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SOUTH FLORIDA LEGAL GUIDE

BUILDING LEGAL-FINANCIAL TEAMS

Fort Lauderdale attorney Dan Taylor values his firm's banking relationships. "As a business law firm, a lot of money passes through our accounts," says Taylor, director of Tripp Scott. "So there has to be close coordination, ensuring the documents are right and the money is going to the right places."

Of course, Trip Scott and its attorneys also utilize a wide range of banking services themselves And like other South Florida Legal Guide "Top Lawyers," Taylor says personal relationships are the key to building strong legal-financial teams. "We feel we're an integral part of the South Florida financial community, just like the banks with which we do business."

While virtually all law firms, attorneys, paralegals and other staffers need checking and deposit accounts, the right combination of bank services varies from firm to firm. A real estate firm, for example, might need escrow services for its client accounts, while a litigation firm might rely on a line of credit to fund its day-to-day operations between successful verdicts or settlements.

Individual attorneys may need mortgages, loans for vehicles, financial planning or wealth management services. Their spouses, partners and children may also need banking services – not to mention the firm's clients. As a result, bankers value their relationships with law firms and attorneys.

"Many attorneys choose to work with boutique banks that can provide personalized service," says

Dan Taylor

Eddy Arriola

Eddy Arriola, chairman of Apollo Bank, a community bank that has offices in Brickell and Doral, with a Coral Gables branch opening later this year. "They want to work with banks that know the legal business, have the right products and can move quickly when they need assistance. In addition, many law firms are looking for technology support, such as online treasury management services, mobile banking, and better and quicker account reporting."

LOOKING FOR SERVICE

Harry Payton, founder, Payton & Associates, Miami, says small and large firms have similar banking needs. "While our firm has a financially conservative culture, liquidity is often an issue for firms that run up extensive receivables," he said. "That's one reason law firms go out of business."

Payton says it can be good for law firms to have more than one banking relationship, particularly when credit is needed. "If a firm needs financing for capital improvements, then you would have more than one bank that knows about your firm."

On the other hand, having one primary relationship can foster a sense of loyalty. "That way you're going to get the best of what that banking institution can offer," he said. "But I don't think the larger banks today have that old-fashioned culture of dealing directly with the client. Everything goes upstairs for a decision and the relationship becomes somewhat cold and impersonal."

In his firm's practice, Payton says service remains the key differentiator among banks. "We deal with many wealth management-related matters," he said, "and we want to know right away when a wire transfer hits our account." As for technology, Payton says his office manager handles most of the banking online. "It's convenient and a real time-saver," he added.

CREDIT REMAINS TIGHT

Four years ago, Grossman Roth moved to Coral Gables. "We needed a loan for the build-out and other purposes, and our bank responded," says trial lawyer Neal Roth, co-founder. "I'm not a believer in multiple banking relationships. When someone sees divided loyalties, you get less service from both of them. It's better to deal with one institution."

That availability of credit is vital to many law firms and lawyers seeking to build their practices. However, it can be a challenge to obtain loans or lines of credit in today's market.

"In our practice area, which is civil litigation, it's very important for a bank to understand the ebbs and flows of your revenue," Roth says. "Having an adequate line of credit is essential. But we have seen some banks become less understanding due to the economic downturn and the more difficult regulatory environment."

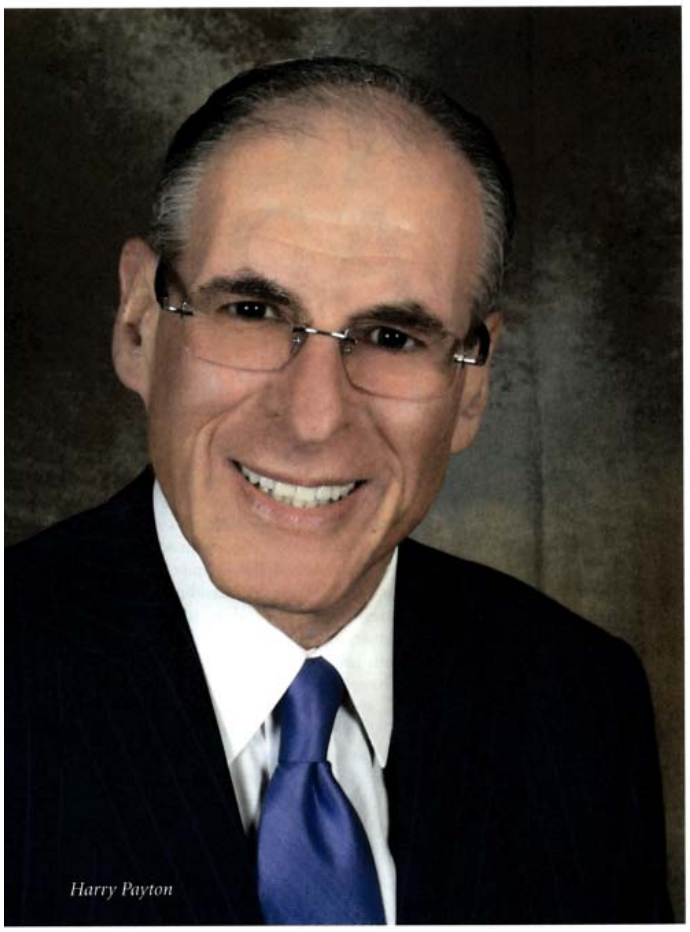
Roth adds that he's heard of other attorneys who have had their lines of credit closed down or not renewed – leaving them scrambling to develop another banking relationship. "Today, banks have to hold more capital than in the past, creating a negative cycle," he says. "Banks would like new business, but if they make substantial loans they reduce their capital, their ratios go down and the regulators jump on them."

