

TheMarker

“Most Firms would not want to put their names on an office in Israel – we are not embarrassed”

A year after opening an office in Israel, Richard Rosenbaum, head of giant American law firm Greenberg Traurig, recalls how they began operations here, why the issue of inequality needs to be addressed, and why the Concentration Law is justified

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The CEO of an international law firm needs to be more than an attorney. Among other things, he must have the characteristics of a marketing man. Richard Rosenbaum, head of the giant American firm Greenberg Traurig has the chic of an American-Jewish grandfather, a gentle way of speaking, a lot of affection for Israel, and excellent marketing ability.

Greenberg Traurig is one of the largest and most prominent firms in the U.S. It has 1,800 attorneys, of whom 1,600 are dispersed across the U.S. and another 200 in various locations around the world. The firm counts Yahoo, Amazon, Boeing, Volvo, Pepsi, Microsoft, Teva, Hilton, Deutsche Bank, CitiGroup, Morgan Stanley, and the Grammy organization among its international clients. There are also several well-known names among its Israeli clients, including government corporations, which the firm wishes to keep undisclosed for the moment. In total, the firm reports it has 50,000 clients worldwide and annual revenues of approximately US\$ 1.5 billion.

From the Israeli perspective, the uniqueness of Greenberg Traurig lies in that it is the first firm that opened an official office in Israel. Other international firms are present in Israel and manage operations through representatives, an Israel Desk or other arrangements.

Rosenbaum explains what everyone knows and doesn't say: “Most of the firms would not want to put their name on an office in Israel. It's a kind of small and dirty secret. Come on – let's not avoid this matter. There are certain firms in certain countries that are not happy about putting their Tel Aviv office on their firm's letterhead. We are not embarrassed about who we are. We are proud to be the first law firm that opened an office here. Maybe there will one day be many international firms here and it will be forgotten that we were the first, but I hope that it will not be forgotten in Israel”.



Richard Rosenbaum
Photograph: Eyal Toueg

And don't you have clients who are afraid of the international boycott?

"I don't encounter it much. Perhaps the clients who want to come to Israel turn to us and so I don't encounter it, but I don't feel this situation".

Are your clients not concerned about the situation in Israel?

"Look, in the U.S., presidents come and go, but the U.S. will always be on the Israeli side".

Greenberg Traurig is a firm whose center is American. According to Rosenbaum, "It was always important to us to remain strong in the American market. Therefore, when we expanded beyond the U.S., we did so in a way that is appropriate to our strategy".

He quickly reviews the international distribution: "In London, we are big but not huge. We needed London for the field of mergers and acquisitions. Our key partner in London works on M&As at a very reasonable price. You will find very few senior partners in London's elite firms – the 'Magic Circle', who will personally work on transactions at such a price. We have an office in Amsterdam and in Warsaw, an office in Shanghai, which is important, but we kept it relatively small. The same is true of Korea. We have a lot of business in Latin America, but it is all conducted out of one office in Mexico.

"We chose to be concentrated in the U.S. and the offices outside the U.S. were strategically chosen – and they are excellent. In Israel we have already been operating for ten years. You may not believe it, but we started when Israel was in distress. Things were in pretty bad shape in Israel".

The situation here is always tough.

"It was a difficult time: the Second Intifada. We decided to spin a web of business networking here, to connect people who have money with Israeli businesses. We did not take any fees for doing so. This is how it began. Over the years it evolved into a business. People began to stay here for longer periods for business. Two years ago, they came to me and said – look, it's already a business. We don't want to come here to compete with Israeli law firms, but it makes sense that we have a proper office with

attorneys who will assist Israeli clients in their international activity. Activity here has doubled. Our activity here creates significant revenues”.

What is greater - outbound or inbound activity?

“Outbound activity. Most of it comes from Israeli companies seeking to raise capital in the United States. There is also activity around the sale and acquisition of businesses in the U.S. and London, and the acquisition of real estate in the U.S. However, there is more interest than we expected from our American clients who are interested in Israel, such as funds that invest in the fields of cyber defense and security. In particular, the interest comes from mid-sized private equity funds because the size of the Israeli companies is a good fit for them”.

Partners in the Israeli office today are attorneys Joey Shabot, Scott Mortman and Adam Snukal (brother of Jennifer Snukal of Channel 10’s “Super Rich Women”). The Israel Desk includes Gary Epstein, who manages the Israeli office, Bob Grossman, Meital Stavinsky, David Gitlin, Barry Schindler and Scott Bornstein.

Jewish-Cuban Partnership

It’s impossible to avoid the Jewish story of the firm, but the Jewish names hide a Latino connection. “We started in Miami, which many people think of as the place to which your grandmother retires. They think of it as a very Jewish city”, says Rosenbaum. “In fact, when we began, in the 1960s, the business community in Miami was very Anglo-Saxon and white. There weren’t many Jews in Florida’s business world.

