
Of Counsel Interview . . .

LA Firm Attracts Entrepreneurial Attorneys to Establish Footholds in Entertainment & Real Estate Law

Lawyers at the 60-plus-attorney law firm of Liner Grode Stein Yankelevitz Sunshine Regenstreif & Taylor in Los Angeles realize that their partnership has a long name. And that is likely to change soon as the firm embarks on a rebranding campaign.

But more importantly, they understand that they've built a full-service firm that's especially known for its legal expertise in the two industries that drive LA's economy: the entertainment arena and real estate.

The partners have cornered a fair share of the Southern California legal market behind the leadership of co-founder and managing partner Stuart Liner, who has guided his firm with keen business management skills. "Stuart understands the business of law in a unique way and has combined that knowledge with his legal acumen to lead our firm very well," says firm partner Angela Agrusa, who has known Liner since their days together at

Loyola Law School. "I tell our young lawyers that they have a real opportunity to learn how to run a law practice, how to view themselves and their clients as a team, and how to structure business relationships to be productive for the clients while keeping this firm economically viable and successful. To a great extent, that comes from Stuart's leadership."

Liner's also adept at attracting and working with a certain style of lawyers, Agrusa adds, those who are aggressive, entrepreneurial experts in their fields. "He's sort of the alpha's alpha," she says. "He has a special ability to lead a group of leaders, and I remember seeing that in law school. Even at a young age, he had a cadre of bright, energetic people who collected around him."

Now, more than two decades removed from law school, Liner has served some of

Continued on page 20

Of Counsel Profile

Continued from page 24

the nation's most prestigious companies and has represented employees in class-action litigation, all while leading Liner Grode Stein to prominence in the LA market and beyond. Recently, *Of Counsel* talked to Liner about his career, the firm's strategy, its culture, his management of it, its use of alternative fees, and other topics.

Of Counsel: What attracted you to the legal profession, Stuart?

Stuart Liner: It essentially came from a desire to have a vocation or trade of some kind. I grew up in a family in which my father was a salesman in the truest sense and went from job to job with no real reliable skill set except being a mouthpiece. And it was clear that I didn't have the skill sets to become a doctor or an engineer. But I did have a gift of gab, if you will. So it became a natural alternative to go to law school because I was interested in being an advocate and arguing on behalf of clients and also because it was still a profession that was respected.

OC: Do you think it is still is?

SL: You know, I have great respect for the profession. I know, however, that it's taken some punches, and it's much different even from when I started practicing in terms of how the practice is conducted and how the business is run. But I'm still very fond of the profession, and I like working with lawyers.

Getting Locked Out Had Upside

OC: OK, so let's get back to your past.

SL: Yes, I put myself through college and through law school without any assistance. During law school, I worked and really had

to scrape by. Ultimately, I came out of law school knowing that I wanted to be a litigator, and I went to work for a sole practitioner who had a whole range of business and collection-type cases. He was fairly long in years and didn't have any further desire to go into the courtroom, and so it was perfect for me to be able to run all over town trying cases. In my first year of practice I tried 10 or 11 cases.

So I was able to cut my teeth in the practice, get self-confidence in the courtroom, and understand what was involved without being stuck in a library, which I had no interest in. I didn't want to be reading arcane areas of law or reviewing documents. I wanted to be with people and part of the solution in a front-room perspective as opposed to a backroom perspective.

OC: I see. How long were you there as a solo practitioner?

SL: I was there for a couple of years and then made a move to a firm that's no longer in existence, which had been together about 30 or 40 years. I was with them for two years, and then they made me a partner. In my fourth year of practice, I was fortunate enough to have originated some solid work from some good clients, and they were very supportive of that and really did give me not only the resources but the self-confidence to do that.

OC: Was that at Levinson Miller [Jacobs & Phillips]?

SL: Yes, and then I ended up leaving there several years later, sometime late in '95, having more to do with the recognition that they were older guys, and they really weren't going to give up control of the law firm and create a transition to the next generation. There were some real fundamental problems with the business model.

So one of my partners at that law firm and I started talking about collaborating to do something together. The managing partner

got wind of that and essentially locked us out of the law firm.

