

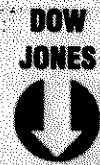
BUSINESS

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The Business of New Jersey 58 Market Watch 59



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The Star-Ledger

Bankruptcy lawyers' business booming

McCarter & English makes a big hire

BY IAN T. SHEARN
STAR-LEDGER STAFF

With real estate activity in a deep freeze, a deviation of the famous mantra is being whispered in law firms throughout New Jersey: Follow the debt.

McCarter & English, the state's largest law firm, will announce today it's ramping up its workout practice by hiring Charles Stanziale, one of the state's top bankruptcy lawyers, to concentrate on what promises to be a growth industry with the national and state economy in a recession.

"In these uncertain financial and economic times, there is an increased demand for lawyers with expertise in restructuring and debt management," McCarter & English chairman Drew Barry said.

Lawyers, too, go where recessions take them. Personal bankruptcy filings are skyrocketing this year, and corporate filings are trending up, though not as dramatically, being that there is historically a one-year lag between an economic downturn and corporate insolvency.

Many McCarter real estate attorneys, who in recent years were consumed with acquisitions and closings, will now be assigned to help Stanziale liquidate real estate holdings in bankruptcy cases, Barry said.

"The current lack of real estate work will be made up for with restructuring work," he said.

Business is brisk at other big law firms, as well. Where McCarter has a reputation for representing lenders, Cole Schotz, Meisel, Foreman and Leonard is the state's premiere debtor's attorney.

"Let's just say we're obviously being inundated with phone calls these days," said Michael Sirota, the firm's co-managing partner, who chairs its growing bankruptcy and corporate restructuring division. "We are being very selective and careful as to whom we take on."

Cole Schotz in recent months has hired eight insolvency lawyers, bringing the number of that team to more than 30 in New Jersey, Wilmington, Baltimore and New York. They are looking to hire more, Sirota said.

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The firm's highest-profile client in New Jersey is ENCAP, which is embroiled in a hotly contested Chapter 11 plan following its failed attempt to build a \$1 billion golf course and 2,600 housing units in the Meadowlands after the state killed the project.

One trend Sirota sees in the current economic downturn is a bit more humility from banks who are trying to keep their balance sheets in order.

"The (bankruptcy) filings would be even more fast and furious, except for the fact that lenders are now more willing to settle than go through liquidation in the courts," he said.

By luring Stanziale, along with two of his colleagues from McElroy, Deutsch, Mulvaney & Carpenter, making them all partners, McCarter thinks it has landed a premier team.

Stanziale has practiced financial restructuring and insolvency law for more than 40 years and has been involved in many of New Jersey's most prominent cases, including one involving the Trump casino company several years ago. He has been appointed operating trustee in numerous Chapter 11 cases and both operating and liquidating trustee in Chapter 7 cases.

"Charles Stanziale is clearly one of the top debtor-creditor lawyers practicing in New Jersey and surrounding states, and we are delighted to add him," McCarter managing partner Eric Wiechmann said.

Stanziale will bring a handful of big bankruptcy cases with him into his new job, including:

■ Solomon Dwek, a fraudulent real estate scheme. Stanziale is counsel to the Chapter 11 trustee who is overseeing the liquidation of a massive real estate portfolio of properties across the country.

■ Pappas Telecasting, in which he represents the trustee in the Delaware

Chapter 11 case. The case involves the largest privately held commercial television broadcast group in the United States.

Stanziale also brings with him colleagues Jeffrey Testa and Brian Baker.

"People move on for a variety of reasons. We wish those guys well," said Thomas Scivo, a partner at McElroy Deutsch, who spoke during a break in a court session in Newark where he was representing Stanziale, a trustee in a bankruptcy case.

Scivo said his firm's "robust" bankruptcy practice has recently added two attorneys in its Philadelphia office and is "always looking" to add more, particularly in this economic climate. The firm is involved in several commercial foreclosures that are headed to bankruptcy, he said.

"I'm guessing," he said, "we're going to see more."

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