

Sheppard culled laterals from out-of-state firms

By Alexandra Schwappach
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Finding success in the lateral market is nothing new for Los Angeles-based Sheppard, Mullin, Richter & Hampton LLP, but this year the firm has attracted more than its usual number of lateral partners in the state, something legal observers attribute to the firm's deep California roots at a time when many out-of-state firms are struggling to hold on to their ranks.

Of the 21 lateral partners Sheppard has brought on so far in 2014, 16 of them were in California. Last year, only 10 of the 24 partners the firm added were in state.

In February, the firm added three partners from Bingham McCutchen LLP — Raymond C. Marshall, Krystal N. Bowen and David S. Cannon — to its white collar and business trials team. Hiring really picked up steam in April when the firm poached 10 real estate and insurance partners from McKenna Long & Aldridge LLP for its downtown San Diego and Los Angeles offices, including highly regarded rainmakers Nancy T. Scull and Peter H. Klee. During the summer the firm grabbed a few more key hires, including real estate and land use partner Jennifer Renk from McKenna Long.

Finally, last month, the firm added corporate attorneys partner Joshua A. Dean in Orange County and special counsel Thomas G. Reddy in San Francisco from Bingham.

Since Guy N. Halgren took over as chairman in 2001, the 650-attorney firm has added 233 lateral partners. Of the firm's 15 offices, seven are in California, with the majority of

its attorneys practicing in the state as well. Most of the firm's growth this year in California has been in insurance, real estate and health care, though the firm is also known for its strong corporate, intellectual property and midmarket M&A practices.

"Even though we've had some tough years in there, we've kept our eye on growing areas that we want to invest in," Halgren said in an interview.

Orange County-based legal recruiter Diane Rifkin said Sheppard's large firm resources and reputation coupled with being indigenous to the area make it appealing to lateral hires. Often firms from other parts of the country open offices in California without a true understanding of how deeply-rooted clients and practices are in the area.

"As an established full-service firm based in Los Angeles, with founders grown and educated in Southern California, Sheppard knows first-hand what it takes to succeed in the SoCal markets," Rifkin said.

Both McKenna Long and Bingham are based outside of California, having entered the area by combining with other local firms. Bingham was created through a series of mergers — first with San Francisco's McCutchen, Doyle, Brown & Enersen and the later with two other L.A. firms — while McKenna merged with San Diego-based Luce, Forward, Hamilton & Scripps LLP in 2012.

Legal observers say many of the recent departures from Bingham and McKenna were those who originally started at these local firms before the mergers, and who wanted to be at a firm with deeper California roots.

The majority of Sheppard's additions from McKenna, for example, were former Luce Forward partners.

Sabina Lippman, an L.A.-based legal recruiter whose firm, Lippman Jungers LLC, brokered a significant number of moves to Sheppard — including Dean and Reddy's jump last month — said the firm's hands-on recruiting strategy, collaborative culture, competitive rates and California roots make it appealing to laterals.

"Sheppard has the range and depth of practice areas that laterals need from the standpoint of supporting a California practice, and increasingly strong offices in New York, D.C. and Chicago," Lippman said. "They also know how to price creatively for different practice areas and geographies."

Though hiring is easy, smart hiring is not, Rifkin said. Many well-known firms in the past 10 years have dissolved due to employing partners who were not self-supporting.

"Growth for growth's sake is rarely effective long-term, whereas strategic and deliberate hiring based on a firm's overall goals and financial stability is more likely to succeed," she said.

Sheppard requires new hires in California to travel to all seven of its in-state offices. Marshall, who joined Sheppard in February with two other white collar partners, said though the tour is time-consuming, it pays off in the end.

"It's a real chance to get to know the firm," he said. "For partners like myself who have choices on what firm to go to, Sheppard is a destination firm."