

A Lawyer's Deal Lawyer

Shartsis partner carves niche in helping start, merge and end law firm partnerships

By Petra Pasternak

RECORDER STAFF WRITER

Last year's dramatic rupture of class action king Milberg Weiss Bershad Hynes & Lerach might easily have ended up in court.

Unwinding the storied partnership meant negotiating everything from credit lines and capital accounts to who would keep which clients.

For help, the West Coast contingent of the firm turned to Shartsis Friese partner Jeffrey O'Connell, a business attorney who has quietly created a niche practice in advising lawyers and law firms in starting, merging and ending partnerships.

"It was a very long and arduous process, but we got through it," said John Stoa Jr., now a name partner in the West Coast firm Lerach Coughlin Stoa Geller Rudman & Robbins.

Avoiding litigation was high on the list of priorities in the yearlong ordeal, Stoa said. "Jeff was awesome, very smart and very able to not only see the big picture but also the minutia and detail that other lawyers might overlook."

More recently, O'Connell represented Hancock Rothert & Bunshoft partners in merger talks with much-larger Philadelphia firm Duane Morris. He also advised tiny IP firm Flehr Hohbach Test Albritton & Herbert in its 2002 combination with Minneapolis-based Dorsey & Whitney.

With mergers getting more complicat-



JASON DOY

A FIRM GRASP: Jeffrey O'Connell helps partners at smaller shops — ones without M&A departments — negotiate everything from credit lines to partner pay.

ed, O'Connell's services are increasingly in demand — especially at smaller shops that don't have their own army of M&A lawyers. Clients say he not only stays on top of paperwork but can offer advice on structuring partner compensation. "Money is always a point of contention," O'Connell said.

Though legal consultants say it is unusual for firms to seek counsel for mergers, in some cases, they say, it makes sense. Smock Sterling legal consultant Peter Giuliani said merger agreements tend to be lengthy and complicated. "If you're a litigation firm, you [likely] don't know anything about M&A," he said.

The need for his services, O'Connell agreed, isn't generally at the "megafirm" level. "The Pillsburys tend to have extensive M&A practices already," he said.

Hancock partner Ronald Ruma said that when merger talks with Duane Morris turned serious, partners at his firm needed someone experienced to field their questions about what to them was "arcane" material.

"We did not feel comfortable advising ourselves in a doctors-don't-treat-themselves-way," Ruma said. "We needed ad-

vice from a deal lawyer."

Ruma said O'Connell helped the lawyers understand what the other side's lawyers were thinking and to document deal points in "mind-numbing" amounts of paperwork.

In December, Ruma said there were millions of details still to be addressed ahead of the Jan. 1 date for finalizing the merger. But there haven't been many surprises. "He's done a very good job in helping us manage our expectations."

O'Connell's partnership agreement work grew out of his general transactional practice and picked up steam in the mid-1990s, when California enacted its limited liability partnership statute. Before the act, most firms were general partnerships; now most are LLPs.

"It caused a lot of firms for the first time to sit up and take a look at what they're trying to accomplish," O'Connell said. "I did a lot of counseling back then."

One thing that O'Connell said surprises him is how little heed some lawyers pay to their partnership agreements. "I have found that most partnership agreements of law firms either completely ignore the concept of a merger or deal with it in a

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cursory fashion," he said.

Key to O'Connell's success, and probably the reason most lawyers haven't heard of him, is discretion. Clients say O'Connell handles the often tricky deals with so little fanfare that only those involved usually know the role he plays. And he still won't talk about the juicy details. "They are matters still relevant to the people," he said.

His low-key style is something that clients appreciate. Stoia described O'Connell as unflappable, tackling the work with a methodical, no-nonsense approach. "He's not a big self-promoter," Stoia said. "He's a very

nuts and bolts kind of guy."

Fleshing out the Shartsis team are litigation partners Robert Friese and Joel Zeldin, and Geoffrey Haynes on taxes.

Legal consultants say that O'Connell's corner of law isn't one in which many individual lawyers or law firms specialize. Richard Gary of Gary Advisors said this was the first he had heard of an outside lawyer representing a firm. "I think it's unusual, at least in my experience, for firms to enlist outside counsel in connection with a merger or acquisition," he said.

New York-based Greenberg Traurig partner Leslie Corwin, possibly one

of the best-known U.S. lawyers handling disputes among lawyers, said those matters make up about 40 percent of his practice. "It's a narrow specialty [only] a few do," Corwin said, adding that he wasn't familiar with O'Connell.

Neither fame nor obscurity concern O'Connell's clients. "I don't know whether what he does is unusual or not, and I don't care if it is," Ruma said. "We needed someone who specializes in what he does."

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