Most Admired Attorneys: Cooley's Larry Gottlieb

By **Jesse Greenspan**

Law360, New York (September 08, 2010) -- When retailers go bankrupt, their creditors committees have time and time again sought out Cooley LLP's Larry Gottlieb to help them navigate the Chapter 11 process, earning him a spot on Law360's list of the 10 Most Admired Bankruptcy Attorneys.

In 2009 alone, Gottlieb and his team at Cooley were hired to represent the official committees of unsecured creditors in the bankruptcies of luggage maker Samsonite Co. Stores, outdoor apparel retailer Eddie Bauer Holdings Inc., discount retailer Filene's Basement Inc., department store chain Gottschalks Inc., photography retailer Ritz Camera Centers Inc., sporting goods retailer G.I. Joe's Holding Corp. and department store chain Mervyn's Holdings LLC.

Gottlieb has also represented certain debtors, including Crabtree & Evelyn Ltd. and Pacific Ethanol Inc., and he has become a creditor's rights advocate, publishing articles, giving speeches and one time testifying before Congress about the Bankruptcy Abuse Prevention and Consumer Act.

"Larry is a wonderful combination of being a regular guy and the ultimate professional," said Colleen Creevy Cording, general counsel at Crabtree & Evelyn, which emerged from Chapter 11 in January.

"He's very approachable, very personable, easy to talk to, generous with his time, and at the same time he's one of the smartest people I've ever met," Cording added. "He knows every aspect of bankruptcy law inside and out, and is happy to explain it to me whenever I have questions."

Gottlieb managed the Crabtree case masterfully from beginning to end, allowing the body and home products maker to become one of the only retailers to successfully emerge from bankruptcy over the past few years, according to Cording.

"I really think that the bankruptcy did for us exactly what a bankruptcy is supposed to do," she said. "Repeatedly, from day one, ever since we retained Larry and Cooley, we just said to each other, 'That was the best decision we ever made.'"

Not only is Gottlieb an excellent negotiator and speaker, but he is good with numbers and knowledgeable about transactions, said Jay Indyke, who became chair of Cooley's bankruptcy and restructuring practice in July, replacing Gottlieb after 12 years at the helm.

"He certainly comes up with very constructive and creative ideas," Indyke said of Gottlieb.

"One of the things Larry was very good at, and it wasn't necessarily typical of creditors committee lawyers: people thought enough of his talents that he would play a very prominent role in auctions or the sale of assets," he added.

According to both Indyke and Cording, Gottlieb is skilled at training young attorneys.

"He's really good at giving young people extraordinary responsibility," Indyke said. "And he did that with me too. He threw me right in."

“He clearly puts a lot of thought and effort into mentoring his team, and as a result his team is also incredibly knowledgeable,” Cording added. “The rapport that they all have with each other as a group is fantastic and contagious.”

After graduating from The George Washington University Law School in 1973, Gottlieb spent a few years doing juvenile rights division work.

“I'm a product of college and law school in the late ‘60s and early ‘70s — you know what was going on at that time,” Gottlieb said. “I think practicing bankruptcy law was the furthest thing from my mind.”

By the mid-1970s, however, Gottlieb was doing bankruptcy work for the boutique firm Siegel Sommers & Schwartz LLP, which had been founded by his father-in-law and a few other partners decades earlier.

“A lot of small firms were the ones who did bankruptcy in those days, and the big ones didn't do much of it at all,” Gottlieb said.

That changed in 1978 when Congress enacted the Bankruptcy Code. But Siegel Sommers got more involved in the field, mostly representing creditors and creditors committees in retail cases.

For example, Federated Department Stores Inc. — the owner of Macy's and Bloomingdale's stores, among others — went bankrupt in 1990, soon after merging with Allied Stores Corp. Gottlieb was retained to represent some of Allied Stores' unsecured creditors, and he purportedly helped them obtain a 100 percent return on their claims.

