall be based upon his share, at the time that such contribution is required, of the net profits and net losses of the Partnership.

(c) A Partner may be required, by decision of a Majority Vote, to make additional contributions to the Partnership's capital to reflect any increase in his share of the net profits and net losses of the Partnership.

(d) A Partner may make other additional capital contributions only if authorized to do so by a Majority Vote.

4.4 Withdrawal.

(a) A Partner may be permitted, by decision of a Majority Vote, to make a withdrawal from the Partnership's capital to reflect any decrease in his share of the net profits and net losses of the Partnership.

(b) The Partners may make other withdrawals from the Partnership's capital only if authorized to do so by a Majority Vote of the Partners.

4.5 Interest. No interest shall be paid on capital contributions or capital account balances. In the event that a Partner's required capital contribution (whether original or additional) is not fully paid by the expiration of the period originally granted by decision of a Majority Vote of the Partners, then such Partner shall pay interest to the Partnership on such deficit amount, in monthly installments, at a rate per annum equal to the "prime rate" charged from time to time by Citibank, N.A. (or such other substitute or successor index selected by a Majority Vote).

ARTICLE V

PROFITS AND LOSSES

5.1 Definition of Net Profits and Net Losses. The "net profits" and "net losses" of the Partnership shall mean, as the case may be, the Gross Income (as defined below) of the Partnership from Partnership operation less all expenses of the Partnership incident thereto, determined in accordance with other comprehensive basis of accounting ("OCBOA"), used for income tax reporting purposes by the Partnership, employing the cash receipts and disbursements method of accounting except for the accrual of the Partnership's contribution to the Partnership's qualified profit-sharing plan, if any. Partnership gross income ("Gross Income") shall include all fees, commissions, compensation or other income received by the Partnership, including income earned by the Partnership from its assets or investments and gains from the sale of Partnership assets or investments received by the Partnership, or by any Partner or employee thereof representing payment for legal services rendered by such Partner or employee and/or income received by such individual with respect to any Partnership asset registered in his name individually. For the purpose of determining Gross Income, all fees, commissions and compensation due to or received by any Partner or employee shall be included in the definition of Gross Income, including, but not limited to, payment for services rendered as an attorney, commissions for services rendered as a real estate or business broker or as a finder with respect to business transactions, fees received as officers or directors of clients of the Partnership (or for services in any similar capacity or function), and commissions as executor, trustee, administrator, guardian, committee or other fiduciary shall be considered compensation for legal services rendered whether payable to the individual or his estate. Any such payment received by any individual Partner or employee shall be promptly transmitted to the Partnership for deposit in the Partnership's regular bank account.

5.2 Method of Distribution. Net profits or net losses shall be shared among the Partners on the basis of units of participation. Each Partner's share of the Partnership's net profits or losses shall be in direct proportion to the ratio of his units of participation to the total number of units of participation of all the Partners.

5.3 Allocation of Units of Participation. As of July 25, 1997 there are 100 units of participation in the Partnership. Unless and until reallocated pursuant the terms hereof, such units of participation shall be allocated between and among the Partners as per each Partner's pro-rata share of Original Capital Contribution (to wit, Mary A. Donovan - 33 1/3%, Bela Amladi - 33 1/3% and Marya Lenn Yee - 33 1/3%). Except as hereinafter otherwise provided, the Partners, by Majority Vote, shall have the exclusive power to allocate or cancel units of participation of each of the Partners. Units of participation will be allocated each fiscal year, commencing on ~~October 1, 1998~~ ^{January 1, 1998}, by a Majority Vote of the Partners based on billable hours of work, fee collections, origination of business, time spent on Partnership management, and such other factors as the Partners shall consider relevant and fair. Subject to revocation or modification as hereinafter provided, any decision to allocate units of participation to the Partners shall take effect as of the first day of each fiscal year by the adoption of a written resolution by the Partners allocating such units for such fiscal year and any cancellation or reallocation of units of participation shall take effect as and from the date established in a written resolution adopted by a Majority Vote of the Partners having such effect. The Partners, by Majority Vote, shall allocate units of participation as promptly as practicable following the commencement of each fiscal year, but in any event, such allocation of units of participation shall be made by not later than forty-five (45) days after the commencement of each fiscal year. The Partners shall not be required to allocate units of participation representing one hundred percent (100%) of the Partnership's net profits and losses at the commencement of each fiscal year; provided that any such shortfall is fully allocated by not later than forty-five (45) days following the end of each such fiscal year. Within five (5) Business Days of the date upon which any such resolution shall be adopted by a Majority Vote of the Partners calling for an allocation of units or a cancellation thereof, copies of such resolution shall be delivered to each of the Partners.

