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Attorney of the Month

Marc S. Schechter,
Butterfield Schechter LLP San Diego

Big Success from Mastering a Small Niche



Big Success from Mastering a Small Niche

by Dan Baldwin

Butterfield Schechter LLP is San Diego County's largest firm focusing primarily on employee benefit plan and ERISA matters.

"We are definitely a very niche practice area—ERISA/employee benefits and in particular the employee stock ownership plan (ESOP) area. Almost no other local firm does what we do. Almost no others can efficiently do what we do because of the depth of our experience and know-how in our field," says Marc Schechter, co-founder. That know-how takes years of on-the-job training, a real residency.

Butterfield Schechter LLP was founded in 1998 by Schechter and Robert K. Butterfield. The firm is focused on supporting a broad-based clientele. Corporations, individuals, partnerships, limited liability companies, joint ventures, qualified retirement plans, nonprofit organizations, government agencies, top tier recording and performing musical groups, and professional athletes seek out the firm's attorneys for top tier performance and comprehensive legal assistance in the areas of employee benefits, tax and corporate law, entertainment law and ERISA litigation.

The casework can be fascinating. For example, Schechter represents a number of groups including those inducted into the Rock and Roll Hall of Fame, including the ground-breaking sixties group Jefferson Airplane and their various group and individual incarnations over the years. Regardless of how many years ago certain music was created, groups such as Jefferson Airplane need legal guidance for use of their music in movies, television, television commercials and so on. "Clients such as these folks are often a bit more interesting simply because of the nature of their work (I received my BA in music) and their legal needs. I've had the good fortune to meet some very interesting people."



*Partners Corey F. Schechter,
Marc S. Schechter, and
Paul D. Woodard*





Corey F. Schechter, Partner

Schechter says, “Our areas of focus are something that they don’t really teach in law school. You only learn through experience. And the only way to get experience is to work for people who have done it and particularly in San Diego County—basically that’s Butterfield Schechter.”

The firm has a staff of 20, including new partners Corey Schechter and Paul Woodard. The attorneys work in teams that are supervised, but are not micro-managed by the co-founders. Schechter works closely with three attorneys and support staff while Butterfield works primarily with seven of the firm’s paralegals and support staff.

Schechter says the partners’ management style is “hands off” with supervision. “I’m always interfacing regularly with the staff, but it doesn’t take a lot of supervision to keep things moving efficiently with a highly skilled staff. We don’t even have a managing partner or firm administrator. Our

experience has shown us the more competent the staff is, the less time you need to spend on administrative matters. In addition, our office is a dog friendly and a relaxed atmosphere!”

Finding and Embracing a Niche Market

Butterfield Schechter LLP began with a phone call, but there was a history before that call. Schechter was Butterfield’s law clerk from 1982 to 1984 working exclusively in the ERISA area for one of San Diego’s most prominent tax and estate planning lawyers, Ralph Gano Miller. In 1986, Butterfield left to work at Procopio Cory and Thomas Monson and Ralph Gano Miller decided to offer Schechter a partnership position. That firm subsequently became known as Miller, Ewald, Monson, Hoshaw & Schechter, APLC.

Each attorney was carving out a respectable place in the legal community. Years later, Schechter received a phone call “out of the blue” from Butterfield who was considering leaving Procopio and asked if he had an interest in partnering up to establish San Diego’s premier ERISA/employee benefits law firm. Schechter liked the idea and in 1998 they formed Butterfield Schechter, LLP.

Butterfield and Schechter early on established specific and strict guidelines for serving their clients while continuing to succeed as a business in a challenging legal niche:

- Clients, referral sources, and competitors should regard the firm as the community leader.
- The professionalism of staff and the quality of services is to be recognized in the local ERISA community.
- Maintaining a knowledge of ERISA and employee benefits through continued training by attending or teaching courses, keeping up to date with current laws, regulations, and news reports, and striving to always be ahead of the curve.
- Operating with integrity.
- Contributing to the legal community.
- Helping employees realize their full potential and provide a workplace where they are comfortable.

Clients agree that their formula for success achieves equally successful results for those clients.