TREATING CLIENTS DIFFERENTLY

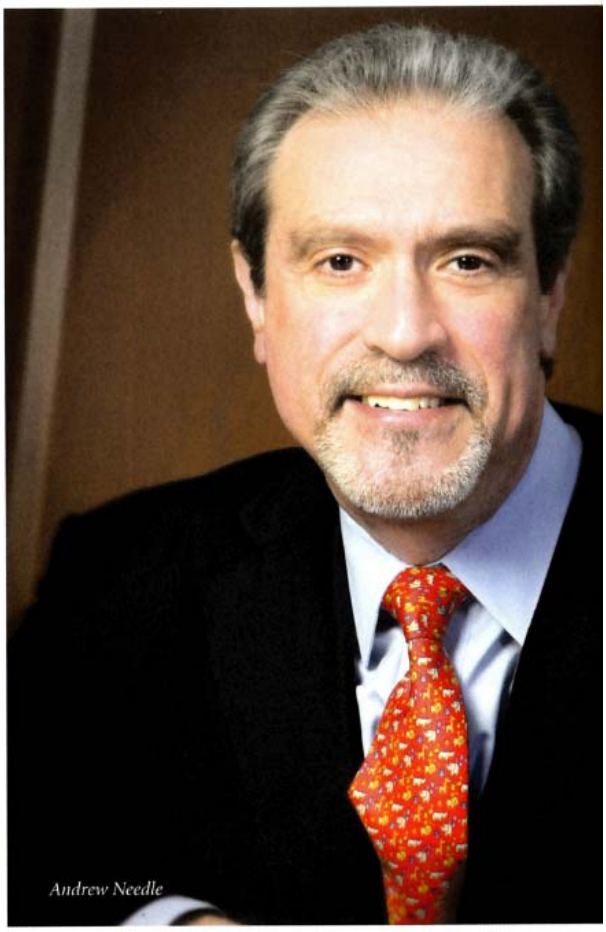
As a trial attorney, Roth says banks take a different view of their firm's clients in the pre-recovery and post-recovery phases of a case. "In pre-recovery, the clients are devastated by an injury or death, and often struggle to make ends meet until we can get the case settled," he says. "The clients often come to us and ask for help."

Because attorneys are not permitted to lend money to clients, Roth generally recommends that the plaintiffs contact a commercial bank for a loan. "You can present the facts of the case, the timeline, the damages and the probabilities of success," he says. "Some banks will then lend to clients in the pre-recovery phase and take an assignment of the proceeds when the case is resolved. Other banks won't do that."

Since cases may take a year or longer to reach resolution, a bank might prefer to collateralize its loan, although some banks will provide the clients with money on



Harry Payton



Andrew Needle

an unsecured basis. Roth said advanced settlement funding companies may be another option for clients, although their lending rates are generally much higher than commercial banks.