5.4 Drawing Accounts. An individual drawing account shall be maintained on the books of the Partnership for each Partner. Following the end of each calendar month, each Partner shall be paid from the Partnership's assets, on account of his share of net profits of the Partnership, such amount as may, from time to time, be established by a Majority Vote, and the amount of such payment shall thereupon be debited to such Partner's drawing account. Subject to the concurrence of a Majority Vote, any Partner may modify the amount of the monthly installments to be made to him under the terms of the preceding sentence, or the frequency or method of payment thereof. At the close of each fiscal year there shall be credited to the drawing account of each Partner his share of the net profits calculated in accordance with the provisions of Section 5.2 hereof, less the amount of his share of net losses and his then-unpaid annual contributions to the capital of the Partnership as required under Section 4.3 hereof. Any reimbursements to a Partner of contributions shall be credited and all of the debits (including, without limitation, contributions, or other payments, on behalf of the Partner by the Partnership to the Partnership's qualified profit-sharing plan, if any, and to the Partnership's medical insurance plan) and credits between the Partner and the Partnership to date shall be

included in the calculation. Any excess of credits over debits shall thereupon be paid to the Partner.

5.5 Accounting. Monthly profit and loss statements and balance sheets, which shall contain such financial information as shall be reasonably requested from time to time by the Partners, shall be prepared by or for the Partnership. An annual profit and loss statement and balance sheet shall be prepared by the Partnership's independent certified public accountant and provided to the Partners. The Partners shall also receive on a timely basis such reports or schedules required by a Partner for reporting income from a partnership under any applicable tax laws.

ARTICLE VI

ADDITION AND DISASSOCIATION OF PARTNERS

6.1 Addition of Partners. A new Partner may be invited to join the Partnership upon agreement of a Two-Thirds Vote. The amount of such new Partner's initial capital contribution, drawing account, share of the Partnership's net profits and losses shall be determined by a Majority Vote at the time of admission. As a condition of admission, a new Partner shall execute, acknowledge and deliver to the Partnership such agreements, instruments, certificates and other documents, and shall perform such other acts which a Majority Vote deems necessary or desirable to:

- (i) constitute such person as a Partner;
- (ii) confirm that such person desiring to acquire an interest in the Partnership and be admitted as a Partner has accepted, assumed and agreed to be bound by all of the terms and provisions of this Agreement, as the same may have been further amended;
- (iii) maintain the status of the Partnership as a domestic registered limited liability partnership under the New York Law and as a partnership for federal income tax purposes; and
- (iv) assure compliance with any applicable state and federal laws and regulations.

6.2 Death. The interest of a Partner in the Partnership shall terminate upon his date of death. The Partnership shall pay to the estate of the deceased Partner the following amounts in full satisfaction of the interest of the deceased Partner in the Partnership (all without the accrual or payment of interest, except as provided in subsection (e) hereof):

- (a) The deceased Partner's Net Capital Account Balance (as such term is hereinafter defined) as of the date of death, less an adjustment reserve amount (the "Security Deposit Reserve") equal to the product of (i) the dollar amount of the then current security deposit then held by the landlord under any Agreement of Lease for the Partnership's offices, multiplied by (ii) a fraction the numerator of which shall be the deceased Partner's units of

participation at the date of his death and the denominator of which shall be the total number of units of participation of all the Partners (plus unallocated units of participation, if any) at the date of his death ("Pro-rata Share"), shall be paid to the estate of the deceased Partner as follows: (x) fifty (50%) percent within ninety (90) days of the date of death; and (y) the balance thereof within one hundred eighty (180) days of the date of death. The Partnership shall pay the Security Deposit Reserve to the deceased Partner's estate within two (2) years of the deceased Partner's date of death. The payment described in this subsection is intended to be the deceased Partner's interest in Partnership property under Section 736(b)(1) of the Code. For purposes of this Agreement the "Net Capital Account Balance" of a Partner shall mean, as of the date of death, the Partner's Pro-rata Share of the excess of the Partnership's assets over its liabilities as determined by the certified public accountants regularly employed by the Partnership in accordance with OCBOA consistently applied (except as noted therein) using the accounting methods used by the Partnership in the preparation of its financial statements. In determining the amount of a Partner's Net Capital Account Balance or in the computation of the amount with which a deceased, permanently disabled, retired, expelled or withdrawing Partner shall be credited, it is expressly acknowledged and agreed that there shall not be included any value for good will or the Partnership Name, as such items are agreed and deemed to be of no value. In the event that the deceased Partner's estate dispute the results of calculations undertaken pursuant to this Section 6.2(a), said dispute shall be resolved by arbitration in accordance with the terms of Section 9.2 hereof.

