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Business

Law Firm Teaches Corporate Transactions 101



ROBERT LEVINS/Daily Journal

Les Granow, managing director of Guliani Capital Advisors, talks to Sheppard Mullin summer associates during a business-law transactional clinic at the firm's downtown L.A. office. The clinic has the trappings of a real deal, and participants describe it as an invaluable experience.

By Drew Combs
Daily Journal Staff Writer

LOS ANGELES — When John D. Berchild Jr. began as a summer associate at Sheppard, Mullin, Richter & Hampton in 1971, the firm comprised 33 attorneys working out of an office on Spring Street in downtown Los Angeles.

“You had to step over the drunks to get into the building,” he said with a chuckle.

Once in the office, Berchild and three other law students sat at a “big, long table” in the firm’s library, where they spent three months doing research and introducing themselves to anyone who came in the library, he said.

A lot has changed since then. Sheppard Mullin has 54 summer associates working at eight of the firm’s nine offices. And partners at the now 470-attorney firm take what might be considered a more

progressive approach to their summer associates.

For starters, summer associates get offices. And they have the option of participating in comprehensive training programs such as the firm’s business law-training clinic which aims to provide a broader view of legal work than that offered by piecemeal research projects.

“With this program, we try to give these students a conceptual platform so they can

see a deal from beginning to end,” Berchild, who made it out of the library and is now a partner at the firm, said about the business law-training clinic of which he serves as a team coach.

During the two-week clinic, firm summer associates assume different counsel roles in a mock asset acquisition supported by a bank loan.

The two-year-old program is the brainchild of Sheppard Mullin senior adviser and former partner William M. Burke and is modeled after the firm’s seven-year-old litigation training program for summer associates.

Burke said the clinic was initiated to give summer associates with an interest in pursuing a transactional practice the same in-depth experience offered to those at the firm interested in careers in litigation.

According to Burke, the business law training clinic also offers a realistic and complete picture of transactional work, which is often not explored in law-school classes or even clinical programs.

“Law students know substantive law and legal principles but have little training in doing deals,” he said.

Burke said that the program also demonstrates to law students, the best of which entertain multiple offers from firms, that Sheppard Mullin is committed to their development and training as lawyers.

“The clinic is a big commitment by the firm because, for two weeks, it takes these summer associates out of the normal summer program where they do work for associates and partners,” Burke said. “The partners, associates and management of the firm are very supportive of the clinic because it is a good way to train these students and attract them to the firm.”

Last summer, the clinic was held only at Sheppard Mullin’s downtown Los Angeles office, and participation was limited to summer associates in Los Angeles and Orange counties. But this year, the clinic was offered both in the Los Angeles and San Diego offices, and 28 summer associates from firm offices in New York, Los Angeles, San Francisco, Century City,



ROBERT LEVINS/Daily Journal

Lindsay Young, left, and other summer associates listen during the business transactional clinic, for which they completed a transaction.

Orange County, Washington, D.C., San Diego and Del Mar Heights participated.

This time around, students were responsible for completing a transaction in which a publicly traded conglomerate wants to purchase a closely held company that manufactures outdoor lighting equipment. The purchase is partially financed with a loan.

Similar to last year, summer associates were divided into multiple teams of two with each team representing different parties to the transaction, such as the buyer, borrower, seller or lender.

The law students were provided with extensive background facts about both companies, information they used to negotiate the terms of the purchase, such as what assets would be included in the transaction and what would be the resulting management structure. The terms of the loan were also negotiated.

“I was surprised by how much things get negotiated,” said Andrew Weinberg, a law/MBA student at Duke University who

participated in this summer’s Los Angeles clinic. “Even after the economic terms have been set, the lawyers still have a lot of work to do.”

In addition to the negotiations, the summer associates also drafted documents containing the agreed-on terms.

A coach, usually a Sheppard Mullin partner, guided each team through these processes.

“The amount of involvement of all the coaches was astounding, given that they have their own practice,” said Lindsay Young, a rising third-year at Georgetown University Law Center and a participant in the Los Angeles clinic. “They were checking up on us and made sure we understood everything.”

Clinic participants said that the coaches played an integral role but made sure it was a learning experience.

“Their time and expertise was important,” Weinberg said, “but they didn’t tell us what to put in the document. They tried to engage us and get us to think about our clients’ best interests.”

In addition to a mock transaction, the clinic included lectures by others involved in transactions of this nature, such as bankers.

Similar to a real transaction, the two business training clinics ended with dinners: The Los Angeles clinic participants celebrated the closing at the Jonathan Club, at which the summer associates were presented with a Lucite, a type of plaque that is frequently presented when lawyers complete a corporate transaction.

While the business-law training clinic had many of the trappings of a real deal and those summer associates who participated in it described it as an invaluable learning experience, the program was not without its detractors.

“When I told my friends about the program, they said, ‘You don’t have to do any real work,’” Weinberg said. “But I was at the office 10 hours drafting those documents.”

He added, “None of us thought of this as fake work.”