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THE NEWS

Sheppard Mullin Continues to Grow its Real Estate Practice

Land-use team's move from Allen Matkins reflects development trends as market positions itself for an eventual increase in demand

BY KEELEY WEBSTER / CREJ Staff Writer

A Los Angeles-based law firm has been working to bolster its land-use practice during one of the most dismal eras in commercial real estate.

The most recent move in this direction taken by **Sheppard, Mullin, Richter & Hampton LLP** was to woo a five-person land-use team led by Jerold Neuman and Michael Kiely away from Allen Matkins Leck Gamble Mallory & Natsis LLP.

The retirement of Jack Reubens, the partner in the Los Angeles office of Sheppard Mullin, who ran the firm's land-use practice, prompted it to begin a search, said Domenic Drago, who works out of the San Diego office as the co-chair of the firm's Real Estate, Land Use and Environmental group at Sheppard Mullin.

"We have been growing in land use and real estate for the last three years," Drago said. "Los Angeles was a target where we didn't feel like we had a large-enough group."

Drago first approached Neuman and Kiely in June about moving their practice to Sheppard Mullin.

Neuman and Kiely joined the firm as partners. The other three members of the former Allen Matkins' team are Philip Tate, Alfred Fraijo Jr. and Claudia Gutierrez, who joined as associates.

"A lot of our partners had worked with them in the past," Drago said. "We met with them and decided it was a good fit. They like our firm — and here we are."

The team's last day at Allen Matkins was Nov. 2 and they officially began work at Sheppard Mullin the following day.

Other moves to bolster the law firm's land-use practice have included bringing on Judy Davidoff and Art Friedman in San Francisco in 2007. Last year, Sheppard Mullin hired an eight-person team in Orange County led by Geoff Willis and



Pictured left to right are Mike Kiely, partner, Jerry Neuman, partner, Philip Tate, associate, Alfred Fraijo, Jr., associate, and Claudia Gutierrez, associate. The five-member team that specializes in land use law joined the Los Angeles office of Sheppard, Mullin, Richter & Hampton LLP on Nov. 3.

Deborah Rosenthal.

Six months ago, Pamela Westhoff, formerly of DLA Piper, joined Sheppard Mullin, bringing an associate and team of paralegals.

Sheppard Mullin has 550 attorneys in 11 offices in the United States and Asia. As a full-service law firm, with such recession-resistant specialties as litigation and bankruptcy, Sheppard Mullin has not experienced the same problems that

more specialized law firms have during the downturn, Drago said. Hence the ability to continue to add lawyers despite the recession.

What was an opportunity for Sheppard Mullin did not turn out to be too disruptive for Allen Matkins, which specializes in commercial real estate and has many attorneys specializing in land use.

"Did I like Jerry and wish he had stayed at the firm? Yes," said Tony Natsis, a name

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partner with Allen Matkins. “Did we all drop dead over this? No.”

Natsis compared losing Neuman to losing a second baseman, not his whole team.

“We have political people left. We have associates and lawyers in the downtown office that are well-connected,” Natsis said. “Jerry is very good at that and should be admired for it.”

It would have been different if he had taken 20 people with him, Natsis said. He added that Allen Matkins has 20 attorneys across the state experienced with land issues in the political arena.

Responding to the Market

Allen Matkins has laid off 11 people since the recession started, Natsis said.

Political juice and comprehension of the development process isn’t as key in an environment where development was one of the hardest-hit areas in commercial real estate, he said.

“Right now people are entitling with no intention to build because there is no financing and no tenants,” Natsis said. “They are entitling now so that when the economy comes back around they can hit it on the head.”

Neuman was a respected land-use attorney with political know-how at Allen Matkins, populated with many lawyers with such traits. At Sheppard Mullin he brings a talent to a law firm that is trying to build a platform in an area that was not a particular strength for it, Natsis said.

“At Sheppard, they are going to start from scratch,” Natsis said. “It is not a land-use firm at all or a development firm.”

Drago agreed that in Los Angeles, Sheppard Mullin was not as deep as would like to be in the land-use arena. But Drago runs a 55-person team focused on different facets of commercial real estate in California.

Neuman has five areas he plans to focus on in growing the firm’s land-use practice in the Los Angeles office. First, he wants to maintain a presence in traditional real estate. Second, he wants to work with the firm’s corporate real estate attorneys to help corporations scout cheap land opportunities for buildings. Third, he wants to work with studios looking to expand their facilities. And fourth, he wants to expand into working on international land-use deals. Finally, he wants to tar-

get opportunities in education and health care.

“My expectation is we can double what our group’s practice was at Allen Matkins through the move to Sheppard Mullin,” Neuman said.

Working with attorneys at his new firm, including those who specialize in corporate law, to generate more transactional business, was a big draw for Kiely.

“Drago told us that land use is considered one of the crown jewels of Sheppard Mullin,” he said. “They understand the cyclical nature of a real estate practice and they are embracing it. They said that real estate lawyers are great for Sheppard Mullin in up markets and they are willing to work with them in down markets.”

Although no one would discuss the benefits, Kiely did say that the move involved an attractive financial package.

Both Neuman and Natsis made the split sound amicable in regard to questions about clients that the new team may have left with. And in some instances on ongoing projects, Sheppard Mullin’s new team may be working with Allen Matkins attorneys to represent clients on ongoing projects.