(b) Within ninety (90) days after the close of the Partnership's fiscal year during which the deceased Partner's death occurred, his Pro-rata Share of the net profits of the Partnership for that portion of such fiscal year ending with the last day of the month during which the deceased Partner's death occurred, less any part of this amount which was received by, or contributed or paid on behalf of (including, without limitation, contributions or other payments on behalf of the Partner by the Partnership to the Partnership's qualified profit-sharing plan and to the Partnership's medical insurance plan), the deceased Partner prior, or subsequent to, his death.

(c) Within one hundred eighty (180) days of the date of death, any amount (other than the amounts described in paragraphs (a) and (b) of this Section) owed to him by the Partnership.

(d) Any amount owed by the deceased Partner to the Partnership shall be deducted by the Partnership from the payments due to the estate of the deceased Partner under this Section from the first payments required to be made hereunder.

(e) If the due date of any payment under this Section shall be other than a Business Day, the due date shall be extended to the next succeeding Business Day. If any payment required under this Section shall not be paid when due, then the Partnership shall pay to the deceased Partner's estate interest thereon at a rate equal to the Prime Rate established from time to time by Citibank, N.A.

6.3 Disability.

(a) **Temporary Disability.** A Partner shall be temporarily disabled when it is determined by a Majority Vote (or, if there shall be only one Partner eligible to vote, then the Partnership shall be bound by a determination made under any disability policy in effect for the Partner in question) that due to his physical or mental condition he cannot adequately attend to Partnership affairs.

From the date of a determination of temporary disability, the disabled Partner will be paid his full distributive share of the Partnership's profits for a period of ninety (90) days following the date of such determination, and thereafter all payments of his said distributive share shall cease. Return to practice at any time after said ninety (90) day period will restore the disabled Partner to his full distributive share of Partnership profits, commencing with the first month following full resumption of activities. Full resumption of activities by a disabled Partner will be determined by a Majority Vote (or, if there shall be only one Partner eligible to vote, then the Partnership shall be bound by a determination made under any disability policy in effect for the Partner in question).

(b) **Permanent Disability.** A Partner shall be considered permanently disabled: (i) when his personal physician so advises the Partnership; (ii) when a Majority Vote determines a Partner to be permanently disabled (or, if there shall be only one Partner eligible to vote, then the Partnership shall be bound by a determination made under any disability policy in effect for the Partner in question); or (iii) after twelve (12) months of temporary disability, whichever occurs first.

(c) **Compensation.** The interest of a Partner in the Partnership shall terminate on the date he is determined to be permanently disabled. The Partnership shall pay to the permanently disabled Partner in full satisfaction of the interest of the permanently disabled Partner in the Partnership all payments that he would have received, under and in the manner contemplated by Section 6.2 hereof, had he died as of the date upon which it was determined pursuant to Section 6.3(b) hereof that he was permanently disabled. The death of a permanently disabled Partner subsequent to the determination of permanent disability and before the payment of all sums payable to him as contemplated by this Section 6.3(c) shall not affect the continued payments by the Partnership and no additional sums shall be owing by the Partnership to the estate or heirs of the deceased permanently disabled Partner by reason of his death.

6.4 Full Retirement.

(a) **Voluntary.** After attaining the age of sixty-two (62), a Partner who intends to permanently cease the practice of law may voluntarily retire and give written notice of retirement to the Partnership. Retirement shall be effective on the ninetieth day after such written notice and will terminate the retiring Partner's interest in the Partnership.

(b) **Compulsory.** When a Partner attains the age of seventy-two (72), he may be required to retire upon ninety (90) days prior written notice, if requested to do so by special resolution of the Partnership approved by a Two-Thirds Vote.

(c) **Counsel.** The Partnership, by Majority Vote, may, at its discretion, offer a retired Partner the position of "Of Counsel" upon such terms and conditions as the Partners shall determine. The Partners may, by Majority Vote, at its discretion, offer the position of "Of Counsel" to any other person or persons who are duly licensed to practice law in the State of New York, upon such terms and conditions as the Partnership shall determine.