“Greenberg Traurig started from Jewish partners and expanded into a firm with a large Hispanic-Cuban population. We were the first firm to accept Hispanic-Cubans, who came to Florida from Cuba. In fact we were a Jewish-Cuban firm. The CEO of the firm before me was Cesar Alvarez, who is not Jewish and is of Cuban origin. He is perhaps the biggest non-Jewish donor to Jewish causes in the United States, because Jews very much helped him and his family when they arrived in the United States”.

During the 1990s, the firm decided to expand. “We understood that Miami is not the center of the U.S., and so we decided that despite being the number one firm in Miami, we need to grow. We saw an opportunity and didn’t want to be the ones to wait for change, but to seize the opportunity. We have never merged with another firm, because our organizational culture was important to us. So we chose individuals in each place and brought them into our organizational culture so as to expand in those places. It may be a slow and expensive way to expand compared to a merger, but it helps us to really be one firm”, Rosenbaum explains.

The emphasis was on American distribution: “First of all we expanded to Washington and New York, and today we have 29 offices in the U.S. Out of 1,800 attorneys, 1,600 are in the States. We see the U.S. as one single major market. We perhaps cover it better than all the other law firms. We have a presence in New York, Florida, Texas, California. There are also many attorneys in Chicago, Atlanta”.

So basically you offer to serve as the gateway to the U.S. market for Israeli companies?

“To the entire American market. We have access to Wall Street as do other firms, but we offer penetration to all the markets in the U.S.”

**What do Israeli companies have to look for in places remote from the center?
Let’s say – in Colorado?**

“There is a huge population in such places, in Texas, in California. For example, we represented an Israeli company that did a deal in Dallas, and they needed attorneys who know the law there. We represent Israelis who buy real estate in Denver, Chicago, and Los Angeles. There is a vast amount of activity in all these markets”.

As a sophisticated marketer, Rosenbaum immediately explains that, “New York is an expensive location in which to do business. Hong Kong is an expensive location, as is London. But there are many locations in the U.S. that are less expensive. We have a presence in all these locations too, acting as a single team, so when they call on us they get this value. This means that if price is important to you, you’ll get more value from us”.

In recent years, major law firms in the U.S. are in crisis. A large number of them have cut back on manpower and desisted from recruiting young attorneys. Rosenbaum believes that the whole field is facing significant change.

According to Rosenbaum, “Firms are hiring fewer attorneys and clients don’t want to pay high fees for the work of attorneys in their first year in the profession. The whole industry is undergoing change now. Large firms will have to become more efficient. Technology will replace many employees. The structure of employment will change. It won’t only be associates and partners at different levels. We have introduced various categories of employment arrangements and we also charge different fees for attorneys according to these categories. There are people who also like this as it allows more flexibility in terms of working hours. From our point of view, these are all changes for the better. We are not a 200-year old Wall Street firm. Those firms are in danger. We are not”.

“Even in a free market, intervention is needed”

Rosenbaum joined the firm 29 years ago, when it was still a small law office in Miami. He is a man who reached the top through his own hard work. His grandparents escaped from Pinsk in the 1920s and came to Brooklyn. At the age of 17, he was forced to go out to work to support the family, and at the same time began studying at law school in the evenings. Just three years after graduating, he joined the law firm over which he today carries out executive management from his office in New York. The office heads are dispersed all over the world, and the conversation with Rosenbaum is taking place in Israel as a result of the decision to this year hold their annual board meeting in Tel Aviv.

Rosenbaum’s personal history is the place from which he draws the answer to the question on whether the Israeli government’s treatment of the concentration problem

is justified. “On the question of concentration, this is an area in which you enter the economy of the free market. I’m someone who believes in the free market, but one of the things we’ve learned over time is that even in a totally free market at a certain stage government intervention or help is needed”, he says. “This keeps the market free and the playing field fair. If people become too strong, then the market is less free and it’s almost impossible for others to play a fair game. This situation is not desirable for anyone wanting to enter the market, but even for the strong players in the market, it’s not good in the long term. It becomes a matter of class. If a way is not found to assure the ability to create social mobility, you’ll have a problem.

“When I was growing up and saw rich people, I didn’t hate them, but instead wanted to be like them – and I also believed it could be done. When you lose this hope, you start to hate those people. Therefore occasional government intervention designed to create fair opportunity is healthy”.

Rosenbaum hints that Israel needs to become more attractive to foreign investors. “There is a great deal of wealth in the world, and wealth is always looking for places to invest. All the countries of the world are competing for this wealth. If you don’t want to compete, that’s your choice. In the U.S., you see people moving to invest in Florida and Texas because the taxes and the regulations are more favorable.

“There are quite a few countries in the world in which you have to be a citizen or a local company in order to invest or buy a business. For example, in India, they are promising to open up [the market], but it’s not happening. They perhaps think it protects certain businesses, but it deters investors. It would be good, insofar as it is possible, to make regulations similar to those in other countries and efficient for investors”.

And from here he recommends: “To win in the competition for wealth, you want your country to be considered as a place of innovation, a place that is fair and efficient for investors and where the rule of law prevails. The rule of law worries investors in China. This is something that Israeli companies should pay attention to when they invest in China. In Israel you don’t have this problem”.