But with every negative hopefully comes a positive. We bounced out of that into a very swift partnership with two guys that lasted only a few months and was a disaster, in which we moved into their law firm and it became crystal clear to me that the only path for me was to go out on our own. So Steven Yankelevitz and I did that in January 1996, and we each had one associate at the time. I literally had to find office space, computers, office furniture, and have us up and running in four days. It was chaos, to say the least.

OC: And you've grown the firm to about 80 lawyers now?

SL: Well, at its peak it was 80 lawyers. Now it's closer to 60 lawyers. We definitely had a retrenchment and a reshaping of how we conduct business, which we did at the time of the recession, so over the course of the last couple years we have definitely shrunk at some level and have gotten a little more strategic about how we're making our money.

Operating Without Bureaucracy

OC: So the firm has been in existence since 1996. When you talk about Liner Grode Stein how do you describe the law firm? Do you describe it in terms of the types of cases you take or the culture?

SL: Well, I do think that we have a unique culture. We essentially consider ourselves a flat organization, and there really is no bureaucracy, there's no management committee, there are no partner meetings in the traditional sense, and we've never had votes. This is an organization in which I take a primary lead role in running this business and spend my day walking from office to office building consensus with my partners.

As a firm that's grown from thin air into a smaller midsized regional law firm, I think that for the most part people have come here

and stayed here because of strong relationships and because we've been able to avoid the politics that often plague firms; we've been able to avoid factions; we've been able to avoid the typical things that lawyers fight about.

For the most part, I'm the only person who knows what everybody makes. The idea behind that is everybody knows, for better or worse, what their value is in the market. It's a free agent market in Los Angeles in particular. Whether people are testing the market daily or whether they are being reminded of it because they're getting approached by headhunters, people know what their worth is. As long as you're paying people what their value is, that should be sufficient. What we have found at other law firms is that they're happy with their compensation until they find out what Lucille McGillicuddy or Fred Mertz down the hall is making. We really prefer not to run our business that way.

So for our purposes, we've been fortunate to retain quality people. There's a certain kind of person who is going to come to our law firm and we recognize that distinction. For those people who are cowboys, mavericks, who want to carry their own bags, otherwise view their practice as something in which they need flexibility or want to take some risk on opportunities, we're the best choice for them.

OC: You're a full-service firm. You yourself do a lot of real estate and commercial litigation. Is there a focus or practice area where you do more work?

SL: There are large groups of practices. Some have much higher profit margins as opposed to others. Some are areas in which we've been fortunate enough to have practices, but they're not driven by they're more commodity work. We do believe that serves a function for a firm of our size.

But we are very much at the forefront in certain areas, both where it relates to entertainment finance, entertainment litigation,

real estate transaction, real estate litigation, and then what we call a catch-all, the business litigation group, which is actually our largest group of people. These are areas in which we find great success, great clients, and great opportunities. And there are offshoots. We do some white collar criminal work, we've got some recognition from that, and we do product liability work, which falls into the litigation group. There are a lot of subsets of this. But in the big broad strokes, those are the areas.

Frankly, in Los Angeles, there are really only two industries left. There's entertainment, and I guess you could call real estate an industry. Everything else is pretty much getting sourced here from Fortune 100, 200, or 500 companies that are primarily located somewhere else. So what ends up happening is we find ourselves competing with law firms that have much stronger relationships in Pittsburgh or Delaware or wherever the home base is for that company in which their general or national counsel is located. And those firms have put boots on the ground here, and they're getting fed some of that work.

It just became a shrinking pool for us, so we really did start to telegraph those areas that we felt were going to be the most profitable, the most productive, or that we were going to have the best chance of catching that work.

Serving the Little Guy

OC: I want to shift over to your career. Looking at the cases listed in your bio on the firm's Web site, it looks like you often protect the little guy. You represented the employees of Rite Aid and you were counsel in litigation involving the McKesson Profits Sharing Plan, one of the nation's most significant employer stock cases. Is that something you gravitate toward or you want to do?

SL: Some of it was just based upon the good fortune of having smart partners who

were able to help call out these opportunities. My role often involves a very strategic perspective, ultimately to move the litigation either to a good result [like a lucrative settlement] or to make sure that we're prepared for battle in trial. But yes, in a nutshell, my view of it is that I like the underdog. I like the big fight.