(d) **Compensation.** The interest of a fully retired Partner in the Partnership shall terminate upon the effective date of retirement. The Partnership shall pay to the fully retired Partner in full satisfaction of the interest of the fully retired Partner in the Partnership all payments that he would have received, under and in the manner contemplated by Section 6.2 hereof, had he died on the effective date of his full retirement under this Paragraph. The death of a fully retired Partner subsequent to the effective date of retirement and before the payment of all sums payable to him as contemplated by this Paragraph shall not affect the continued payments by the Partnership and no additional sums shall be owing by the Partnership to the estate or heirs of the deceased fully retired Partner by reason of his death.

6.5 Withdrawals. A Partner desiring to withdraw from the Partnership shall give written notice of his intention to withdraw to the Partnership at least ninety (90) days prior to the effective date of such withdrawal. Such notice shall state whether the withdrawing Partner intends to continue in the active practice of the law, whether in private practice, as "in house" counsel, in government or judicial service or otherwise, and in what specific capacity. Such withdrawal shall be subject to the covenants, obligations and related provisions set forth in this Agreement.

Unless the withdrawing Partner shall have breached any part of this Agreement (provided such breach has been specified by at least fifteen (15) days prior written notice given by the Partnership and such breach remains uncured), the Partnership shall pay to the withdrawing Partner the following amounts in full satisfaction of the interest of the withdrawing Partner in the Partnership (all without the accrual or payment of interest, except as provided in Section 6.5(d) hereof):

(a) The withdrawing Partner's Net Capital Account Balance as of the effective date of withdrawal less the Security Deposit Reserve amount determined as of the effective date of withdrawal shall be paid to the withdrawing Partner as follows: (i) in the first three (3) years of the Partnership, (a) fifty (50%) percent within six (6) months after the effective date of the withdrawal, and (b) the balance thereof within one (1) year after the effective date of the withdrawal; and, (ii) thereafter, (a) fifty (50%) percent within ninety (90) days after the effective date of withdrawal; and (b) the balance thereof within one hundred eighty (180) days after the effective date of withdrawal. The Partnership shall pay the Security Deposit Reserve to the withdrawing Partner within two (2) years of the effective date of withdrawal.

(b) Within ninety (90) days after the close of the Partnership's fiscal year during which the withdrawing Partner withdrew from the Partnership, his Pro-rata Share of the net profits of the Partnership for that portion of such fiscal year ending with the last day of the month during which the withdrawing Partner's withdrawal occurred, less any part of this amount which was received by, or contributed or paid on behalf of (including, without

limitation, contributions or other payments on behalf of the Partner by the Partnership to the Partnership's qualified profit-sharing plan and to the Partnership's medical insurance plan), the withdrawing Partner prior, or subsequent to, the effective date of his withdrawal.

(c) Any payment due a withdrawing Partner shall be reduced by the amount of any overdraw of that Partner and by the amount of any other financial obligation owing by the withdrawing Partner to the Partnership. In the event of a breach of this Agreement by the withdrawing Partner, payment may be withheld until the determination and full satisfaction of the withdrawing Partner's liabilities to the Partnership for such breach.

(d) If the due date of any payment under this Section 7.6 shall be other than a Business Day, the due date shall be extended to the next succeeding Business Day. If any payment required under this Section 6.5 shall not be paid when due, then the Partnership shall pay to the withdrawing Partner interest thereon at a rate equal to the prime rate established from time to time by Citibank, N.A.

6.6 Expulsion.

(a) **Expulsion for Cause.** A Partner may be expelled for cause, upon five (5) Business Days written notice, by a Majority Vote of the other Partners when he has (x) been disbarred, had his license to practice law suspended, sought the protection of any bankruptcy or insolvency statute of the United States or any State, been convicted of a crime, or (y) failed or refused to desist in any conduct which the Partnership acting by a Majority Vote of the other Partners determines will (i) violate the canons of professional ethics, (ii) injure the professional standing of the Partnership, or (iii) constitutes a material breach of any part of this Agreement if, after such breach has been specified by written notice given by the Partnership, such breach continues or occurs again. Notwithstanding the foregoing, so long as there shall be only two (2) Partners in the Partnership, an expulsion for cause of one Partner based upon any of the conditions described in Section 6.6(a)(x) hereof may be determined unilaterally by the other Partner, subject to the expelled Partner's right to dispute such determination in an arbitration proceeding between the Partners conducted in accordance with the provisions of Section 9.2 hereof, and an expulsion for cause of one Partner based upon any of the conditions described in Section 6.6(a)(y) hereof may only be determined in an arbitration proceeding between the Partners conducted in accordance with the provisions of Section 9.2 hereof.