Over the years, he has also represented the creditors committees of Montgomery Ward, Long John Silver's Restaurants Inc., Loehmann's Inc., Hartmarx Specialty Stores Inc. and many others.

“He started to get a reputation as being one of the top creditors committee lawyers,” Indyke said. “We were really conflict-free, and I think that attracted a lot of people to the practice.”

In 1998, Siegel Sommers merged with Kronish Lieb Weiner & Hellman LLP, which merged into Cooley Godward Kronish LLP in 2006. There are now about 20 full-time bankruptcy lawyers on the team.

Meanwhile, Gottlieb's practice began to expand from creditors committees in retail cases to include debtors — including Crabtree, Pacific Ethanol and Metromedia Fiber Network Inc. — along with the equity committees of companies like Seitel Inc. and Peregrine Systems Inc.

Prior to 2005, many of those Chapter 11 cases ended with successful reorganizations, according to Gottlieb. But reorganizing has become much more difficult since the passage of the Bankruptcy Abuse Prevention and Consumer Protection Act, he said.

In 2008, Gottlieb testified before a U.S. House of Representatives subcommittee that nearly all retailers were now beginning the Chapter 11 process with little hope of emergence.

He pointed out that bankrupt retailers generally need to go through at least one holiday season to determine the vitality of their business, and that BAPCPA's 210-day deadline for companies to assume or terminate store leases is therefore not long enough.

BAPCPA also created a big class of administrative creditors that has to be paid in full upon confirmation, and otherwise put restraints on debtors' liquidity reserves, according to Gottlieb.

“BAPCPA has left retailers without adequate time and money to effectuate operational initiatives and cost cutting measures needed to resuscitate their businesses,” he said.

“Indeed, the constricted time frames and liquidity problems created and imposed by BAPCPA have effectively eliminated the need for existing lenders to provide any more financing than necessary to position the debtor to liquidate its assets in the first few months of the case,” he added.

Not everyone agrees, of course. Also testifying at the House hearing was New York University School of Law professor Barry Adler, who said that in the past companies would routinely emerge from bankruptcy subject to a new capital structure even if there had been no cure for the economic woes that made them insolvent in the first place.

“These BAPCPA provisions ... reflect the belief that if a debtor cannot be reorganized quickly, there may be no viable business to save, in which case the best resolution is a swift turnover of assets to the debtor’s creditors,” Adler said.

Although no system is perfect, it appears Congress got things right with BAPCPA, he added.

“Put simply, bankruptcy law cannot help a debtor who entered bankruptcy because it offers an expensive product that customers do not want,” Adler said. “Such a business will fail in or out of bankruptcy, reorganized or not, and if a futile reorganization attempt delays the day of reckoning and consumes resources that creditors could otherwise capture and reinvest society is not well served.”

BAPCPA aside, one important piece of any bankruptcy lawyer's job is knowing how to look at whether a company is profitable, according to Gottlieb.

“When you're talking about bankruptcy lawyers, you're really talking about lawyers who are businesspeople as well,” he said. “It's tough to be a bankruptcy lawyer in the cases we handle if you don't understand business.”

Methodology: From May 25 through June 11, Law360 invited readers to nominate attorneys they admire to be profiled for the "Most Admired" series. Readers were asked: “Is there an attorney you've argued against in court who you respect — or whose briefs you fear? What about a lawyer whose views on the latest hot-button issues you eagerly seek out? Or a former classmate who is practicing the law in novel ways?” Survey participants were not permitted to nominate attorneys from their own firms and submissions from public relations and marketing professionals were not considered.

Separately, Law360 sought out nominations from practice group heads at the 100 largest law firms in the United States. In total, 1,016 nominations were received.

Nominations were reviewed by a board comprising experienced lawyers and Law360 editorial staff. Sixty-five attorneys covering seven practice areas of the law were then selected to be profiled for the "Most Admired" series.