


A New York Law Journal publication
New York Lawyer
For lawyers on the verge . . .

Some firms have found 45% more billable income with Juris.



LexisNexis

Search go

[Home](#) | [Register](#) | [Login](#) | [Classified Ads](#) | [Message Boards](#)



New York Lawyer | September 17, 2009

 [Reprints & Permissions](#)

One Year Later, BigLaw Still Looking to Regain Business Lost in Lehman Collapse

By [Nate Raymond](#) | [New York Law Journal](#)

[Subscribe to the New York Law Journal - 30 Days Free!](#)

One year after Lehman Brothers Holdings Inc. collapsed, the law firms that relied on it for significant billables are still adjusting to a new marketplace with one fewer player.

For some of the dozens of firms that served as Lehman's outside counsel, the work goes on in bankruptcy court. Yet in the past year, law firms have been chasing their old contacts at Lehman who have scattered to other financial institutions. The competition is heating up as Lehman's former firms vie for work performed by other banks' long-time outside counsel.

"All law firms are going to need to rebalance because there just aren't that many institutions left standing," said Weil, Gotshal & Manges chairman Stephen Dannhauser, whose firm counted Lehman as one of its largest clients even before it was hired as debtors counsel to the estate.

Lehman, the fourth largest securities firm in the country, filed for Chapter 11 a year ago this week. Other Wall Street institutions that disappeared in 2008 were The Bear Stearns Companies Inc., acquired by JPMorgan Chase & Co., and Merrill Lynch & Co. Inc., bought by Bank of America Corporation.

Most of Lehman's former outside counsel say that while the bank was a significant client, it did not provide so much revenue that the law firm could not survive without it or find new work to replace it.

For example, Cadwalader, Wickersham & Taft, which counted Lehman as a transactional client, said in bankruptcy papers that Lehman owes it \$10.75 million, one of the largest claims by a law firm against the estate. Asked about the longterm impact of the loss of Lehman on the firm, a spokeswoman for Cadwalader said, "Our profitability numbers [for 2009] will provide the best guidance on that point."

She added, "We have had positive results from former Lehman contacts who have landed at other institutions."

Perhaps the firm most closely associated with Lehman before its demise was Simpson, Thacher & Bartlett, which represented the firm and its predecessors for several decades. Lehman's chief financial officer, Erin Callan, was a former Simpson Thacher tax associate. One of Simpson's largest private equity clients, The Blackstone Group L.P., was co-founded by the former head of Lehman's mergers and acquisitions group, Stephen Schwarzman.

A lawyer familiar with the firm's revenue said Lehman was a "significant" client of Simpson's but that the firm had larger clients pre-bankruptcy, including JPMorgan Chase, KKR & Co. L.P., Blackstone Group and The Travelers Group Inc., among others. In the bankruptcy of Motor Coach Industries International Inc., Simpson said in its debtor's counsel application last year that Lehman's billables made up more than 1 percent of the firm's revenue from 2005 to 2007.

Law Firms

New! [Hard Times](#)

[NYLJ Professional Announcements](#)

[The NYLJ 100](#)

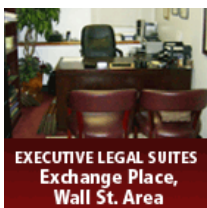
[The AmLaw 100](#)

[The AmLaw 200](#)

[The AmLaw Midlevel Associates Survey](#)

[The Summer Associates Survey](#)

[The NLJ 250](#)



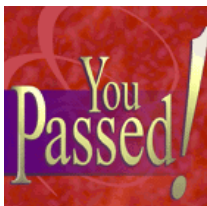
Beyond Firms

[The New York Bar Exam](#)

[Pro Bono](#)

New! [Lifestyles](#)

[NYLJ Fiction Contest](#)



Get Advice

[Advice for the Lawlorn](#)

[Crossroads](#)

[Message Boards](#)

Services

[Contact Us](#)

[Corrections](#)

[Make Us Your Home Page](#)

[Shop LawCatalog.com](#)

[This Week's Public Notices](#)

[Today's Classified Ads](#)

[Who We Are](#)

It's simple at **lexis.com®!**

Select a **legal topic or headnote...**



VIRTUAL LEGALTECH™

The Most Important Legal Technology Event Online

Launching Nov. 19!