(b) **Expulsion without Cause.** A Partner may be expelled at any time, upon sixty (60) days written notice, by a Two-Thirds Vote of the other Partners without a determination that a cause for expulsion exists, except that so long as there shall be only two (2) Partners in the Partnership, an expulsion without cause shall not be permitted.

(c) **Compensation.** The expulsion shall be effective on the effective date of the notice of expulsion. The expelled Partner shall receive the same compensation and obligations as if he had voluntarily withdrawn from the Partnership, effective as of the date of expulsion.

6.7 Leave of Absence. When a Partner's performance of professional services for the Partnership and its clients will be interrupted for any period of time in excess of eight (8) consecutive weeks for any reason not covered by other sections of this Article, the Partners by a Majority Vote may grant a leave of absence and shall determine the duration of the leave and the Partner's rights, obligations, and compensation during the period of absence. An approved leave of absence will not terminate a Partner's interest in the Partnership and will not cause his disqualification from voting during the period of said leave.

6.8 Provisions Applicable Upon Death, Disability, Retirement, Withdrawal or Expulsion.

(a) **Priority Among Provisions.** A voluntary dissolution (including any dissolution by law resulting from only one Partner remaining in the Partnership following the death, retirement, expulsion or withdrawal of the other Partner(s)) and termination of the Partnership shall override any of the provisions of this Article VI then in effect, except those as to Partners whose interests in the Partnership were terminated more than six (6) months prior to the date of dissolution.

A Partner who dies prior to the effective date of his retirement or disability shall be a deceased Partner under this Agreement.

A Partner expelled for cause prior to the effective date of retirement, disability, or withdrawal shall be an expelled Partner under this Agreement.

(b) **Continuation of the Partnership.** The death, retirement, disability, withdrawal or expulsion of any Partner shall not cause the dissolution of the Partnership, unless following such death, retirement, disability, withdrawal or expulsion only one Partner shall remain in the Partnership and no additional Partner shall be admitted within ninety (90) days following such death, retirement, disability, withdrawal or expulsion. The remaining Partners, together with any new Partners, shall have the right, but not the obligation to continue the use of the Partnership Name, provided that a disabled, or withdrawing Partner shall consent to the use of his name in the Partnership name, if his name has been included in the Partnership name.

The continuing Partnership shall assume the payment of all obligations of the Partnership. However, a withdrawing or expelled Partner shall continue to remain obligated on any leases, purchase agreements or any term obligations incurred by the Partnership prior to the effective date of withdrawal or expulsion in the proportion that his Partnership capital interest bears to the total capital interests of all Partners, but only to the extent such Partner had agreed in writing to be personally obligated under any such obligations.

(c) **Accounting Matters.** Any determination based upon the financial books and records of the Partnership, including any determination of a Partner's capital or income shall be made by the Partnership's regular certified public accountants using OCBOA. The report of the Partnership's accountants shall be final and binding upon the Partnership and its Partners including the estate of a deceased Partner and any retiring, disabled, withdrawing or expelled Partner. The accountants' report shall stand in lieu of and shall be deemed to fulfill any

requirement of law with respect to an accounting by a partnership to a partner. In the event that any dispute arises as to any such accounting matters, said dispute shall be resolved by arbitration in accordance with the provisions of Section 9.2 hereof.

(d) **Client Relations.** Each Partner agrees that his relationship with all clients of the Partnership, while he is a Partner and following his retirement, disability, withdrawal, or expulsion, shall be governed by applicable law and the canons of professional ethics adopted by the New York State Bar Association, as from time to time in effect. Without limiting the generality of the foregoing: (i) a former Partner shall not be entitled to remove, possess or have access to papers and records pertaining to the matters of any clients (other than such reasonable access which is necessary or desirable to protect the interests of the client), including past clients, unless and until such clients so direct, and removal or possession of these papers or records by the former Partner without such a direction having been given shall be considered a breach of this Agreement; and (ii) in the event that any client shall elect to be represented by a former Partner, rather than the Partnership, it is understood and agreed that the Partnership shall not be obligated to deliver the client's files to the former Partner or to the client until all unpaid fees and disbursements have been paid in full by the client.

