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ALM

## Civic Center

With Louise Renne as matchmaker, public sector meets the plaintiffs bar

By Pam Smith

RECORDER STAFF WRITER

A glossy guide to San Francisco's general plan sits alongside *The New York Times* and *Sunset* magazine on a table in the lobby at Renne Sloan Holtzman & Sakai Public Law Group.

As a general rule, general plans — a kind of policymaker's blueprint — are less than scintillating. But for this firm's clientele, they may hold some allure.

Renne Sloan focuses on public and non-profit clients. Its labor attorneys and City Hall veterans often play defense in labor and employment, government and election law. And the nine-lawyer firm takes the offense in affirmative litigation reminiscent of suits that partner Louise Renne used to bring as city attorney.

To translate that cottage industry to private practice, though, Renne's had to find a way around her young firm's limited capital, a restriction that's contributed to one attorney's departure.

"I would love to be big enough to do some of these cases on my own," says Renne. In the meantime, she's carving a niche as co-



JASON DOJY

**MAKING RAIN:** Famed for affirmative litigation, Louise Renne has formed a new firm to serve the public sector and pursue suits on the public's behalf.

counsel in such suits, which typically seek millions or billions of dollars from companies.

Renne Sloan was welded together by its four partners in April when they combined the small firm that Renne and her former chief deputy city attorney, Jonathan Holtzman, began in 2002 with a coterie of public-sector lawyers from San Francisco labor and employment boutique Curiale Dellaverson Hirschfeld & Kraemer. With partners Jeffrey Sloan and Charles Sakai and the two associates plucked from Curiale, plus two new of counsel, Renne Sloan has more than double the number of lawyers of what Holtzman calls "the R&H era."

The firm anticipates \$3 million to \$4 million in annual revenues. Despite its growth spurt, it still can't mount large affirmative litigation single-handedly, Renne acknowledges.

No matter. As she did when she was city attorney, Renne's playing matchmaker between her firm's lawyers, bigger firms and would-be plaintiffs.

"These suits require an army of lawyers. You're suing some of the largest, well-funded industries," says Marc Slavin, a lawyer at Renne Sloan who worked for Renne when she was city attorney.

The suits also require a group of plaintiffs to step forward — plaintiffs who would be unlikely to wage war alone.

That's where Renne comes in.

### LITIGATION BROKER

After William Lerach's firm sued banks and former executives of telecommunications giant WorldCom Inc. on behalf of three of California's largest pension funds, Renne put together a coalition of 17 smaller clients to file a related suit.

"I'd worked with a number of them," Renne said of the clients, mostly local government employee pension funds. "I just called them up, and I said I think that you're entitled to some dollars here."

"She's always been pro-active," says Lerach Coughlin Stoia Geller Rudman & Robbins partner Patrick Coughlin, whose firm had partnered with Renne before on the city

# Renne's new firm long on public-sector expertise



JASON DOY

**SECTOR PLAY:** Partners Jeffrey Sloan, left, and Charles Sakai, middle, handle labor and employment matters for public-sector agencies, while Jonathan Holtzman, right, does election law, including litigation over touchscreen voting and last year's recall.

attorney's affirmative suits, including tobacco litigation.

While Lerach Coughlin does the heavy lifting, handling litigation and fronting most of the money and manpower, Renne acts as liaison to the smaller clients, Coughlin said. "She knows how the cities and counties operate."

All together, the plaintiffs allege they lost nearly \$1 billion by buying bonds based on fraudulent financial statements before WorldCom entered bankruptcy. If Renne Sloan's clients win the nearly \$90 million they're seeking, the co-counsel will split the contingency fee proportionally, with Lerach Coughlin getting the lion's share.

Another of Renne's matches paid off for Cotchett, Pitre, Simon & McCarthy.

The San Francisco Unified School District, where Renne was general counsel for the last two years, sued Strategic Resource Solutions, a company contracted by the schools to do energy retrofit work. When the fraud case settled for \$43.1 million in June, Burlingame's Cotchett, Pitre scored 27 percent, or

\$11.6 million. As a salaried general counsel, Renne didn't get a cut.

