

International Firms See More at Stake in New York Offices

By Anthony Lin
New York Law Journal

While councils of partners in London cast about for the next big transatlantic merger, Ambrose Dunne pounds the pavement in Manhattan trying to find a partner for his own firm's transpacific move.

Dunne is the partner in charge of U.S. operations for Minter Ellison, one of the largest law firms in Australia. Those operations are emphatically and perhaps optimistically based in New York, where Dunne is a one-man show, even though the firm has more staff in San Diego and is planning a San Francisco office.

"That's for cost, really," said Dunne. "It's New York that will count in the end. It's where the money is. It's where everything is."

Manning the New York representative office of a foreign law firm was once a plum short-term assignment for up-and-comers back in the Sydney or Sao Paulo home office. Like the formerly ubiquitous Fifth Avenue offices of international airlines, such law firm offices were often more about displaying flags than generating business.

But, in recent years, the assignment has become more freighted and pressured as U.S. and British law firms push global, multi-jurisdictional strategies, encroaching on traditional local counsel roles. For at least some firms from smaller overseas markets, the response has been to try to globalize themselves.

Carlos Alfaro, the head of Argentine firm Alfaro-Abogados, has been dividing his time between New York and Buenos Aires for the last 20 years, first as representative for a larger Argentine firm, then his own. He said many foreign firms used to reward promising senior associates by sending them to New York for a year or two.

"That has proven not to be a very wise policy," he said, noting that the young lawyers were barely able to establish themselves in a constantly changing New York legal community. "There is so much turnover at New York firms now and banks change entire departments every year," he said.

Now firms are sending seasoned partners, said Alfaro, and they are staying for the long haul. "Foreign firms have to work harder to maintain relationships now."

Marcio Baptista, a partner with Sao Paulo's Tozzini, Freire, Teixeira e Silva Advogados, said he recently replaced a more junior lawyer as his firm's New York representative a little more than a year ago.

London's Clifford Chance and Linklaters both have been expanding their Brazilian operations, with a goal of having local law practice capabilities, said Baptista. It is incumbent upon Brazilian firms to show American law firms and clients they are serious about serving as a link to the Brazilian market, he said.

The stakes have become much higher in recent years, Baptista pointed out. Though much of South America, most notably Argentina, is now mired in financial crisis, the 1990s saw enormous growth in many countries. Owing to work generated by Brazil's opening to foreign investment and privatizations of state industries in the 1990s, Tozzini Freire has grown from a mere 15 lawyers in 1989 to almost 350 today.

Foreign investment in Ireland took flight similarly in the '90s, said Daniel Walsh, the head of the newly opened New York office of Dublin's Mason Hayes & Curran. Walsh, an American who began his legal career as an associate with New York's Cahill Gordon & Reindel and was most recently general counsel for investment bank Bear Stearns' Irish operations, noted that the Irish government had striven to create a favorable environment for investment by U.S. companies. In the last decade, the country has become a favored location for American microchip and pharmaceutical companies.

The economic growth has transformed the Dublin legal community, Walsh noted.

"It's still not New York," he said, "but the intensity at Irish firms is rising to U.S. levels. I can reach people there in the middle of the night."

Liaison Offices

But Walsh said Mason Hayes was not interested in building a U.S. practice. The New York office was intended purely as liaison office for the convenience of clients, he said.

Most foreign firms, noted Baptista, are more comfortable maintaining such liaison offices, as opposed to the large and vibrant local U.S. practices sought by British firms such as Clifford Chance and Allen & Overy, as well as Canadian firms such as Toronto-based Torys.

"We work with a lot of U.S. firms," he said. "We don't want to compete with them."

To encourage ties with U.S. law firms, Tozzini Freire sponsors a number of its junior lawyers in seeking further study at U.S. law schools and even stints at U.S. law firms, said Baptista, who worked as an associate at New York's Cleary, Gottlieb, Steen & Hamilton.

Minter Ellison's Dunne said that his firm was also keen to have relationships with major American law firms, but added that having a U.S. practice capability was necessary for his firm because it also hoped to compete for American companies' legal business far beyond Australia's borders.

"I'm not here to sell Australia, I'm here to sell Asia," he said, noting that the firm had developed a particular strength in the practice of employment law across Asia. Apart from the major cities of Australia and New Zealand, Minter Ellison also has offices in Hong Kong, Bangkok and Shanghai, as well as an alliance with a firm in Jakarta, Indonesia.

"Any business I send to Australia is really just a side benefit," said Dunne.

Seeking Bigger Presence

But without a bigger presence, he said, it is difficult to make an impression in New York.

"It can take you a long time to get known here," said Dunne. You know the work is there but it's there like a shooting star's in the sky. Just for a moment, then it's gone."

He said Minter Ellison had talked to a number of smaller firms and hoped to have a merger or alliance with a "smallish" New York firm arranged shortly.

Minter Ellison had a New York office in the 1980s but was gone from the New York legal scene for most of the 1990s. Costs have been a factor, said Dunne, noting that the relative weakness of the Australian dollar has obligated the firm to maintain most of its U.S. staff on the West Coast.

"When you're paying in our money, this is a very expensive place to be," he said.

The New York office, which reopened three years ago, also suffered an unexpected setback from the Sept. 11, 2001 terrorist attacks.

A newly appointed New York partner had arrived from Australia just in time to watch the World Trade Center collapse from his hotel room, said Dunne. The partner quickly concluded he did not want to stay in New York.

With luck, the firm will be grateful it replaced that partner with the less fearful Dunne.

"I think I'm the luckiest guy in the world," he said. "This is the center of the world."

December 02, 2002