(e) **Limitation of Payments.** The total amount paid in any one fiscal year to deceased, retired, disabled, withdrawing, expelled and absent Partners and their estates shall not exceed thirty (30%) percent of the Partnership's net income for the fiscal year in question. If amounts due to such Partners and their estates are in excess of such thirty (30%) percent limit, payments to all such Partners will be reduced proportionately, and the unpaid balance will be deferred to the immediately subsequent fiscal year(s) until the total amount shall have been paid in full (together with interest thereon as required by the provisions hereof).

ARTICLE VII

DISSOLUTION

7.1 **Dissolution.** The Partnership may be dissolved and thereafter terminated in accordance with the provisions hereof at any time, by a Two-Thirds Vote. The date of such vote shall be the effective date of dissolution unless the Partners shall decide and specify otherwise. The Partners may delegate to one or more of their members the responsibility for winding up the affairs of the Partnership. The responsible parties shall liquidate the Partnership's assets and otherwise conclude its business affairs as promptly as circumstances permit.

7.2 **Disposition of Client Matters.** The party or parties responsible for winding up the affairs of the Partnership shall assign each pending matter to the Partner who may most nearly be considered the attorney representing the particular client. This assignment shall be on terms agreeable to the clients and Partners involved in each instance. All relevant files and documents which were the property of the Partnership shall become the property of the assigned Partner.

7.3 Distribution of Assets. The proceeds of the liquidation of the Partnership shall be applied in the following order:

- (a) To the payment of debts and liabilities of the Partnership owing to creditors other than Partners, and to the expenses of liquidation,
- (b) To the payment of debts and liabilities owing to the Partners,
- (c) To the repayment of the net capital accounts of the Partners,
- (d) To be divided among the Partners in the ratio of their respective Pro-rata Share of net profits as of the effective date of dissolution.

ARTICLE VIII

AMENDMENTS

8.1 This Agreement may be amended by a Two-Thirds Vote of the Partners.; provided, however, that Section 3.1 of this Agreement may not be amended without the prior written consent of all of the Partners. Any such amendment shall be binding on all the Partners and shall be effective upon adoption unless a later date is specified in the amendment.

ARTICLE IX

MISCELLANEOUS PROVISIONS

9.1 Notices. Any notice, demand, or communication required or permitted to be given by any provision of this Agreement shall, except as otherwise expressly provided herein, be deemed to have been sufficiently given or served for all purposes if delivered personally to the party to whom the same is directed or, if sent by registered or certified mail, postage and charges prepaid, or by overnight receipted courier service (such as Federal Express), addressed to the Partner, at the address set forth in the records of the Partnership, and/or to the Partnership's principal place of business, as appropriate. Except as otherwise expressly provided herein, any such notice shall be deemed to be given upon the sooner of receipt or three (3) Business Days after the date on which the same was deposited in a regularly maintained receptacle for the deposit of United States mail, addressed and sent as aforesaid.

9.2 Arbitration of Disputes. Any matter as to which, pursuant to the express provisions of this Agreement, is to be determined by arbitration, shall be submitted to arbitration at either party's request as follows:

- (a) Within five (5) business days after either party requests arbitration as contemplated in the preceding paragraph, the Partners shall meet or confer by telephone to attempt to agree on a single arbitrator ("Arbitrator") to resolve the dispute. If the Partners, ~~by~~ ~~Majority Vote~~, have not agreed on the Arbitrator within two (2) business days after such meeting or telephone conference, then any Partner, on behalf of all, shall contact the American

Arbitration Association, or any successor thereto ("AAA"), for the appointment of the Arbitrator and no other Partner shall raise any question as to the AAA's full power and jurisdiction to make the appointment. The date on which the Arbitrator is appointed by the agreement of the parties, or by appointment by the AAA, is referred to herein as the "Appointment Date." If any Arbitrator appointed hereunder shall be unwilling or unable, for any reason, to serve, or continue to serve, a replacement Arbitrator shall be appointed in the same manner as the original Arbitrator.

