



Ducks in a Row

Crowell & Moring scores
with some tough clients.

BY **MARISA McQUILKEN**

Don't let the rubber ducks in the reception area fool you—Crowell & Moring and its clients are anything but cute.

The firm represents some of the toughest defense contractors in the world, the kinds of companies that

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MIGHTY DUCKS: Kent Gardiner, chairman of Crowell & Moring, and the ducks in the fountain.

send anti-war bloggers into a frothing rage. Most prominent among them is Blackwater USA, the security company under investigation for a deadly shootout in Baghdad last September. There's also Erinys Iraq Ltd., also a target in a congressional probe of security contractors. And Kuwait & Gulf Link Transport Co., one of the Army's largest contractors in the Middle East.

Controversial. Certainly. But for Crowell, it's a client list that has kept the firm's government contracts practice running at a record pace. Thanks in large part to a boom in contracts work, Crowell's gross revenue climbed more than 20 percent last year, to \$235.3 million. That's nearly double five years ago. And profits per partner have doubled, too, hitting \$818,000 last year.

The firm has been hitting on most cylinders, it seems. Litigation has been hot: In January, it won a nearly \$7 billion verdict against Libya over the country's involvement in the 1989 bombing of a French airliner. The New York office is growing quickly. And Crowell has been bringing on a series of laterals with deep ties to government—essential for a firm with such a sharp focus on federal work.

For all the growth, Crowell continues to position itself as a quirky outsider—albeit with insider access and clients. The firm touts itself on its Web site as a place that's not “stuffy” or “arrogant.” That's where things like the rubber ducks in the lobby fountain come in. A partner—no one's quite sure which—dropped the first duck in the fountain as a gag. They've been landing there ever since.

But how quirky can a law firm remain when it grows to 403 lawyers and pulls in hundreds of millions of dollars? The firm sticks to its guns: Its chairman, Kent Gardiner, says Crowell's individualism is one of the keys to its success. “We think that's a tremendously empowering device for growth and profitability.”

THE CONTRACTORS' MAN

The go-to guy for battlefield contractors in Iraq and Afghanistan is partner David Hammond, a soft-spoken, 40-something who joined Crowell four years ago. Hammond is in a bland conference room at Crowell's Pennsylvania Avenue office talking about the tough political environment for government contractors.

Crowell is helping Blackwater and Erinys Iraq navigate an ongoing House Oversight and Government Reform Committee investigation into whether private contractors are conducting their assigned tasks responsibly within the war zone. If a Democrat assumes the White House in 2008, Hammond says, contractors in Iraq and Afghanistan will likely be the subject of more oversight, audits, and investigations.

That could very well mean even more work for Crowell. George Ruttinger, who chairs the 50-lawyer government contracts team, says the practice had about a 30 percent increase in business in 2007. Crowell won't comment specifically on how much revenue was generated by the government contracts team, but considering that the firm reported revenue per lawyer of \$655,000 in 2007, the 50 lawyers may have brought in as much as \$33 million. Aside



LIBYAN WIN: Crowell & Moring's Stuart Newberger says the judgment is “appeal-proof.”

from heightened congressional oversight, Ruttinger says the “big fuel” for the uptick in work also came from a surge in bid protests and litigation.

2008 has gotten off to a running start as well. Hammond is assisting fellow Crowell partner Clifford Zatz in representing Kuwait & Gulf Link, one of the Army's largest contractors in the Middle East, in a motion to vacate a nearly \$5 million judgment from a wrongful death suit against the corporation. The contractor was found liable for the 2003 death of a military officer who was killed in a collision with a Kuwait & Gulf Link vehicle.

Hammond predicts that “if the courts decide to open up the door to plaintiffs' lawyers on the battlefield by not dismissing the cases,” there will be many more similar matters to handle.

CHECKS IN LUCITE

Kent Gardiner, Crowell's chairman, says the firm is more than a government contracts shop. His lucrative antitrust practice is just one example. On the windowsills of his office are checks, preserved in Lucite, that mark how much Gardiner has recovered for corporate clients in antitrust suits, including one in excess of \$10 million for AT&T.

It's a delicate practice. In these cases, Gardiner is often helping clients who allege price-fixing among their suppliers. They want to recover damages while still retaining a relationship with the companies they've accused.

