

Dickstein Team Brings Depth, Marquee Clients To Liner

By **Jeff Sistrunk**

Law360, Los Angeles (July 29, 2015, 7:45 PM ET) -- Liner LLP's recent addition of a 10-member team from Dickstein Shapiro LLP headlined by prominent insurance attorney Kirk Pasich gives the firm a wealth of experience in high-stakes, multimillion-dollar recovery litigation and access to marquee clients such as Northrop Grumman Corp. and H&R Block Inc.

A little more than a week after Law360 reported the move, Los Angeles-based Liner officially announced Monday that a group including Pasich and fellow former Dickstein partners Sandra Thayer, Fiona Chaney and Michael Gehrt had come onboard to launch a new insurance recovery practice at the firm. The team will be based in Liner's office in the Westwood neighborhood of LA.

Pasich's practice, which focuses exclusively on policyholder recoveries in disputes with insurance carriers and brokers, is a perfect fit for the business-focused, 75-lawyer Liner, according to the firm's managing partner, Stuart Liner.

"We have a lot of depth in areas like entertainment litigation and real estate and have also developed a really deep practice in consumer products, retail brands and hospitality litigation," Liner told Law360. "Now it's a function of being able to integrate them while also building out some other targeted sectors of practice we feel are complimentary and strategic. Kirk's team is a natural fit, because they touch on all industries from both a transactional and litigation perspective."

Liner said he first became interested in adding an insurance recovery practice to the firm about five years ago.

"For a firm of our size, I thought it would be an ideal niche practice area, based upon, among other things, our client base and lack of conflicts," he said.

As Liner became more familiar with the insurance recovery bar, Pasich's name was "always at the top of everyone's list as being the premier lawyer on the West Coast, if not the entire country," he said. After the firm cleared any conflicts about three years ago, Liner started targeting Pasich. The pair first became acquainted in early 2013.

"When we first started talking, there wasn't a conversation about joining forces; we were just kicking around ideas about the practice of law, and what was going on in the market," Pasich told Law360. "That morphed into an idea about joining Liner."

Discussions about Pasich's team potentially coming to Liner began about a year and a half ago, but the time wasn't quite right, Pasich said, adding that the possibility of a Dickstein merger wasn't a factor in the group's ultimate decision to make the jump.

"I have nothing but good feelings about Dickstein," Pasich said. "I was happy and our people were happy."

Liner restarted the conversation a few months ago. At the time, Pasich and his colleagues were in trial preparation for a Hurricane Katrina insurance coverage dispute between Huntington Ingalls Industries Inc. and Aon Risk Insurance Services West Inc., doing 30 depositions a month. As a result, the team was in a situation where it may not have been in a position to make a move until spring 2016, Pasich said.

But that case ended up settling before trial, and Pasich and his team took several weeks off. At that point, talks about a move to Liner "rekindled in a fast and serious way," according to Pasich.

"Dickstein has no long-term debt, and recently restructured its lease in D.C.," Pasich said. "In terms of leaving, it seemed to be the right timing, where it would have no impact on Dickstein's economics. More importantly, it wouldn't impact our work with our clients at all."

While at Dickstein, Pasich and his colleagues consistently delivered results for clients, helping corporate and individual policyholders secure more than \$5 billion in insurance recoveries in recent years.

In one prominent matter, Pasich and Thayer helped San Diego Gas & Electric Co. tap nearly \$2 billion in policies to settle wildfire damage claims.

After three significant wildfires burned a substantial portion of San Diego County in 2007, losses were estimated to exceed \$2 billion. A total of 15,000 homeowners and insurers, asserting claims as subrogees based on amounts that they paid to homeowners for damage to their property, sued SDG&E, claiming that SDG&E's power lines were a substantial factor in causing the wildfires. The power company retained Dickstein to negotiate with its insurers and procure coverage.

Dickstein settled with all of SDG&E's insurers and collected more than \$1.8 billion without filing litigation.

Another Dickstein team led by Pasich in 2008 secured a \$48.5 million jury award for Sempra Energy against Marsh USA Inc., which recommended a political risk policy that failed to protect Sempra from millions of dollars in foreign investment losses when Argentina's banks defaulted in 2001. The Ninth Circuit affirmed the judgment in August 2010.

Pasich said all 50 of his clients would follow his team to Liner, including Sempra, H&R Block, Northrop Grumman, Live Nation and sports franchises including the Los Angeles Lakers and the Tampa Bay Buccaneers. The group's clients offer the firm "a tremendous opportunity" to "cross-sell alternative legal services where appropriate and to explore potential business opportunities," Liner said.

Pasich emphasized that he found the firm to be appealing because it is "really entrepreneurial in a way I haven't seen in any other firm, in terms of how they generate their revenue."

"A lot of their revenue comes from sources other than traditional fee work," Pasich said. "Stuart and others do alternative fee work, generating revenue from things that are not the practice of law per se,

but new ideas and concepts."

Liner said the firm has "a few buckets that we look at for revenues beside regular straight hourly work," noting that 15 percent of its work involves alternative fee arrangements, from contingency to success fee-driven deals.

In one recent case, the state of California agreed in February to pay \$24 million to Liner's client, a consortium of investors known as California First, over a proposed deal to sell \$2.3 billion in state-owned buildings.

"We took that case on a straight contingency even though our client offered to do it on an hourly basis," Liner said. "We elected to take that risk and partner with the client."

Liner also partners with clients in a number of ventures, including entertainment, technology and infrastructure-type acquisitions like parking companies, as well as student housing projects, commercial real estate and luxury residential real estate.

"We use the law firm as a platform to be able to partner with clients and hopefully get outside of being just a service provider," Liner said.

Pasich said his team plans to harness the firm's entrepreneurial spirit to develop innovative new insurance products.

The group previously developed lease bonds to be used by law firms and other service firms to secure real estate obligations in lieu of taking out guarantees or letters of credit, and is looking into designing an alternative insurance product to fill gaps in various industry segments.

"Any risk you can think of that may not be insurable, that's where we want to develop products," Pasich said. "Our focus will always be on doing things to help insureds. These projects will be separate from what we do for our clients; we won't mix the two."

As it has done in the past, the team will develop products to address risks from natural disasters, according to Pasich.

"For events like Katrina, Sandy and the California wildfires, traditional insurance markets are frequently tapped out, and insurers have decided not to write certain types of flood insurance or fire insurance or impose heavy limits," he said. "We're looking at developing both an alternative product and alternative market to cover those risks. If folks see they have flood, earthquake or fire risk and can't get insurance another way, if we develop a product that works, that will help fill that insurance gap."

Above all, Pasich's team will continue to provide the same level of service to its clients in insurance recovery matters on national and international levels, he said.

"The group Sandra Thayer and I have led will be the same as it has been," Pasich said. "In terms of client service, we will be more nimble and have a deeper and more expansive base here in Los Angeles. Other than a decrease in rates, I think our clients will see same kind of service they've come to expect."

Liner said he is excited about the opportunities for growth that Pasich and his team have brought to the table.

"We're really driven by building something meaningful. It's about really creating a platform and an environment that we're proud of," Liner said. "It's going to run into businesses and industries outside of the traditional practice of law. We want to surround ourselves with individuals that are going to be entrepreneurial, innovative and opportunistic. I'm confident we're going to continue to build on that."

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