

Law firms investing in new ventures to secure futures

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JACKSONVILLE — Law firm partners are finding business ownership can add to profitability and create business leaders out of attorneys.

Legal experts say it's becoming more common for partners to buy into non-legal companies, providing additional investment for their attorneys as well as themselves.

Partners of Brennan, Manna & Diamond LLC, a full-service law firm specializing in business law, co-founded Signet Enterprises 12 years ago. Signet is part of a national holding company that operates manufacturing companies and is involved in commercial real estate development. It also specializes in mergers and acquisitions, financing, health care and international business.

Attorneys at Brennan, Manna & Diamond can voluntarily invest in a particular real estate development project, such as the parking garage for the sports complex of the Jacksonville Veterans Memorial Arena, which Signet developed.

"Lawyers are given the opportunity to invest and to provide equity for the company," said Michael Freed, an attorney at the firm who has made some long-term investments in Signet.

Business lawyers see clients building wealth while the attorneys are "making a living," Freed said. "We don't want to be employees; we want to be business men and women."

Kenneth Krismanth, president of Signet, said the attorneys also contribute creative ways of developing the projects. "It is a way to align our services."

Services can also be aligned with the clients. For example, if a client of Brennan, Manna & Diamond wanted a new office, Signet could provide the resources to build the facility, Freed said.

But the law firm and the company must maintain a distant relationship in order to abide by requirements of The Florida Bar, the state regulatory organization for legal work.

The bar has issued ethical opinions that an attorney cannot represent a client with his or her own business interests at hand. Depending on what the law firm is doing with the business, it must be clear that it is a separate company, said Joy Bruner, assistant for the bar's ethics council.

Lawyers cannot be partners in a profitable corporation unless they are all licensed in that profession, said Professor James Cataland of the Florida Coastal School of Law. For example, it is not unusual to have a real estate lawyer owning a title company.

Partners of Driver, McAfee, Griggs & Peek PL, a business law firm based Downtown, bought the general partnership interest of a title insurance company, renaming it HomeGuard Title & Trust, two year ago.

Matthew McAfee, who specializes in commercial real estate, said being in a smaller law firm allows the partners "more flexibility" to be business entrepreneurs.

"Great support staff" allowed partners of small firms to focus on law but also seek other investments, McAfee said.

He is careful to keep HomeGuard separate from the law firm; he doesn't refer



Freed

the firm's clients to the company or the company's clients to the law firm.

McAfee said he continues to work at least 40 hours a week in law. The title insurance company has expanded to four branches in Jacksonville since 2004 and has its own management team.

Another reason small law firms are investing in separate entities is to secure partners' retirement, Cataland said. "A lot of the small firms don't have 401(k)" retirement plans.

Joe Camerlengo of Camerlengo & Brockwell, a personal injury law firm in

Arlington, is part-owner of the building in which it subleases office space. Camerlengo, along with several other attorneys and business owners, invested in the 48,000-square-foot facility in September 2005.

"We needed additional space for the law firm," he said. "We were doing pretty well financially and we wanted to diversify our revenue streams and, hopefully, our retirement."

Camerlengo invested in 52 percent of the three-story building, which means he will receive 52 cents per dollar the build-

ing generates in rental fees, but the law firm also manages the building, he said.

Margaret Grisdela, president of Legal Expert Connections Inc., a marketing and business development service for the legal industry, said law firms will continue to expand entrepreneurially because of the loosening of advertising restrictions about 30 years ago to allow attorney advertisements. "The legal profession is just kind of catching up and building their expertise in the business area."