(b) The arbitration shall be conducted in accordance with the then prevailing Commercial Arbitration Rules of the AAA, modified as follows:

(i) To the extent that the New York CPLR or any successor statute imposes requirements different from those of the AAA in order for the decision of the Arbitrator to be enforceable in the courts of the State of New York, such requirements shall be complied with in the arbitration;

(ii) The Arbitrator shall be disinterested and impartial, shall not be affiliated with or related to any Partner, and shall be a practicing attorney, with at least ten (10) years' experience as an equity partner in a law firm, the principal office of which is located within the New York metropolitan area;

(iii) Before hearing any testimony or receiving any evidence, the Arbitrator shall be sworn to hear and decide the controversy faithfully and fairly by an officer authorized to administer an oath and a written copy thereof shall be delivered to all of the Partners;

(iv) Within two (2) business days after the Appointment Date ("Submission Date"), each of the Partners shall deliver to the Arbitrator and the other Partners one copy of any statements, documents, affidavits, reports and other written evidence relating to the dispute as the submitting party deems appropriate. Within three (3) business days after the Submission Date, the Arbitrator shall hold one single-day hearing with respect to the determination of the matter. The hearing shall be held in the Borough of Manhattan at such location and time as shall be specified by the Arbitrator. Each of the parties shall be entitled to present all relevant evidence and to cross-examine witnesses at the hearing. The Arbitrator shall reach a determination of the dispute within one (1) business day after the hearing; and

(v) The Arbitrator shall render his or her determination in a signed and acknowledged written instrument, original counterparts of which shall be sent simultaneously to all of the Partners, within five (5) days after the conclusion of the hearing.

(vi) The arbitration decision, determined as hereinabove provided, shall be conclusive and binding on the parties, shall constitute an "award" by the Arbitrator within the meaning of the AAA rules and applicable law and judgment may be entered thereon in any court of competent jurisdiction. Each party shall pay its own fees and expenses relating to the arbitration (including, without limitation, the fees and expenses of its counsel and of experts and witnesses retained or called by it). Each party shall pay his or her

proportionate share, based upon such party's allocable share of the profits and losses of the Partnership, of the fees and expenses of the Arbitrator.

9.3 **Books of Account and Records.** Proper and complete records and books of account shall be kept or shall be caused to be kept by the Partners in which shall be entered fully and accurately all transactions and other matters relating to the Partnership's business in such detail and completeness as is customary and usual for businesses of the type engaged in by the Partnership. The books and records shall be at all times maintained at the principal place of business of the Partnership and shall be open to the reasonable inspection and examination of the Partners or their duly authorized representative during reasonable business hours.

9.4 **Application of New York Law.** This Agreement, and the application and interpretation hereof, shall be governed exclusively by its terms and by the laws of the State of New York.

9.5 **Execution of Additional Instruments.** Each Partner hereby agrees to execute such other and further certificates and other instruments necessary to comply with any applicable laws, rules or regulations.

9.6 **Construction.** Whenever the singular number is used in this Agreement and when required by the context, the same shall include the plural and vice versa, and the masculine gender shall include the feminine and neuter genders and vice versa.

9.7 **Headings.** The headings in this Agreement are inserted for convenience only and are in no way intended to describe, interpret, define, or limit the scope, extent or intent of this Agreement or any provision hereof.

9.8 **Severability.** If any provision of this Agreement or the application thereof to any person or circumstance shall be invalid, illegal or unenforceable to any extent, the remainder of this Agreement and the application thereof shall not be affected and shall be enforceable to the fullest extent permitted by law.

9.9 **Heirs, Successors and Assigns.** Each and all of the covenants, terms, provisions and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto and, to the extent permitted by this Agreement, their respective heirs, legal representatives, successors and assigns.

9.10 **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

ARTICLE X

DEFINITIONS

The following terms used in this Partnership Agreement shall have the following meanings (unless otherwise expressly provided herein):

- (a) "Agreement" shall mean this Partnership Agreement as originally executed and as amended from time to time.
- (b) "Business Day" shall mean a day other than Saturday, Sunday or other day on which banks in New York, New York are required or permitted to be closed.
- (c) "Code" shall mean the Internal Revenue Code of 1986, as amended, or corresponding provisions of subsequent superseding federal revenue laws.
- (d) "Gross Income" shall have the meaning assigned to such term in Section 5.1.
- (e) "Majority Vote" shall mean an affirmative vote of both: (i) a majority of the Partners, each Partner being eligible to cast one (1) vote; and (ii) the Partners holding at least a majority in interest of the Partnership's net profits and losses (as the same may be allocated from time to time, without regard to any unallocated units of participation).
- (f) "Net Capital Account Balance" shall have the meaning assigned to such term in Section 6.2(c).
- (g) "net profits" and "net losses" shall have the meanings assigned to such terms in Section 5.1.
- (h) "New York Law" shall mean the New York Partnership Law, as the same may hereafter be modified or amended from time.
- (i) "OCBOA" shall mean have the meaning assigned to such term in Section 5.1 hereof.
- (j) "Original Capital Contribution" shall have the meaning assigned to such term in Section 4.1 hereof.
- (k) "Partner" shall have the meaning assigned to such term in Section 1.4 hereof, and each party who may hereafter be admitted as a Partner hereunder from time to time.
- (l) "Partnership" shall have the meaning assigned to such term in Section 1.1 hereof.

