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**SECURITIES AND EXCHANGE COMMISSION**  
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**New York, NY 10281**  
**(212) 336-1020**

**UNITED STATES DISTRICT COURT**  
**SOUTHERN DISTRICT OF NEW YORK**

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SECURITIES AND EXCHANGE COMMISSION,	:	
	:	
Plaintiff,	:	
	:	08 Civ. ____ ( )
- against -	:	
	:	
MARC S. DREIER,	:	
	:	
Defendant.	:	
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**DECLARATION OF JOEL A. CHERNOV**  
**IN SUPPORT OF PLAINTIFF’S EMERGENCY**  
**APPLICATION FOR TEMPORARY RESTRAINING**  
**ORDER, PRELIMINARY INJUNCTION,**  
**ASSET FREEZE, ORDER TO SHOW CAUSE AND OTHER RELIEF**

I, Joel A. Chernov, pursuant to 28 U.S.C. § 1746, declare as follows:

1. I am a member of the bar of the State of New York and a member of the bar of this Court. I am employed as a partner at the law firm Dreier I.J.P. I have been employed by Dreier LLP (and its predecessor firm, Dreier & Baritz LLP) since July 1997. I make this Declaration in support of the Commission’s Emergency Application for a Temporary Restraining Order, Preliminary Injunction, Asset Freeze, Order to Show Cause, and Other Relief (the “Application”) in this action.

2. I am not an equity partner at Dreier LLP, but rather receive an annual salary determined by Marc Dreier. It is my understanding that Mr. Dreier is the sole

equity partner at Dreier LLP and the firm's Managing Partner. I have been informed by the firm's controller, John Provenzano, that Mr. Dreier has sole control over all of Dreier LLP's bank accounts, and that his authority is required to disburse or otherwise transfer monies from almost all of Dreier LLP's bank accounts.

3. The news of Mr. Dreier's arrest has had a devastating effect on Dreier LLP. I have been informed by Susan Frankel, the firm's Director of Operations, and Mr. Provenzano that the December health insurance premium has not been paid, the firm's December rent payment is now overdue, and AT&T will terminate Blackberry service today. I also have learned that the quarterly premium for the firm's malpractice insurance is four weeks overdue. It is my understanding that no one at Dreier LLP has authority to cause the firm to pay these unpaid invoices.

4. I and other partners of the firm also have been contacted and requested to cause the firm to return client funds apparently held in Dreier LLP's client escrow accounts. It is my understanding that Mr. Dreier is the only person that is authorized to disburse such funds.

5. In addition, many Dreier LLP attorneys and staff have left the firm and it is my understanding that they have taken certain files with them.

6. Following Mr. Dreier's arrest in Toronto, Canada, on Wednesday, December 3, 2008, Mr. Provenzano informed me and others that approximately \$27 million appeared to be missing from Dreier LLP's client escrow accounts. I then spoke with the firm employee who, according to Mr. Provenzano, oversees the Dreier LLP escrow accounts, and she informed me that, at the direction of Mr. Dreier, she transferred approximately \$37.5 million out of a \$38 million escrow deposit attributable to a single

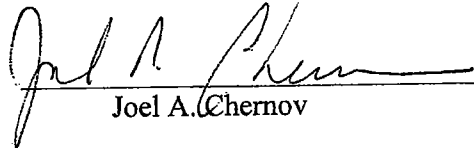
client from the firm's escrow accounts into another account controlled by Mr. Dreier.

7. On Thursday, December 4, 2008, Mr. Dreier called the office from Canada where he was being held by authorities and spoke with another Dreier LLP partner, Steven R. Gursky, about the escrow accounts and the missing funds. Mr. Gursky put Mr. Dreier on the speaker phone and informed Mr. Dreier that I also was in the room. Mr. Dreier told Mr. Gursky that, if he had not been arrested, he could have returned to New York and rectified the situation. I understood from this conversation that Mr. Dreier was implicitly admitting that he had improperly used client escrow funds; and Mr. Gursky and I so informed the other partners in the firm later that day.

8. It is my understanding that on December 3, 2008, Mr. Dreier's personal office was locked. Prior thereto, however, Mr. Dreier's ex-wife, his son, and potentially others may have had access thereto. I do not know who has a key to Mr. Dreier's office.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Executed on December 8, 2008  
New York, New York

  
Joel A. Chernov