

5 Firms Hit Hard By Rainmaker Defections In 2015

By **Jacob Batchelor**

Law360, New York (August 26, 2015, 6:05 PM ET) -- Losing a major rainmaker can hurt more than just a firm's bottom line. The loss of clients and staff who go with him or her can call a firm's overall strength into question — whether deserved or not.

"Big departures end up making a lot of emotional waves," said Larry Watanabe, founder of legal recruitment firm Watanabe Nason LLC. "Once a firm starts to lose major rainmakers, others are going to start to look at the firm and wonder what's going on."

While some coming and going of the legal world's top talent is inevitable, some experts say there is a time to start worrying if you're a big firm.

"If a partner takes some clients, usually it's not a time to panic," said Carey Bertolet, co-managing partner for international legal recruitment firm Laurence Simons. But when key departures threaten a firm's market position — whether it be geographically or in a practice area — then it's time to take note, she said.

Here, Law360 takes a look at five firms that have lost key rainmakers so far this year.

K&L Gates LLP

When it comes to partner defections, K&L Gates has been on the minds of many in the legal community.

While many think the firm — which has seen over 100 partners depart in the last year — is in major trouble, others have defended the legal powerhouse as an evolving, global machine seeking greater efficiency.

Thomas H. Petrides, the former head of the firm's Southern California labor and employment practice, is the latest to decamp, departing the firm last week for Vedder Price PC after nearly 15 years with K&L Gates.

Those recently leaving the 2,000-lawyer firm include rising partners in prized corporate and financial practices and a number of high-profile veterans, including intellectual property litigation heavyweight Michael Bettinger.

For example, litigators Greg Jackson and Danny Ashby joined veteran Steve Korotash, a former U.S.

Securities and Exchange Commission associate director, in a jump to Morgan Lewis & Bockius LLP's white-collar group in Dallas in March.

Mark Perlow, a fund management specialist who had been a rising star of K&L Gates' financial services practice and joined Dechert LLP in July, is among some of the younger or mid-career notables who have left in recent months.

Responding to a Law360 story in July about the firm's partner losses, Chairman Peter Kalis penned a sharply worded memo to partners defending the firm's finances and the results of its most recent major merger, a 2013 deal with Australia's Middletons.

"It's shortsighted to make any assumptions about the health of the firm simply based on the number of partners leaving," Jack Zaremski, founder and president of Hanover Legal Personnel Services Inc., told Law360. "Sometimes, lateral movement could very well be a positive reflection on a firm, trimming the fat to become more efficient and more profitable."

Dickstein Shapiro LLP

Dickstein Shapiro has been one of the firms hardest hit by rainmaking partners and groups departing, leaving its Los Angeles office largely decimated and fueling speculation of a possible merger in the works, experts say.

Most recently, Dickstein Shapiro's insurance group head Kirk Pasich and nine other attorneys departed in mid-July to form a new insurance recovery practice in Liner LLP's Los Angeles office.

With the group left a wealth of experience in high-stakes, multimillion-dollar recovery litigation and access to marquee clients such as Sempra Energy and Huntington Ingalls Industries, as well as a book of business valued at over \$10 million.

The move came after Cozen O'Connor in May picked up 10 Dickstein Shapiro attorneys and professionals from its state attorneys general practice to form its own competing practice. Dickstein alums Lori Kalani and Bernard Nash now co-chair Cozen's new department.

And earlier this year, partner Steven Weisburd, the firm's IP vice chair, decamped for Arent Fox LLP. Others on the firm's intellectual property team similarly jumped ship for Kaye Scholer LLP.

"Departures from firms are inevitable, and probably sometimes pretty healthy and a natural consequence of time and the market," Bertolet told Law360, declining to comment on a firm specifically.

But when faced with group practice-area departures, firms facing losses like Dickstein's need to think and react quickly, she said.

"The decision they have to make fairly quickly is: Are we going to backfill this?" she said. "Do we need this practice or don't we? You need to fish or cut bait."

McDermott Will & Emery LLP

McDermott Will & Emery has had a particularly tough year, losing many of its key rainmakers in a series of defections affecting its litigation and intellectual property groups.

