

Rising Star: Reed Smith's Mike Shaikh

By Eric Kroh

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The ability of Reed Smith LLP's Mike Shaikh to come up big for clients in state and local tax controversy matters has earned him a place on Law360's list of top tax lawyers under 40.

The Rising Star chose his home state of California to focus on representing clients before state tax administrators. In his eight years of practice, Shaikh has built a reputation as an effective advocate and respected adviser, according to his Reed Smith colleague, partner Mardiros Dakessian.

Since joining Reed Smith in 2010, Shaikh has played a key role in notching significant wins for some of the largest companies in the world. In one of the most notable cases, a Fortune 20 company's appeal with the state Board of Equalization, Shaikh devised a novel legal theory to overturn a previous determination of the board in a multimillion-dollar sales tax matter.



Mike Shaikh

Shaikh's argument relied on letter rulings related to portable toilets and data services to convince the board that a defense contractor's provision of security services to the U.S. military was a resale of tangible personal property subject to the U.S. government sales exemption, resulting in \$30 million in tax, interest and penalty relief for the client.

Shaikh said the case was one of the most rewarding he's worked on because the team was able to pull out a win after a long trudge with some setbacks along the way.

"It was special because we were able to come back, come at it with a new angle and be successful," Shaikh said.

Dakessian said Shaikh has also played a vital role in litigation matters. In *Parmar v. State Board of Equalization*, Shaikh was part of a team that was successful in overturning a board policy allowing the taxation of officers and shareholders of closely held companies. Shaikh and others argued that Reed Smith provided a significant benefit to the public in the case and won \$800,000 in attorneys' fees for the client.

In Parmar, the California Court of Appeal in 2011 upheld a ruling by the Los Angeles Superior Court that the board's policy violated California corporate law and the Administrative Procedures Act and lacked statutory and regulatory support.

In Cutler v. Franchise Tax Board, Shaikh developed a theory that convinced the board that limiting a small-business investment incentive to California business violated the Commerce Clause, resulting in a win on constitutional grounds and another awarding of attorneys fees.

In a unanimous, published opinion, the California Court of Appeal said in September that by exposing how a California tax statute discriminated on its face against non-California small businesses, plaintiff Frank Cutler met the standard for awarding of attorneys' fees and the costs of litigation far exceeded the reward he expected to receive.

In another case representing a Fortune 10 client, Shaikh got the California Franchise Tax Board to transform potential assessments against the client into a seven-figure refund based on his legal theories. Shaikh said the win was an example of needing an airtight argument to go up against state tax agencies, since it involves convincing them that the position taken by someone in the agency is incorrect.

Dakessian said the case showed that Shaikh is “a creative problem solver with a great systemic grasp of the tax laws.”

Shaikh said his success comes from everything he’s learned from the outstanding tax lawyers he has worked with in his career.

“I’ve been very privileged to work with a lot of very key, influential, smart state tax lawyers throughout my whole career,” Shaikh said. “I attribute any type of success that I’ve had to just being able to experience that every day from the beginning of my career.”

--Editing by Patricia K. Cole.