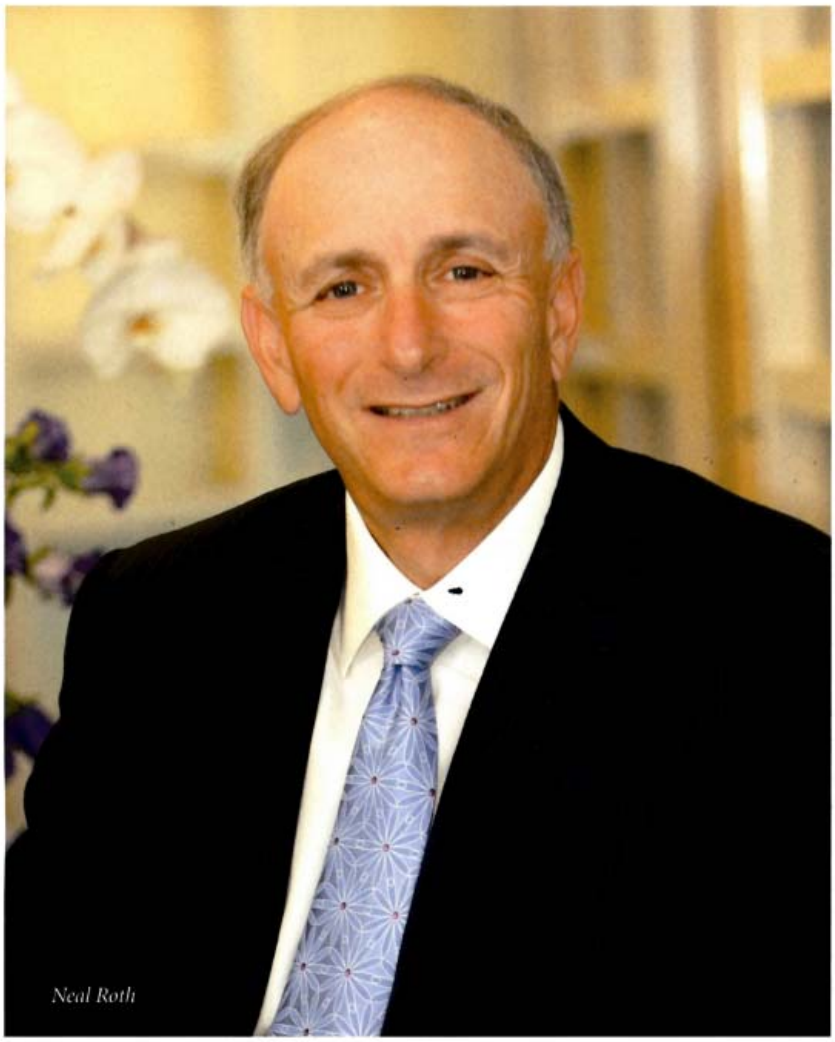
The situation changes, though, after a jury reaches a verdict or the case is settled out of the courtroom, Roth says. "Now, all the financial institutions want your client's business. What we do is introduce our clients to at least two institutions with wealth management services. Our goal is to give them options and protect their interests."

In evaluating wealth managers, Roth says he looks for an institution that can provide complete services for a client, who may have expensive, long-term medical care requirements. "When the client and the representative of the institution connect, the client's life gets easier. The institution can educate the client, invest the money and pay the bills. It's also important for the client to have someone who can implement the medical plan, such as finding the right home, hiring staff and purchasing equipment."

Roth adds that through the years, the amount of time he spends with clients post-recovery has steadily increased, and now amounts to about 25 percent of the total hours spent on a case. "You have to make sure you collect the client's funds in a timely manner, take care of the medical liens in a case and deal with government entities. But the clients are very grateful for this service."

LOOKING FOR SETTLEMENT OPTIONS

In civil litigation cases, it is important for attorneys to look at the settlement options a bank can offer their clients, according to Andrew Needle, president and managing partner, Needle & Ellenberg, P.A., Miami.



Neal Roth

"Financial institutions generally have thresholds for managing a client's funds, such as a minimum of $500,000," he says. "If the client receives a smaller cash settlement, such as $250,000, the bank may be able to offer a pooling arrangement for the client."

In the current low-rate environment, clients need the expertise of a financial planner, wealth manager or trust department in order to create and execute a long-term plan that balances their risk and reward objectives. But it's the institution, rather than the individual banker, who is most important, Needle says, because of the client's need for a stable, long-term relationship.

"A good trust department will produce a plan where the client can see what the expected growth will be, where they plan to put the money, and how aggressively or conservatively it will be managed," Needle says. "That trust department may also pay the client's bills and provide guidance to the client on how funds are being spent to help them avoid burning through the money too quickly."

SUGGESTIONS FOR LAW FIRMS

When considering a banking relationship, Payton has some advice for other attorneys. "Sit down and talk to the relationship officers," he said. "Find out about their knowledge and experience, and see if there is any chemistry. That's important if you want to develop a personal banking relationship."

Consider the size of the bank as well – not just for the needs of the firm, but also for its clients. "If you're doing real estate transactions involving millions of dollars, you need to be in a large national or regional bank, rather than a small community bank. "But if you have more basic financial needs, with money going in and out every month, it's more important to have someone who will answer the phone and respond to your needs."

From a banker's perspective, Arriola suggests working with an institution that can provide business as well as financial advice. That might also mean looking for mutual networking opportunities in the local community. "In many cases, bankers and attorneys have similar clients," he says. "It makes sense to talk about opening doors for each other."

Finally, Taylor emphasizes the importance of working with a banking relationship manager who understands the needs of law firms and attorneys. "No one wants to deal with bumps in the road," he says. "Having a personal relationship with the senior people in the bank can help you get through those financial issues. We feel like we have close ties to the banking community, and that's a real benefit to our firm, and our clients."