

Business & Law

McElroy Defectors Form New Morristown Firm

Boutique of 32 lawyers will handle complex commercial litigation and insurance services

By Tim O'Brien

Thirty-two lawyers from McElroy Deutsch & Mulvaney, including a third of its equity partners, have formed a new firm because of discontent over its merger with Carpenter, Bennett & Morrissey.

The 32 attorneys open for business today in Morristown, under the brand name Coughlin Duffy.

“While I’m sad to see some good friends and good lawyers go, from a practical view we are going in different directions,” says Edward Deutsch, McElroy, Deutsch’s managing partner.

Timothy Duffy, a leader of the mass departure who is taking client Bayer Corp. in tow, agrees. “It’s an amicable separation. We just wanted to do things differently.” Duffy, who has been with the firm for 18 years, says that he does not want to be part of the larger firm that will come into existence on May 2.

Name partner Kevin Coughlin, the seventh lawyer to join McElroy 19 years ago, will bring with him business from Zurich-American Insurance Group.

What is clear is that the spin-off



A FIRM IS BORN: Unhappy with the merger of their firm with Carpenter, Bennett, Kevin Coughlin, seated left, and Timothy Duffy, seated right, led a 32-lawyer walkout from McElroy, Deutsch to a new firm opening today. The other founding partners, standing left to right, are Paul Lisovicz, Kevin Wolff, Suzanne Cocco Midlige, James Lisovicz and Robert Kelly.

was triggered by McElroy, Deutsch’s vote to take in Newark’s 105-year-old Carpenter, Bennett, which will bring 60 lawyers to the merged firm.

The walkout was no surprise to Deutsch or to Carpenter, Bennett senior partner Frank Dee. They say it was discussed before the merger was

closed in principle during partnership votes on March 17.

"I was aware of this," says Dee, who heads Carpenter, Bennett's employment and labor group. He says the merger will not be disturbed by the spin-off and in fact will eliminate some conflicts between his firm's corporate clients and McElroy, Deutsch insurance clients who wrote policies for them and sometimes battled with them over coverage.

Brain Drain

But the talent drain of the 32, from first-year associates to six equity partners, works out to about 350 years of experience. Most of the departing partners and of counsel are in their 40s.

Besides Coughlin and Duffy, the founding partners of Coughlin, Duffy, Kelly, Lisovicz, Midlige & Wolff are Robert Kelly, Suzanne Cocco Midlige, Kevin Wolff and James and Paul Lisovicz. All but Midlige were equity partners.

They are joined by departing McElroy partners Michael Sullivan, Daniel Cohen, Timothy Smith, Lorraine Armenti, Robert Muilenburg II, Robert Re and Justin Kinney. Also coming are Vincent Reilly, Daniel Markham and Heidi Minuskin, all of counsel at the old firm. Reilly joins the new firm as a partner while the other two will continue as of counsel.

Coughlin Duffy will have two principle sides, a complex commercial litigation side and an insurance services side, with an emphasis on coverage issues. Duffy will lead the litigation side, which will handle product liability, labor and employment and related practice areas, particularly for pharmaceutical and chemical companies. Coughlin, who concentrates on insurance and re-insurance matters on behalf of carriers, will lead that side.

The Lisoviczes do much of this work, as does Reilly.

Coughlin also handles antitrust and toxic tort matters.

Paul Lisovicz, who handles product liability and toxic tort cases, has represented American Honda Motors Co., the Krauszer's convenience store chain, and the township of Teaneck in a sexual-harassment suit.

James Lisovicz has defended the Archdiocese of Newark, the state's largest diocese, against priest molestation charges, and has represented companies in workplace injury and product liability suits.

Sullivan represented the Association of Criminal Defense Lawyers of New Jersey in amicus arguments before the state Supreme Court in 2001, while Muilenburg handled litigation on behalf of the North River Insurance Co. and the state Department of Transportation. Wolff represented the U.S. Fidelity and Guaranty Co. in a case that went to the high court in 1997.

Cohen, a former assistant Somerset County prosecutor, was called on to represent former Supreme Court Justice Robert Clifford, who is counsel to the firm, in Clifford's 2000 guilty plea to driving while drunk. And with Deutsch, Cohen handled another delicate matter, the representation of the estate of former Superior Court Judge Bernard Conway. Re has done merger and acquisition work as part of a team led by Deutsch.

Coughlin, who led a failed movement several years ago to expand the firm's executive committee from three to five and to gain a seat on the committee, says when pressed on the departures, "We decided we wanted to do it our way. You don't make a move like this unless there's a good reason for it."

Others have opined that the defectors did not want to grow the firm so

dramatically after 20 years of increasing incrementally. In 1995, when employment lawyer John Bennett left Carpenter, Bennett to join McElroy, this is what Coughlin told the *Law Journal*:

"My conviction is we pick people very carefully and we've been able to pick men and women who share a philosophy that involves collegiality and friendship. That extra binder makes it easier to come to work through difficult challenges. We have very little turnover in our history."

Says Deutsch late Friday, as the colleagues were packing up, "There's a lot of tears around here."

When the dust settles, McElroy, Deutsch, Mulvaney & Carpenter will have about 166 lawyers, making it about the sixth largest in New Jersey. Using past figures from both firms, revenues of the combined operation would be about \$55 million, putting it at No. 9 among the 20 top-grossing firms in the state.

After a year, the name will revert back to McElroy, Deutsch & Mulvaney.

Counting new laterals who are on their way, and the first-year associate class to which McElroy, Deutsch and Carpenter, Bennett have made renewed commitments, the firm should quickly be up to about 175. "We're going to continue to grow," says Deutsch, who adds that the firm has picked up about 25 lawyers in the past six months. He further says the firm will continue its pattern of growing one or two lawyers at a time; it's a model that has worked well as McElroy, Deutsch grew from two lawyers to almost 140 in 20 years.

Coughlin and Duffy say they too expect to expand. Their office on Route 202, near Morristown's center, can accommodate 65 lawyers. "Growth is going to be immediate," Coughlin says. ■