We've recently just filed a pretty splashy piece of litigation, a lawsuit against the state of California in a failed deal involving \$2.3 billion worth of buildings that were supposed to be sold to my clients. It's an uphill battle; it's the kind of thing that I like to take on. I like the challenge of it, and I like building the case, both from a litigation perspective and from the political and/or PR perspective to try to bring a high degree of pressure against the opposing side. And that definitely is where I enjoy practice the most.

OC: The Rite Aid case [in which he represented a class of 20,000 employees of the drug store chain that resulted in a \$70 million settlement] must have been satisfying for you.

SL: Yes it was. Often when you're looking at the people who have been harmed in this kind of litigation—and you can never make the people completely whole—you have the opportunity to right wrongs and build strong relationships with these clients. Obviously, this is why we do it. Those of us who are in this business, in order to be successful at it, you really do have to enjoy solving other people's problems. That has to be what drives you, almost at the expense of your own problems. You've got to be driven by that desire. For better or for worse, my DNA is certainly driven that way.

OC: To shift gears a little, are you and your partners getting away from the billable hour?

SL: I think that we've always historically tried to dedicate a certain amount of our human power toward alternative or contingent fee arrangements, both in

the transactional and litigation fields. We've always been committed to it, and every year there has been a solid percentage of work that has been dedicated toward that.

In this recent economy the reality is that there is less large litigation, and often in transactions the legal fees are dwarfed by the opportunity or upside as it relates to principle. Our goal has been to increase the amount of risk or sweat equity that we put into those kinds of matters in a way in which we are going to be successful or continue to be successful in raising our top-line dollars. We like being shoulder to shoulder with our clients in the opportunities that they find for themselves.

So for us, yes, we've had a significant increase over the course of the last 12 to 18 months in the amount that we've invested in opportunities, both on the transactional and litigation sides. It's been very lucrative.

OC: You're finding clients are embracing this? Are some ready to dispense with the billable hour altogether?

SL: Yes, many are embracing it. But you know, we have lots of different kinds of [big corporate] clients and some have flat-out rejected alternative fees; they want to pay an hourly bill for an hour worked. But a larger majority of clients who aren't dealing with public money—that is they're not public companies—want their dollars to go longer and they want to take less risk with those dollars. So their view of it is: I'm happy to pay for success. And for those clients, it's been very opportunistic for us.

OC: Your firm is undergoing a rebranding effort. Could you talk a little about that? What was the catalyst for that?

SL: We've recognized for a long time that our law firm had an extraordinarily long name [laughs]. If we could get paid by the vowel, we'd be doing even better. But really, we've never found that to be an obstacle in terms of our growth or success. Having

said that, we've employed some consultants who have indicated to us that this is a good opportunity to make change. We're in the midst of a recent acquisition—we recently bought an office building in Beverly Hills at Wilshire and Santa Monica, probably as busy an intersection as there is in Los Angeles—and we realize that our current name doesn't exactly roll off the tongue and certainly won't look that good on the top of a building.

OC: If you kept it, it may actually wrap around the building.

SL: Yeah, twice. So we'll likely shorten our name. In addition, we have gone through our childhood and maybe even most of our adolescence, and it's time for us to communicate that to the marketplace in a little bit more of a sophisticated way. After 15, 16 years, it's time for us to rethink what we're projecting to the marketplace because we believe that we've evolved and changed.

The idea is to focus on specific strategies in terms of areas in which we like to practice. You know, the term “nimble” is used a lot, but one of our strengths is really our ability to adapt, our ability to reinvent both in the way that we view ourselves and the way that we handle matters for clients.

OC: You know, I was surprised when I clicked on the name “Fred Liner” on your Web site's list of attorney profiles and a picture of your dog popped up. I thought he might be your brother or something. Is Fred bringing in a lot of work?

SL: Fred's actually the brains of this firm, and he's known around town for that [laughs].

OC: Very good. Thanks for your time, Stuart, and good luck with the move into the new building.

SL: Thank you. ■

—Steven T. Taylor

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