Gardiner is taking many of these cases on contingency, and he touts Crowell's willingness “to bet on winning” as one of the factors that distinguishes it from other firms.

In fact, the firm's biggest win of 2008 so far was also unrelated to government contracts. It came from the international dispute resolution practice.

Shortly after an investigation determined that Libyan officials were to blame for the suitcase bombing of UTA Flight 772, Crowell's Stuart Newberger took on a civil case for the American firm Interlease, which owned the aircraft involved, and for the families of the seven American victims. In January, Newberger, co-chairman of the international dispute resolution group, won damages of nearly \$7 billion in D.C. federal court.

Though Libya and the named officials appealed last week, Newberger contends that the judgment is "appeal-proof." And if the Libyan government fails to pay up, he says the next step will be seizing its commercial assets in the United States. (Former U.S. District Judge Stephen Orlofsky of Blank Rome is representing Libya in the appeal. Arman Dabiri of the Law Office of Arman Dabiri & Associates is representing the government officials.)

Crowell has also been encouraged by growth in its 43-lawyer New York office. In 2007, a 10-lawyer group from Buchanan Ingersoll & Rooney joined in New York and gave Crowell an instant financial services practice there. One of its partners, William O'Connor, says the practice contributed about \$10 million worth of business to the firm in 2007.

The office continues to add laterals. Daniel Zelenko, previously a branch chief in the Securities and Exchange Commission's New York office, now belongs to the firm's white-collar and securities litigation practice. In January, former Federal Trade Commission staff attorney Christine White left Bingham McCutchen to join the New York office's antitrust and health-care practices. And the same month, Crowell welcomed a seven-lawyer intellectual property group from Buchanan Ingersoll.

Not everything has been smooth on the lateral front. In 2005, the entire 25-lawyer securities practice jumped to Mayer Brown—in search of "a better platform, and greater depth of talent," according to former group member, Mayer Brown partner Richard Morvillo. Crowell says that it is working to build its white-collar practice, and points to the Zelenko hire as a key step.

Notably, only two of the roughly 20 lateral partner hires since 2007 were in the firm's government contracts group.

Gardiner says the corporate group is "the poster child" for broadening the firm's scope. In 2005, the firm brought aboard Mitchell Rabinowitz from the much larger, much more profitable Cleary Gottlieb Steen & Hamilton to help jump-start the practice. He says he saw Crowell as a chance to start with a "blank

slate." Since joining, he's landed clients like Goldman Sachs, the New York Stock Exchange, and brokerage firm ICAP.

Crowell doesn't claim to compete with high-end Wall Street firms. Instead, the firm has carved out a niche in handling small to midsize M&A deals. For example, Crowell worked on NYSE Euronext's \$200 million acquisition of Wombat Financial Software from December through the beginning of this year. The matter was staffed primarily out of the Washington and London offices.

Massachusetts-based BTI Consulting Group recognized Crowell for this capability in its 2007 survey of transactional practices. BTI president Michael Rynowecer estimates that deals under \$500 million represent more than half of all transactional work, and that, he says, is where Crowell has found its "sweet spot."

NO TIPPING

Even as the firm plays with bigger corporate clients, Gardiner insists that it remains a maverick among old-line Washington firms. Crowell, he says, hasn't "tipped over" into a corporate environment where partners are evaluated primarily "on financial metrics."

Still, the Crowell of today is a far cry from its anti-establishment roots. The firm was born out of a classic law firm rebellion in 1979, when 53 of the 82 lawyers in Jones Day's Washington office decided they were done answering to the firm's Cleveland mother ship. They broke off to form Crowell & Moring, but stayed in the Jones Day office space. Crowell has since moved from that location on Connecticut Avenue to occupy several floors at 1001 Pennsylvania Ave., N.W.

But individuality has its limits. The firm, for instance, has had to participate in the associate salary wars. It bumped up first-year associate pay to \$160,000 last summer, but also increased the billable target for associates from 1,800 to 1,900 hours, Gardiner says. Washington legal recruiters say they've heard grumbling from associates as a result.

Gardiner, though, says associates were billing beyond the 1,800-hours target even before the increase. "We didn't change our policy until the end of last summer, and there's no difference between the rest of the year, and the early part of the year."

Associate salaries? Billable requirements? Major corporate clients? Sounds an awful lot like an establishment law firm—even if the ducks stay in the lobby.

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