

# BANKING ON BUSINESS

From three lawyers, no business cards, no glass in the conference room, the 16-lawyer Levene, Neale, Bender, Rankin & Brill has just acquired another bankruptcy boutique.



SUSAN McRAE / Daily Journal

From left, David W. Levene, David L. Neale and Martin J. Brill.

By Susan McRae  
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**L**OS ANGELES — Amid a shaky economy and shrinking legal market, bankruptcy lawyer David L. Neale spent last month looking for more office space.

His firm, Levene, Neale, Bender, Rankin & Brill, which specializes in business reorganization, had just acquired another bankruptcy boutique, Robinson Diamant & Wolkowitz, and needed to expand.

"This is the most dramatic thing that's happened to us since we started the firm," Neale, 47, said.

"Our approach to things has been successful in keeping us busy even in a slow market, even in a shrinking legal marketplace," he said. "We like to think we're getting our share and more of the work that's out there."

It's an approach designed to be a profitable business, as well as a high-quality law firm, the partners say.

Levene Neale was launched 14 years ago, when David W. Levene broke away from the 15-attorney bankruptcy boutique he had formed with Joseph A. Eisenberg. Joining him were colleagues Neale and Ron Bender, who signed on as the new firm's co-managing partners.

Since then, the firm has grown to 16 lawyers, including partner Martin J. Brill, 63, who moved over from Robinson Diamant in 2000.

The merger will bring in eight more lawyers, increasing Levene Neale's size by a third and adding a new practice area in bankruptcy trustee work. It also will boost the firm's representation of creditors' commit-

tees — groups seeking to recover as much as possible from the person or company filing for bankruptcy.

Since its inception, Levene Neale has been primarily a debtor practice, acquiring many of its clients from law firms with business clients who need help in that area.

When Brill arrived, he brought his creditors' committee work with him, which he since has grown considerably. He's represented creditors' committees in the bankruptcy of Korean automaker Daewoo Motor America and for a number of hospitals, including Henry Mayo Newhall Memorial Hospital, Downey Regional Medical Center and Intercare Hospitals Systems Inc.

Like many lawyers who break away to start their own firm, the partners wanted to control their destiny. While Levene Neale has similarities to the firm the partners departed — a limited practice targeting the middle market and local businesses — the lawyers also were mindful of the pitfalls that drove them from that firm. Namely, as the firm grew, so did the number of cases — but not the revenue. Part of the fault, they believed, lay in control over the quality of cases that came in.

"If we thought there was a remedy, if there was a way to fix it, we would have tried to do it," Levene, 64, said. "But we felt there was no choice. It was economics largely that forced us to have to make the hard decision of severing ourselves."

Being just three in the beginning, Levene, Neale and Bender didn't want, or need, 10,000 square feet. They settled on what's called a "spec suite," new office spaces that are completely finished before having a

committed tenant.

"There was no glass in the conference room. We used to joke that it was the Cone of Silence from 'Get Smart,'" Neale said, referring to the transparent, sound-proof shield that enshrouded its users in the 1960s TV comedy spy series.

"There was an outline of where the conference room was going to be," he said.

that when someone pushes a button to turn on the computer that the electricity is paid ... it works.

"It's keeping a lot of balls in the air, and I may be crazy, but I really enjoy it, and I know Ron does, too. There's a sense of pride in having built something. We started with three lawyers, no business cards, no glass in the conference room to where we are today.

dinner, as much for social interaction as business. And they stay familiar with each other's cases.

Besides creditors' committee work and rescuing and rehabilitating companies with financial difficulties through bankruptcies and workouts, the firm also does commercial litigation for clients with receivership and collection issues within a bankruptcy case.

Skimming a list of the firm's past and present clients is like taking the pulse of the nation's economic history. It includes creditors and debtors in connection with Enron Corp., Anna Nicole Smith, Buzz Magazine, Gameworks, General Media Inc., Hamburger Hamlet, Marriott International and Pacific Gas & Electric.

**A**s a boutique with low overhead and a streamlined practice that targets primarily the local, middle market, the lawyers believe they are uniquely positioned to do debtor work. Few big multinational firms are willing to take on these cases, they note, because there's often a delay in payment that the larger firms don't want to deal with.

With its clientele in mind, the firm sets its fees at \$185 to \$575 an hour, compared to \$600 to \$800 an hour at larger firms.

The lawyers generally file cases in California and have gone as far north as Seattle and as far east as Phoenix or Texas. They are equipped to handle, and have filed, some of the larger national cases on the East Coast. However, they say, they have chosen to avoid a national practice because they don't want to live on planes.

One of the challenging things about the work, they say, is figuring

out a strategy to help struggling businesses that are fundamentally sound except for some catastrophic event, such as a death or a fire, that has taken them off the profitable path. Bankruptcies are expensive and time consuming.

The firm's goal is to come up with a plan that avoids filing a Chapter 11, whenever possible. This is especially critical in today's economy because, without the financing or refinancing to fund an exit strategy, the client could lose everything.

Brill said he has a client now, for example, who was forced to file a Chapter 11 because of an aggressive lender. Now, with tightened lending standards, the business is having trouble finding financing to emerge from the bankruptcy. The lender may end up having to take back the property in lieu of getting paid, which isn't what either side wants.

Brill predicts that when money loosens up, more people will file for bankruptcy. Right now, he said, banks are afraid to act, and companies, if not being pressured from the banks, aren't filing reorganization plans.

"When banks feel secure is when they tend to act," he said.

Meanwhile, the firm isn't hunting for clients.

"The nice thing about being a boutique practice is when times are slow we don't have to worry about keeping a litigation department busy or keeping a tax department busy," Neale said. "For us, there's always law firms around town, there's always accountants around town, who have a client who needs help."

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**'There's a sense of pride in having built something.'**

DAVID L. NEALE

LEVEENE, NEALE, BENDER, RANKIN & BRILL

As the firm grew, the partners added on more suites until they ended up with a long bowling alley of offices. That's when they realized they needed a better-planned space. They moved to their current location in 2005, on the 17th floor of 10250 Constellation Blvd.

**F**rom the beginning, Neale and Bender have shared managing partner duties, likening it to running a small business.

"My dad ran a small printing business and knew every item of inventory that he had on three floors of shelving," Neale said. "If you come to the practice of law with the same attention to detail and the same philosophy about running a business profitably and wanting to make it work smoothly and making sure

"It's personally satisfying."

It helps that the partners are good friends, as well as professional associates. All have been together since their days at Levene & Eisenberg. Neale, who is from New York, vividly recalls coming to Los Angeles and being recruited by the former firm, Hollywood style. At all the other firms he interviewed everyone wore suits and wine and dined him at a fancy restaurant.

"Then I met these guys," Neale said. "They showed up in a white stretch limo, took me to The Grill and convinced me about the sexiness of the debtor side of things. It was a very different experience. And the rest is history."

The partners don't have formal meetings. Instead, they get together daily over lunch and periodically for