In March, McDermott lost longtime trial lawyer Bobby Burchfield — who was co-head of McDermott’s D.C. office, a member of the firm’s management committee and its former head of complex litigation — to King & Spalding LLP’s own complex litigation practice in the district.

Burchfield, who has more than 30 years of experience handling antitrust, securities and other complex corporate cases, has represented the Republican National Committee and U.S. Senate Majority Leader Mitch McConnell, R-Ky. He’s also known for his representation of President George W. Bush as general counsel during his re-election campaign.

Paul Hastings LLP stole away key rainmakers from McDermott’s patent litigation team in March, hiring high-stakes technology aces Yar Chaikovsky and Blair Jacobs. Chaikovsky, who joined the firm as global IP vice chair, and Jacobs brought with them a half dozen other McDermott IP partners to its Palo Alto and D.C. offices.

And just this month, the international law firm lost Heather Egan Sussman and Rohan Massey — a pair of privacy, data security and technology practice leaders — to Ropes & Gray LLP, where they will co-lead its privacy and data security team and provide counsel to multinational clients regarding regulatory approaches in both the European Union and the U.S.

Keeping rainmakers happy is a hard job, and once one of them leaves the firm, that job may become even harder, experts say. Preventing their departure, however, may ultimately be impossible.

“The very first thing firms need to do [after a rainmaker defection] is to make certain their other primary rainmakers are secure,” Watanabe said.

Kirkland & Ellis LLP

Kirkland started out the year with an important rainmaker defection, when Paul Weiss Rifkind Wharton & Garrison LLP hired away Taurie Zeitzer, a prominent private equity pro, to join its corporate transactions team in New York.

Zeitzer, who is known for bringing in multibillion-dollar deals, has a long-standing relationship with PE giant Apollo Global Management and has handled many of its deals as well as those of its portfolio companies, including Verso Paper Corp. and alkylamines producer Taminco Global Chemical Corp. She has also worked with Searchlight Capital Partners.

More recently, Kirkland in June lost Richard Brand, a seasoned mergers and acquisitions partner with experience representing hedge funds and corporate boards in activist battles, to Cadwalader, Wickersham & Taft LLP.

Brand advised Bill Ackman’s Pershing Square Capital Management LP amid its campaign to change direction at industrial gases company Air Products & Chemicals Inc., which was counseled by Cadwalader.

Brand also advised Pershing Square in its partnership with Valeant Pharmaceuticals International Inc. on an unsuccessful \$54 billion unsolicited takeover bid for Allergan Inc., which eventually accepted a \$66 billion offer from Actavis PLC.

Additionally, he counseled the Macerich Co. in connection with Simon Property Group's \$23 billion unsolicited takeover offer and subsequent settlement with two activist investors and advised 3G Capital Management LLC in its \$28 billion acquisition of H.J. Heinz Co. with Berkshire Hathaway Inc. as a co-buyer.

White & Case LLP

While White & Case has lost a notable number of its attorneys in the past year, the firm may serve as an example that not all departures are unwelcome.

In April, White & Case seemed to suffer a rough blow to its international operations when Dentons, the world's largest global law firm, hired away approximately 50 partners, associates and staff from its Budapest office.

While the loss may have been hard for the firm, observers noted just one month prior that though the firm had lost 10 percent of its attorneys over the previous year, it was doing better financially than ever.

Rather than indicating a malignancy within the firm, former partners and industry experts told Law360 the dip is a symptom of a "get lean" strategy that is bringing in better profits.

From the start of 2014 to the beginning of 2015, the firm saw its U.S. attorney headcount drop from 626 to 563, according to Law360 400 data.

But instead of being a sign of trouble at White & Case — said to have amassed \$1.5 billion in global revenues in 2014, a 4.4 percent increase from the year before — the lawyer-shedding is likely calculated fat-trimming meant to help put it in fighting shape to play against a top-tier league of elite law firms, according to experts.

"There's no question that there's historically been a tremendous amount of fat in the legal industry," Zaremski said. "There's a real need for firms to become more efficient."

--Editing by Jeremy Barker and Philip Shea.
