

CLEVELAND BUSINESS

WWW.CRAINSCLEVELAND.COM

Baker sees boost from Madoff

After law firm's New York office hired away Ponzi scheme trustee, awareness heightened

By **ARIELLE KASS**
akass@crain.com

The law firm Baker Hostetler has worked on several high-profile cases.

There was the U.S. Polo Association's lawsuit against clothing maker Ralph Lauren. The inking of a merger deal between Wendy's International and Triarc Cos., owner of Arby's, to create the third-largest largest fast-food chain in the country. And the requests to be the outside examiner for Bank of New York Mellon and Merrill Lynch.

But it's Bernie Madoff, the bigger-than-life investment fund manager now infamous for his \$60 billion Ponzi scheme, who Baker Hostetler attorneys feel is really pushing the firm into the limelight.

"Madoff has been a culmination of other major engagements," said Paul Eyre, former managing partner of Baker's New York office. "Madoff has given us exposure."

Just after he had been appointed trustee of Bernard L. Madoff Investment Securities LLC by the Securities Investor Protection Corp., Irving Picard was hired away last December by the Cleveland law firm from the Gibbons P.C. law firm of Newark, N.J. The trustee's role has Mr. Picard suing Ruth Madoff, Mr. Madoff's wife, and making decisions about how much money victims of his fraud could get back, and when.

Mr. Eyre and Baker Hostetler



Picard

national executive partner R. Steven Kestner are quick to cite Mr. Picard's hiring as evidence of the success the firm has found in New York, where it started with three attorneys in 2001 and had 75 at the start of this month. The firm has plans to add

at least five more attorneys there before the end of the year.

The Madoff engagement has seemed to speed those plans along, though.

"The fact is, I really believe Madoff simply heightened the awareness of clients and others," Mr. Eyre said. "We're seeing more recruits, we're seeing more clients."

The number of lateral attorneys that have made job inquiries to Baker probably has doubled since the Madoff work began, Mr. Eyre said, and nine new laterals have already been added to Baker's ranks since December. The firm is also "a very hot commodity" when it comes to law students, he said, in part because the New York office is continuing to expand as other firms cut attorneys. Baker Hostetler has made some cuts, though it does continue to add personnel.

The longest-lasting benefit the firm has seen from the Madoff work is the publicity, Mr. Eyre said. It puts Baker Hostetler in people's minds and shows clients the firm is capable of handling complicated matters.

Cassandra Robertson, an assistant professor of law at Case Western Reserve University's School of Law, said the firm's proven ability to handle the complex and high-profile Madoff work will beget similar cases in the years to come, something that will be beneficial for lawyers there.

"Financial fraud is something that doesn't go away," she said. "Any time a firm does good work in an area, it's going to attract attention. It's very helpful in solidifying their reputation, in client development."

Ms. Robertson also said the consistent fees are likely a boon in a difficult economy. The work associated with the case could go on for several years, Mr. Kestner said, as Mr. Picard continues to ferret through the available assets. Thus far, his work has garnered \$14.7 million for Baker — money that is not paid out of the fund that compensates victims, but rather from the Securities Investor Protection Corp.

Besides the New York attorneys working on the case, about 20 people in Baker's Cleveland office are involved with the matter.

Mr. Kestner said the firm is used to taking a low profile and has no plans to force its way into the limelight. However, that approach doesn't stop him and Mr. Eyre from noting the benefits the firm will reap if others take note of what they said is the firm's reputation in Cleveland as a "gem."

"Due to the light Madoff is shining, Madoff has exposed this firm," Mr. Eyre said. "We're no longer the best-kept secret. It's exposed the national media, national clients, to the gem we've always been." ■

Baker Hostetler