Renne stepped down from the \$120,000-a-year general counsel job June 30, saying she hoped to spend more time on Renne Sloan. She and her partners say they're hiring a new associate this month to help her build the affirmative litigation practice. "That is my love. I am a plaintiffs lawyer at heart."

Jeffrey Friedman, the only attorney to have left Renne and Holtzman's private practice, says he moved on because he couldn't put his career goals on hold waiting for the practice to be able to tackle the really big contingency cases on its own.

"My desire is to try to work on large-scale, significant cases," said Friedman, now of counsel at Lerach. "That is difficult to do when you're just starting out."

## IN THE KNOW

While Renne focuses on the affirmative litigation practice, her partners are expanding the firm's labor and government law business.

To accommodate its burgeoning staff,

the firm moved from shared offices on Pine Street in May to an Embarcadero suite with modest decor but expansive views of the Bay Bridge. The partners say they plan to create a group of non-lawyer labor specialists in September.

Sloan and Sakai brought a long list of clients with them.

The California State Association of Counties didn't hesitate, said legislative coordinator Steve Keil. "Their law firm and their skills are premier."

City College of San Francisco debated if it could save money by soliciting new bids, but Sloan's past performance and timing were in his favor, said trustee Natalie Berg. He'd created "a very positive atmosphere" that avoided strikes and demonstrations, she said, and City College was already in the middle of labor negotiations.

Holtzman has spent two years building his clientele with a mix of labor and government work, logging hours for the city of San Francisco, the League of California Cities and the San Francisco Chamber of Commerce, among others.

When Secretary of State Kevin Shelley started getting hit with lawsuits over last year's gubernatorial recall election, he turned to Holtzman, too. Shelley's office says it is paying the Renne Sloan partner \$194,000 for services from July 2003 through December 2004, for help with litigation over the recall and touchscreen voting.

The office has hired only one other outside lawyer in that period, paying her roughly \$20,000 for a personnel-related matter, said Shelley spokesman Doug Stone.

The secretary of state, who has a tiny in-house legal department and is also represented by the attorney general's office, said he needed additional legal help, quickly, when a tsunami of lawsuits began hitting last year. His office was sued close to 30 times over the recall election alone, notes Stone. "Everybody was suing us, including your mother."

Shelley, who as a San Francisco supervisor worked alongside Holtzman,

says he has been an esteemed colleague and friend for many years. "I respected his legal mind and respected his strategic skills." (Shelley's general counsel at the time, Randy Riddle, had also worked with Holtzman and Renne for many years at the city attorney's office. Riddle left Shelley's office in April and joined Renne Sloan as of counsel in July.)

When it comes to attracting business, though, Holtzman and Renne downplay the role of the relationships they built over more than a decade at City Hall.

"To some extent, it's people you know," said Holtzman. "[But] the goal is not to have it based on personal relationships. It's to be a good lawyer and have good results." Holtzman, who left Renne's office in 2000 to become the mayor's director of labor and policy, notes that he, Sloan and Renne have been practicing in their fields "for well over 20 years."

The three have known each other for nearly as long, though their history with Sakai is much shorter.

When Holtzman and Sloan reminisce about the day they met while hammering out a wage freeze in 1987, Sakai's partners tease that he was probably in college.

With a smile, he corrects them: "I was a senior in high school."

Sloan hired Sakai, then at Jackson Lewis, in 2000. Both had worked for California's Public Employment Relations Board at one time or another. Sakai, now the firm's managing partner, says he didn't meet his other partners face-to-face until April, the month they formed their partnership.

"It did move fairly quickly. But it was also really relatively easy, because we were all interested in making it work," he said.

Sloan calls the foursome's collaboration an "exceptionally natural" blend, given their common client base. "Public-sector lawyers are a breed apart."

#### **SPECIAL BILLING**

For starters, their clients can't afford the same rates as private customers.

