

Texas Powerhouse: Gardere

By Jess Davis

Law360, Dallas (June 20, 2014, 5:37 PM ET) -- From its roots in Dallas, Gardere Wynne Sewell LLP has evolved to become one of Texas' leading full-service firms, building on its historical strengths in energy and litigation to serve clients across the country, and focusing on taking the right steps to ensure the firm's continued growth.

The 105-year-old firm ramped up its statewide presence in the 1990s with a series of key mergers that have helped it become a regional leader and one of the state's largest full-service firms, now ranking as one of Law360's Texas Powerhouses. More than 220 attorneys now serve some of Texas' most recognizable names in high-level corporate work, litigation and the gamut of day-to-day legal services.

In the increasingly competitive Texas market, Gardere isn't content to maintain the status quo and has developed a four-pillar strategic plan for future growth that will build on the firm's practices in energy, international issues, private equity and complex litigation.

"What I am interested in is ensuring the longevity of our client relationships, and a strong platform for all of our lawyers to be able to be successful and increase their client base," says firm Chair Holland O'Neil.

O'Neil says that growth is the No. 1 priority for Gardere's executive board and that the firm is assessing the possibility of combinations and opportunities in other jurisdictions and potentially other countries.

In the 1990s, the firm undertook a series of mergers and joint ventures that accelerated its expansion and helped propel it to new heights in Texas. In 1995, it boosted its existing Houston office in a merger with then-Sewell & Riggs, followed shortly afterward by a 1996 joint venture with Mexico City-based Arena Robles Yarza SC that built on the firm's long history in Mexico.

"When we finalized the merger with Sewell & Riggs, a well-respected, multidisciplinary Houston firm, that was a pretty defining moment in the history of the firm because we were able to broaden our scope beyond just a Dallas-centric law firm," O'Neil says.

The flagship Dallas office is soon headed for shiny new digs in the heart of Dallas' booming Uptown district. The change is allowing the firm to cut its floor space virtually in half by eliminating outdated features like large spaces for secretarial staff, and it puts Gardere squarely in the midst of Uptown's robust business atmosphere, in what O'Neil says will be like hitting a refresh button for the Dallas office as the firm continues to expand.

“In a shrinking global economy, we don’t want to be viewed as just a Texas firm,” O’Neil says. “We think we’re a powerhouse in the Texas market, but to serve the needs of our clients, that means on an almost-daily basis going beyond the borders of Texas.”

Business has been booming at the firm’s three Texas offices and its Mexico City hub. Gardere’s transactional group has established itself as one of the best at handling midmarket deals ranging between \$25 million and \$500 million — though it’s capable of stretching far beyond that, as it did in the \$1.65 billion sale of GNC Holdings Inc. in 2007.

The corporate team guides clients of all sizes in crucial deals, advising large private equity funds and public companies in acquisitions and representing family-owned businesses going through what may be their first and only major business sale.

Private equity team Chair Richard Waggoner, who shares a name but no relation with Waggoners Trucking, was the lead attorney guiding the family-owned business in the sale of its auto transport division to United Road Services. The complex deal took about a year to complete, involved locations across the country and required coordination with the U.S. Department of Justice to secure an accelerated closing for the acquisition.

In November, Gardere represented Dallas-based apps developer Bottle Rocket in its sale to WPP PLC, a U.K.-based advertising and marketing services leader. And in January, the law firm represented Ricoh Americas Holdings Inc. in its acquisition of information technology and cloud computing business mindSHIFT Technologies Inc. from Best Buy Co. Inc.

In the first five months of 2014, Gardere closed five deals for clients, and its partners typically each close at least two to three deals a year, Waggoner says.

"Clients really want a lawyer who’s going to think like a businessperson," Waggoner says. "The client knows we’re their business partner in a deal, not just a service provider."

Thinking like a business partner is what drives litigation practice group Chair Craig Florence to help clients stay out of the courtroom when it better suits their needs — though Florence has had his share of headline-grabbing verdicts, including the Eagle Ford Shale victory he brought home in 2012 for client Longview Energy Co., estimated to be worth more than \$600 million in land value and damages.

Florence says the firm’s trial lawyers frequently advise clients of when it might be more prudent to make an early exit from litigation at a relatively low cost and no risk, rather than to take an expensive gamble on years of battling in the courthouse.