(m) "Partnership Name" shall mean DONOVAN AMLADI & YEE LLP or any derivation thereof or any confusingly similar name.

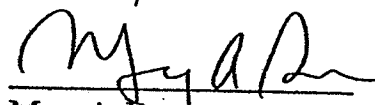
(n) "Pro-Rata Share" shall have the meaning assigned to such term in Section 6.2.

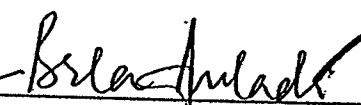
(o) "Security Deposit Reserve" shall have the meaning assigned to such term in Section 6.2(a).

(p) "Two-Thirds Vote" shall mean an affirmative vote of both: (i) two-thirds of the Partners, each Partner being eligible to cast one (1) vote; and (ii) the Partners holding at least two-thirds of the Partnership's net profits and losses (as the same may be allocated from time to time, without regard to any unallocated units of participation).

July 24, 1997.

IN WITNESS WHEREOF, the parties have executed this Agreement as of


Mary A. Donovan


Bela Amladi


Mary Ann Yee

SCHEDULE A

<u>Name of Partner</u> Mary A. Donovan	<u>Partner's Original Capital Contribution (7/25/97)</u> \$ 30,000	<u>Admission Date</u> July 15, 1997
Bela Amladi	\$ 30,000	July 15, 1997
Marya Lenn Yee	\$ 30,000	July 15, 1997

EXHIBIT "1"

[attach copy of filed certificate]

CERTIFICATE OF REGISTRATION

OF

DONOVAN, AMLADI & YEE LLP

Under Section 121-1500(a) of the Partnership Law of the State of New York

THE UNDERSIGNED, being [a] natural person(s) of at least eighteen (18) years of age and [a] partner(s) of the registered limited liability partnership, a partnership without limited partners (the "Partnership") hereby being formed under Section 121-1500(a) of the Partnership Law of the State of New York (the "Partn. L."), certifies that:

FIRST: The name of the registered limited liability partnership is DONOVAN, AMLADI & YEE LLP (the "Partnership").

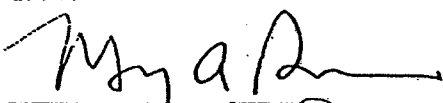
SECOND: The address of the principal office of the partnership without limited partners is 110 GREENE STREET, NEW YORK, NY 10012.

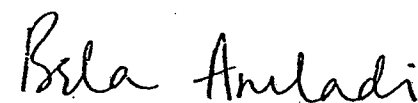
THIRD: The profession(s) to be practiced by such partnership without limited partners, is [are] LAW and such partnership without limited partners is eligible to register as a "registered limited liability partnership" pursuant to Partn. L. § 121-1500(a).

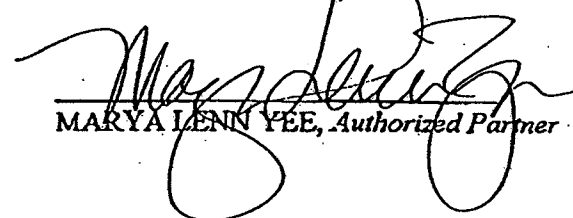
FOURTH: The Secretary of State is designated as the agent of the registered limited liability partnership upon whom process against it may be served. The post office address within or without the State of New York to which the Department of State shall mail a copy of any process against the registered limited liability partnership served upon such Secretary of State is MARYA LENN YEE, 243 W. 16TH ST., NEW YORK, NY 10011.

FIFTH: The partnership without limited partners hereby is filing a registration for status as a registered limited liability partnership.

IN WITNESS WHEREOF, I (we) have executed this Limited Liability Partnership Registration of DONOVAN, AMLADI & YEE LLP this day of June, 1997.


MARY A. DONOVAN, Authorized Partner


BELA AMLADI, Authorized Partner


MARYA LENN YEE, Authorized Partner