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Labaton Sucharow Chair Talks Business Of Law

By **Emma Cueto**

Law360 (April 19, 2023, 1:44 PM EDT) -- The chairman of plaintiffs firm Labaton Sucharow LLP, known for taking on corporate giants like Wells Fargo and Walmart on behalf of investors and consumers, spoke with Law360 Pulse about how the firm has invested in infrastructure, its approach to work-from-home and the importance of running a law firm as a business.



Christopher Keller

Christopher Keller, who is based in the firm's New York office, has been chairman of the firm since 2019. At a time when the firm is pursuing several large cases and has recently secured a \$1 billion settlement in a suit challenging a \$23.9 billion conversion of Dell stock, he spoke to Law360 about where the firm stands in 2023.

Overall, how do you see things for Labaton Sucharow right now?

I think like most firms, we've had to respond to a once-in-a-generation challenge, which was the pandemic. And for us, we took it as an opportunity to modernize. Historically, law firms are just slow on the learning curve, and whatever gets adopted in mainstream business, usually it takes a while for law firms to pick those up. I think law firms view themselves not as a pure businesses, but very much as a profession, so they're slower to adopt things.

So we've absolutely adopted efficiencies and adapted how we do things. We're partially remote, and we did a rigorous analysis of the various business sectors in the firm. We've always viewed our practice in Delaware — which is more corporate — and the securities practice in New York as our core

competencies, and we really doubled down and tripled down on those areas.

We also made further investment in our in-house monitoring software, which we built from the ground up in 2006 and have revised twice since. Each of the builds is a seven-figure number and absolutely necessary because the portfolio monitoring component of the services we offer our clients is really sticky. What started as a very rough service has really resulted in something clients really look at and look to. So we've invested in multiple generations of that.

And we're one of very few firms that did that. It's very difficult; there are no off-the-shelf options.

We also have an entire team of investigators who really dig up the truth and get us the witnesses that serve to support the complaints we file. That level of infrastructure — even before you get to the lawyers — that really sets us apart.

Your firm regularly takes on very large corporations; you currently have cases against the likes of Wells Fargo, Walmart and Dell. What does the landscape currently look like for firms taking on these kinds of cases? Is it getting harder?

I think for firms like ours that have made these steady investments in infrastructure over the last decade — the technology, the structure, the people and the very best lawyers — that's how we've managed to stay at the top. We recruit laterally only from the biggest firms, and we have a very high salary structure, so our overhead is enormous. And for those of us who have made it to the other side of the gorge, I think the bridge is out really. I don't know how you'd cross it now.

But we continue to adapt and we adapt.

So, is it getting harder? It ebbs and flows. The cases largely follow what's going on in the broader marketplace. Right now, there's a plethora of new cases because we have a mini-banking crisis on our hands, for instance. So we'll be busier.

Looking at the infrastructure the firm has in place, what are some of the aspects that come to mind as things that you have invested in that allow the firm to practice at this level?

Well, you have the in-house software that we built from the ground up, which allows for portfolio monitoring. It allows us to calculate damages across the entire array of our client base — I think we're at about \$3.5 trillion in assets that we track for our clients. We can look at any slice of that at any moment in time. That software allows us to report to our clients any number of things they want to know. We have quarterly reports, but sometimes they'll just call us up and ask us questions, and we'll be able to turn that around very quickly.

And then we also monitor their international investments and their ownership of securities that trade on overseas markets. So, you may have a case against a European company. And most of our competitors don't have a mechanism to identify cases in international markets — I think we might be the only ones who do that.

It's a lot of work, but it's a service for our clients. And of course, we hope that further ingratiates us with our client base. We do this for our clients in the hopes it improves our relationship with them over years, and they come to trust us as steady sources of information.

And then of course, we have our in-house investigative team. We're one of the only firms that really has a true in-house team. We have seven investigators who really help us build our cases.

You mentioned that you are currently doing a hybrid model. It seems like a lot of firms are still trying to find the right balance with that. Where are you with that process right now?

It's a moving target. For plaintiffs firms and defense firms, I think it depends on where you're located. I think if your office is out in the suburbs, it's more of a business-as-usual approach. Whereas if you're in the city — and we're in downtown Manhattan — you have to abide by the city

norms, which has largely been a "back to the office, kind of."

So that's where we are. We're in the office three days a week, and the commitment we've made is to evaluate it on a quarterly basis. We haven't adopted a policy that's written in stone and if we feel the need to make an adjustment, we're ready to make that adjustment. But right now, we're not seeing any trail off in productivity. People seem happier not coming in Mondays and Fridays because they can ditch their commute — and they can also work from not their home, so that gives them an extra day to spend at their weekend house, for instance. It seems to lead to greater satisfaction.

I don't have any data to support that, but I'm not seeing any tail off in productivity. I was a skeptic at the start, but I feel like if this continues to deliver the same results, it'll continue.

The legal industry has been through an eventful few years. What's your view of where things are for plaintiffs firms?

This is my own personal musing, but plaintiffs firms and lawyers in general don't like to view themselves as just another business. They like to view themselves as special, as not susceptible to the normal rules of how you run a business. I think for a long while, lawyers — and particularly plaintiffs firms — operated without a lot of classic business infrastructures and financial controls.

It was considered to be something like, "How do you overlay a classic business structure over artists?" And I think that it operated fine like that for a while. You were able to operate a plaintiffs firm without it. And I think that has changed, and that the pandemic exacerbated that. It forced lawyers who operate law firms to think like business leaders and not like lawyers.

The types of analysis that we as a collective shunned for a long time — like return on investments, profits, return on expenses and profitability for each unit — that was slow to get into the legal industry and especially the plaintiffs firms' side.

I really ascribe to the belief that you empower the great lawyers in the firm, but you have to overlay a very wise approach to business, because these cases are very expensive. You can very easily find yourself getting very deep in on cases and then making decisions under pressure that may not be the ones you want to make.

We're lucky enough at this firm to have thought differently about this practice for a long period of time, and it allows us to think differently about our work and not get squeezed along the way. We are able to spend in our cases with confidence because we know we won't be under great pressure to settle a case.

Case in point is a case we just settled against Dell. We **settled for \$1 billion**, and we were able to hold the case and litigate the case that long, because we were otherwise well-capitalized. We had a very good stream of business in New York and Delaware, and we've limited expenses and streamlined and brought in efficiencies that technology allows.

Managing the business as a business really allows you to do more. And it's not popular to talk about law firms as a business, but there's opportunity for those who are innovators.

There are four top firms in this industry, and 20 years ago, there were 15 or 20. The numbers have changed because those who remain and thrive have to adapt and innovate.

--Editing by Lakshna Mehta.