But when the firm goes to bat for its clients, he says, it brings home solid victories, like the successful defense of Enagic USA Inc. in a three-week trial against allegations of misappropriation of trade secrets, unfair competition, tortious interference and business disparagement made by plaintiffs seeking more than \$80 million.

The litigation section has long focused on commercial litigation, which meant that as tort reform swept through Texas in the early 2000s, Gardere didn’t have to retool its practice to regroup. Instead, it devoted its energy to taking on increasingly complex cases and adapting to what has been an exponential growth in arbitrations for firm clients who prefer to handle their disputes quickly and

discreetly.

"There's no question that the quality of the litigation we have today is materially better than when I started in 1988," Florence says.

The firm represents clients in trial across the country, not just in Texas courtrooms, which trial partner Dwight Francis says can in part be chalked up to a favorable rate structure that means clients can afford to have a Gardere team on their side in litigation in Los Angeles or San Jose.

"We've seen more and more clients looking for a 'happy medium,'" Florence says. "On the one hand, they want a law firm with a deep bench and substantive experience in complex matters. On the other hand, they're not looking to pay the premium rates associated with many of the out-of-state firms. We find ourselves in a position where more business is migrating to the platform Gardere offers. It's a big advantage and one that's likely to increase over time."

More than a quarter of Gardere's attorneys have experience and skills specific to the energy industry, bringing multidisciplinary backgrounds that help its team understand nearly every segment of the industry and serve clients "from wellhead to burner tip," in both litigation and key deals.

For instance, Gardere lawyers represented Houston-based Boardwalk Pipeline Partners LP in a joint venture with the Williams Cos. Inc. for the development of the Bluegrass Pipeline, a planned 1,100-mile, multibillion-dollar project to transport natural gas liquids from the Marcellus Shale and Utica Shale plays to the Gulf Coast.

And they represented BP America Production Co. in its \$227.5 million sale of interests in the Sunray and Hemphill gas processing plants in the Texas Panhandle region, to Eagle Rock Energy Partners LP.

With the resurgence of oil and gas driving the state's economic rebound, the firm sees itself as well-positioned to serve multinational corporations and individuals. Part of its strength in energy stems from a dynamo regulatory group in Austin that serves clients before state agencies that oversee the industry.

Formed in 2002 with a group formerly at Akin Gump Strauss Hauer & Feld LLP, Gardere's Austin office has grown into one of the busiest and highest-grossing law firm lobbying groups in the state. The group has a track record studded with win after win for major clients, including in 2013 advocating the creation of a captive insurance program in Texas for AT&T Inc. and pushing for changes to the state business tax for clients Rent-A-Center Inc. and Wal-Mart Stores Inc.

"What was intended to be just a legislative and regulatory focus in the Austin office expanded far beyond what we first intended, primarily because the people we hired were such rock stars we couldn't pass up the opportunity to add that expertise," says Kim Yelkin, who leads the Austin office.

Yelkin remembers well the shift from Akin Gump to Gardere, which came in the middle of a legislative session and meant scrambling to find new office space as the group worked from their cellphones. Since the early days, the scope of the office has grown to include legislative and regulatory clients in all aspects of financial services, the pharmaceutical industry, retail, manufacturing, hospitality, litigation finance and environmental needs.

"One of my core philosophies is that it's best to work with the state agency that regulates your client," Yelkin says. "I think it does set us apart from other lobbyists because we're well-known for working with

state agencies."

The Austin office also provides a key link to the firm's longtime presence in Mexico City. O'Neil says Gardere was in Mexico "before it was cool to be in Mexico." Its commitment there shows in the office's roster of major international and Mexican clients involved in cross-border business, with a particular expertise in the area of tax planning and litigation, including international transfer pricing matters.

The firm represented specialized wireless distributor Brightstar de Mexico SA de CV in a complex tax case for mobile device repair and Spectrum Brands with the tax matters related to the Mexican portion of the sale of their Black & Decker home appliance line. It's currently representing Ford Credit de Mexico SA de CV SOFOM ENR in tax litigation regarding property taxes.

And Gardere's international dispute resolution team successfully defended U.S. insurance company Stewart Title Guaranty Co. in litigation against Citigroup Global Markets Realty Corp. and a Mexican hotel developer, in a matter that included administrative proceedings as well as multiple proceedings to take discovery under the Hague Convention, before it was tried in a state district court under Mexican law and challenged in a Texas appellate court.

--Editing by Kat Laskowski and Edrienne Su.

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