

NEWS

Recession spurs staff shake-ups at law firms

BY VALERIE MILLER

Layoffs are the most obvious sign of the recession's effect on local law firms. But as the economy bottoms out, a voluntary exodus of partners and the opening of smaller firms could forever alter the industry.

The layoffs last month of at least 16 employees, including nine attorneys, at Kummer Kaempfer Bonner Renshaw & Ferrario was the largest announced by a Nevada law office since Portland, Ore.-based Bullivant Houser Bailey reduced its Las Vegas office by about half last fall. However, the Kummer Kaempfer cuts were soon followed by the departures of two firm partners and an "of counsel" attorney. The trio has started its own business law firm, Coppedge Emmel & Klegerman.

The startup will serve the same types of corporate clients as Kummer Kaempfer and other large firms, but will offer lower rates, Neil Klegerman said. The lawyer spent about seven years at his former firm. His partner, litigator Joe Coppedge, was with Kummer Kaempfer for 15 years. They resigned in early March. Kummer Kaempfer partner Allen Emmel also left alongside Klegerman and Coppedge, after spending five years with the law office.

"Everybody was friendly and cooperative, and it was a good smooth transition," Klegerman said.

He said a desire to do something entrepreneurial and a desire to capture value-oriented customers motivated him to start the boutique law office on 5586 S. Fort Apache Road, Suite 110.

"We looked at this economy and saw an opportunity to deliver services at a lower rate," he said.

The lower overhead of running a three-attorney, 1,600-square-foot office will allow substantial savings for clients when compared to "big firms," Klegerman said. However, he declined to say how much the firm will bill per hour.

"There are just the three of us to clear (a discount) with," he said.

Klegerman hopes that his firm and Kummer Kaempfer can refer clients back and forth. He calls Kummer Kaempfer Bonner Renshaw & Ferrario Managing Partner Mike Bonner a "friend."

Bonner had good things to say about his former colleagues and added that such referral sharing was possible. He



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Attorneys from left, Allen Emmel, Neal Klegerman and Joe Coppedge stand March 17 in their new office at 5586 S. Fort Apache Road, Suite 110. The trio left Kummer Kaempfer weeks ago to start a smaller firm, Coppedge Emmel & Klegerman.

said there were no immediate plans to replace the three departed lawyers, but didn't rule out new hires.

Klegerman insists the trio's departure was unrelated to the February layoffs. Kummer Kaempfer listed 43 local attorneys and 58 support workers before the cuts, but has seen 12 lawyers and at least seven support workers leave in the last month.

The layoffs were made across the firm's offices in Las Vegas, Reno and Carson City. Seven of the nine lawyers laid off were from Las Vegas, as were the majority of the support staff.

Bonner said the layoffs, which were the first in the firm's history, were difficult.

"Our approach was to be up front about it," he said. "We wanted our

(remaining) staff to know and not speculate, and we wanted the people who were leaving to know they left with our best wishes, and we wanted to help them find jobs."

Meanwhile long merger talks ceased between Kummer Kaempfer and Greenberg Traurig, which has a 25-attorney office in Las Vegas. The discussions ended after the layoffs had taken place, and Bonner calls the two developments "unrelated."

"We have stopped discussions, or ended discussions, on a very friendly basis," Bonner said.

He declined to give more details.

Greenberg Traurig has 1,800 lawyers in 32 locations.

Some local lawyers surmised the costs of merging in this economy are prohibitive, especially if it means spending more money on rent.

"A law firm's biggest expenditure is employees, but the second biggest expenditure is overhead," said Ron Thompson, the managing shareholder of Santoro, Driggs, Walch Kearney Holley and Thompson law firm. "If the merger target has a lease with a lot of time left on it, that can stop a merger."

Thompson said he couldn't comment on the Greenberg Traurig-Kummer Kaempfer merger proposal.

Transactional attorney and former Fennemore Craig partner David LeGrand said he believes more local law layoffs loom. He recently left his firm this month after "seeing the handwriting on the wall."

"The belt-tightening has only begun," he said. "Things are going to get a lot worse before they get better."

Smaller numbers of layoffs have been confirmed by law firms including Jones Vargas and Fennemore Craig. Jones Vargas reported the layoff of one attorney and nine staff members in February. Fennemore Craig laid off one lawyer in February and another staff member when LeGrand departed earlier this month, said John Mowbray, Fennemore Craig's managing partner. He said the firm didn't prompt LeGrand's departure.

"This was David's decision and his alone," he said. "We contemplated supporting him with salary."

Law firms often adjust their budgets and salaries according to their expected revenues.

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