For firms that serve both, two-tiered billing is the norm. At Curiale, Sloan says his hourly rate lagged \$100, sometimes \$150, behind his counterparts in

the private-sector group.

Some firms find it difficult to serve both sets of clients, said Jeffrey Tanenbaum, who co-chairs Nixon Peabody's West Coast employment practice.

"In appropriate cases, public-sector employers will still pay rates which firms [like Nixon Peabody] can handle," said Tanenbaum. "But on many smaller cases ... the rates which they'd be willing to pay just simply wouldn't justify our working on the matter."

Cities and counties account for about

65 percent of Renne Sloan's mostly Bay Area clients, and many are susceptible to the state's budget climate.

To offer a better deal to the cash-strapped city of Richmond this summer, the firm has put a non-lawyer — a former fire chief turned freelance negotiator — across the bargaining table from two fire unions.

"You don't have to have a bar card to be a great negotiator," Sloan said, and come September, the firm plans to take that philosophy in-house.

## *Labor lawyers tugged two ways*

When Jeffrey Sloan led two-thirds of Curiale Dellaverson Hirschfeld & Kraemer's public-sector lawyers out the door in April, the firm's managing partner says he understood.

After all, Richard Curiale made a similar move seven years ago when he departed from McKenna & Cuneo with Sloan and other lawyers to found the labor and employment firm.

"My speculation is that Jeff is a lot like me," and wanted his own firm, said Curiale, who headed McKenna's labor and employment practice before the 1997 exodus. "They've been friends for a long time, and I think they saw this as a great opportunity. I would've done it."

Both Sloan and Charles Sakai, the other Curiale Dellaverson refugee who's now a partner at Renne Sloan Holtzman & Sakai, say they were drawn from Curiale Dellaverson by a once-in-a-lifetime opportunity to work with partners Louise Renne and Jonathan Holtzman.

But Renne Sloan has a singular focus on public and nonprofit clients, which Sloan says simplifies things.

Though Sloan didn't criticize his former firm, the reality, he said, is that "a good public-sector lawyer has chosen to do public-sector work knowing that the economics are not going to be as good."

The discrepancy in billing rates for public and private clients had raised

thoughts at Curiale Dellaverson about adjusting salaries accordingly.

According to Christine Maloney, one of the two associates who followed Sloan to his new firm, Curiale had questioned if associates in the public and private sectors should be paid the same salary. "That was sort of a bone stuck in [Richard Curiale's] craw when it came to compensation time," she said. "I left before it really became a big issue."

"That was an ongoing concern," Curiale acknowledged. "That's why some firms are getting out of public sector. It's becoming a specialty in itself." But he said his firm has dismissed the idea of two-tiered compensation, concerned it would hurt morale and create two classes of lawyers.

More than three months after the Renne Sloan group's departure, Curiale Dellaverson still has a partner and an associate doing public-sector work. But Curiale is noncommittal about whether the firm will beef that group back up to six attorneys.

The firm recently added four lawyers, all private sector, Curiale said.

If Carmen Plaza de Jennings, the partner doing public-sector work, wants to expand that group, the firm will support her, Curiale said. "If she doesn't, we'll support that, too."

— Pam Smith

By adding labor specialists who aren't lawyers to its staff, Renne Sloan says it will offer certain labor services for \$90 to \$150 an hour — roughly half its rate for a lawyer. The firm's associates charge \$185 to \$235, and partners bill \$245 to \$300.

While more established firms practice in most of the same areas, some likely competitors suggest there's enough business to go around.

A number of firms are beginning to turn away public agencies as clients, leaving an opening for those that can make the economics work, said Steven Meyers, managing partner at Oakland's Meyers, Nave, Riback, Silver & Wilson.

The elections law field in California isn't particularly crowded, either, said Robin Johansen, partner at Remcho, Johansen & Purcell, a six-attorney firm based in San Leandro. She can probably

count the specialist firms on one hand, she said, "and that's on both sides of the aisle."

When it comes to elections, Renne Sloan really only competes with firms on one side of that aisle. The partners, Holtzman notes, are "purebred Democrats."

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