

Report: 2015 Could Set Record for Number of Law Firm Mergers

October 7, 2015 | **PRESS RELEASES**

It's not only the clients of Am Law 200 firms that are on track to break records for the number of mergers announced in 2015, but also the firms themselves, according to a report released Monday by legal consultancy Altman Weil.

Though the third quarter of 2015, which ended on Sept. 30, 68 law firm mergers have been reported, the most ever counted at this time of year since the Newtown Square, Pennsylvania-based firm began tracking such deals nine years ago.

In the third quarter of 2015 alone, 20 law firm mergers were announced.

Altman Weil principal Eric Seeger said the pace at which law firms are consolidating is a reflection of overall optimism about the economy and financial stability within many firms. He added that some firms are finding that lateral hiring is too slow and expensive as a growth strategy, while tacking on a boutique can be a quick way to grow a particular practice area or establish a foothold in a new city.

"They're looking to do acquisition, which allows them to take bigger bites," Seeger said. Acquiring a boutique has the added benefit of making it more likely that all the new lawyers' work and clients come to the firm, added Seeger. When a firm makes a lateral hire, there's always the chance that the new lawyer's clients will choose to remain with his or her former firm.

Seeger noted that IP boutiques, especially those with a litigation focus, were frequent acquisition targets for larger firms.

The Am Law Daily reported in September on a spate of boutiques—particularly in the IP area—being absorbed by Am Law 200 firms like Brownstein Hyatt Farber Schreck, Dickinson Wright and Dinsmore & Shohl. Schwabe Williamson & Wyatt, a 146-lawyer firm based in Portland, Oregon, acquired another IP shop in the city in September, while in August, Haynes and Boone bolted on the Mavrakakis Law Group, an IP boutique in Silicon Valley.

Not all the IP activity this quarter came in the form of mergers, however. Duane Morris, for example, took on the founders of San Francisco-based IP shop Tabarrok & Zahrt, one week after hiring lawyers from dissolving New York litigation boutique Kornstein Veisz Wexler & Pollard. The New York Law Journal, a sibling publication, recently reported on how many IP boutiques are struggling with new patent law changes.

Seeger said some of the largest mergers of the most recent quarter were among regional firms, with the Midwest seeing the most activity. (The American Lawyer reported in June on the flood of big firm combinations in Chicago.)

“I think some firms look around and see similarly situated competitors where both firms would benefit by combining their practice in the same regional footprint,” Seeger said. “It does give them the ability to handle larger assignments.”

The largest law firm acquisition of the third quarter was in New York. Partners at Bond Schoeneck & King, a firm with roots in Syracuse, voted last week to acquire 35-lawyer Buffalo shop Jaekle Fleischmann & Mugel on Jan. 1. The tie-up will give Bond Schoeneck a full-service, 51-lawyer office in Buffalo, a city that in June spawned another merger that could create a new member of the Am Law 200. (In August, yet another Buffalo firm, 46-lawyer Lippes Mathias Wexler Friedman, announced it would combine with a smaller firm in Albany, New York.)

Altman Weil has been tracking law firm combinations since the 2008 global financial crisis. Since then, the record number of mergers was in 2013, when the consulting firm counted 88 mergers.

Seeger said there’s a good chance that Altman Weil will be reporting a new merger record at the end of 2015, especially given that the fourth quarter is often the most active time for combinations.

On Monday, two Am Law 200 firms announced combinations abroad. Labor and employment giant Littler Mendelson expanded outside the Americas by absorbing German firm Vangard into its global Swiss verein network, while Nixon Peabody unveiled a tie-up in Hong Kong with local firm CWL Partners, with which it has had an alliance since 2010.

Though the firms will remain legal separate entities, Nixon Peabody and CWL will unite their local operations and marketing, both said Monday, creating a Hong Kong entity called Nixon Peabody CWL. (The firm, which earlier this year merged with 100-lawyer Chicago shop Ungaretti & Harris, will remain Nixon Peabody in the U.S. and Europe.)

On the horizon is another potential union between Pillsbury Winthrop Shaw Pittman and Chadbourne & Parke. The Am Law Daily reported two weeks ago that the two firms are in merger talks about creating a combined entity that would have roughly 1,000 lawyers in 25 offices around the world.

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