New York Law Journal's

GALLERY of HOMES



[Click to Find Your Dream Home!](#)

CLASSIFIED ADS

JOB_{of the}WEEK

PROPERTY_{of the}WEEK

Litigation Paralegal

**Office Space For Rent
8th Ave & 38th St.**

Public Notices

Create a Domestic
LLC/LLP Public Notice
Place a Foundation Ad

"Anytime you lose an important client like that it hurts," said a Simpson partner familiar with the matter. "But because of the breadth and depth of our practice, it's not a major void."

In 2008, Simpson Thacher grossed \$904 million, down 6 percent from 2007, according to The American Lawyer, a Law Journal affiliate. Profits per partner fell 13.7 percent to \$2.48 million.

Increased Competition

For the long term, Simpson is attempting to leverage its Lehman contacts into new work as the bankers land on their feet at other institutions. Since the bankruptcy, Simpson has pushed to land business from Barclays PLC, which acquired much of Lehman's assets last year for \$1.75 billion.

In June, Simpson represented Barclays Capital Inc. as deal manager in Cinemark USA Inc.'s offering of \$470 million in senior notes. That same month, Simpson represented Barclays Capital and Lazard Capital Markets LLC as lead underwriters in raising \$172.5 million through a public offering of 11.5 million shares. The firm continues to get work from Barclays in its capital markets and investment-banking department, two lawyers close to the matter said.

But Simpson faces competition from law firms with historical ties to Barclays as well as other Lehman outside counsel.

Latham & Watkins, for example, receives a steady stream of work from both Barclays Capital and Barclays.

"We did a lot of work for Lehman and we did a lot of work for Barclays before Barclays and Lehman were the same thing," said Kirk Davenport II, chair of Latham's capital markets department. "And we're continuing to do a lot of work for the larger Barclays now that they include a lot of the Lehman folks, or some of them."

And then there is Weil Gotshal. Bankruptcy records show the law firm earned \$51.8 million in the year before Lehman filed for bankruptcy.

"A lot of the Lehman people have gone to Barclays, and we've established relationships with Barclays," said Marcia Goldstein, a Weil partner working on the Lehman bankruptcy. "We do get work from them."

Beyond Barclays, though, are a range of boutiques, hedge funds, and other institutions that have taken on Lehman bankers, creating another source of potential work.

"While many [people] went to Barclays, many went elsewhere, and each one of those individuals had relationships with a handful of law firms," said Elliott Portnoy, chairman of Sonnenschein Nath & Rosenthal. "Where the relationships are strong and deep those law firms are being given the opportunity to vie for new deal work, the establishment of new funds, and efforts in the transactional space that were relatively absent for much of those years."

Sonnenschein in December picked up 100 lawyers from Thacher, Proffitt & Wood, which historically handled structured finance work for Lehman.

But while the former Lehman bankers may have found new homes, the number of mergers and acquisitions are down and corporate finance activity remains weak. Replacing clients such as Lehman and other financial firms that failed will take time, lawyers say.

"[Lehman] was one of our significant institutional relationships," Mr. Dannhauser said. "It will be our challenge to replace it with relationships with other institutions."

Among the dozens of other firms that counted Lehman Brothers as a client are Clifford Chance; Gibson, Dunn & Crutcher; Jones Day; and McKee Nelson, now part of Bingham McCutchen.

[Terms of Use](#) and [Privacy Policy](#)



QUICK SEARCH

Select Category

State

Keyword

[SEARCH JOBS](#)