The firm is in its 25th year as Butterfield Schechter LLP and the two founders have never had a partnership meeting. In a business where the skill of argument is at the core of many legal practices, the partners have never had an argument. The arrangement has proven successful even in an area of law most consumers and even attorneys and judges do not understand or are even familiar with.

Taking Stock of Employee-Owned Businesses

“I’m always amazed when I meet with clients about an ESOP and discover that they’re hearing about this option for the first time. Usually, these clients are referred to me by someone else who says, ‘Hey, this is a really complicated part of the law; you should talk to Schechter because he knows just what you need to do.’ The client comes in and they’re often stunned. ‘Wow! I never heard of this! Is it legal?’ they say. Certainly, ESOP sounds too good to be true for some and I blame the ESOP community for historically doing a poor communications job to the business population in general. We’re doing our part to fix that,” Schechter says.

ERISA was passed in 1974 and became effective in 1976. ESOPs were part of that newly enacted law, yet the benefits to employees and owners have often been largely ignored, primarily due to a lack of awareness on the part of business owners and advisors in general. Butterfield Schechter has moved a long way toward changing that trend through ongoing and powerful action in this most-narrow niche, navigating businesses to employee owned.

“In the past four years or so, we’ve started to see what they refer to as the silver tsunami, which is particularly obvious with the baby-boomer business owners,” Schechter says.

Clients who are now in their sixties primarily want to “take some chips off the table” by selling or transferring their business to their employees. They want to retire comfortably and get the value out of the business that they built. However, taking care of loyal employees is often a major factor in their decision making. They look now at the ESOP concept a lot more seriously, because there are significant tax benefits associated with transferring the stock to the employees through an ESOP.

The process of selling to an employee stock ownership plan is complex and poorly understood by most attorneys who just haven’t had the experience of working within that environment.



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Paul D. Woodard, Partner

An independent trustee is required to negotiate the price with the founders, followed by drafting the plan and transaction documents, and the biggest decision, which is whether or not to take that step to becoming an employee-owned company.

Schechter invests more than 50 percent of his time working on ESOP matters. For some companies, it's very obvious that it would work. For other ones, it takes a considerable amount of research, analysis and decision-making. A total understanding of the law and actual experience in its application is essential in guiding clients in making that decision. The ESOP option is viable in many situations, but in some it is in the client's interest to seek another solution.

He says, “I’m in my 38th year of practice and I’ve done ESOP work since day one. I’ve always liked the concept because it gives the employees some return on their investment in the business, in addition to just getting their paycheck. It’s a way for employees to share in the value of the business. I’m always proud to see my clients promote their businesses as ‘employee owned.’”



Marc S. Schechter and his "Pawalegal," Peanut.

Expecting Exponential Growth

Butterfield Schechter plan for significant growth within the next five years. They have already expanded staff and opened a branch office in Los Angeles.

An essential element in that growth is finding, hiring and maintaining top legal talent that can understand and handle the complexities of the firm's practice areas, especially ESOP cases. Fortunately, they did not have to look far.

Corey Schechter, Marc Schechter's son, and Paul Woodard, are the firm's newest partners. The two have been friends since high school. Woodard even accompanied the Schechters on vacations and was essentially a family member.

Both showed an early interest in a career as an attorney. They attended law school together at Cal Western and were in the same class. After graduation, they practiced at Butterfield Schechter and after about 8-9 years were offered the opportunity to become partners. They are family but definitely paid their dues and earned their positions. "This is an extremely narrow niche field and both men love it. They handle most of the ERISA litigation matters for the firm. Although they have different personalities, they create a nice balance. Corey is quieter and he is an excellent writer." The younger Schechter has earned his share of great reviews.

"I would highly recommend [Corey] Schechter and his Law firm! [Corey] is very professional, extremely knowledgeable on the law, and is excellent at communicating with his client! [Corey] took the time to explain my case to me every step of the way and fought hard for me to get justice and fairness with my case. I thank God that I was fortunate enough to have him represent me."—M.S.

Marc says, "Paul is also a good writer, but he also excels at the oral side of matters—arguing in court, negotiating and client contact." Woodard's clients are equally impressed.

"I had an extremely complicated case for 14 months with this firm. It will be a study case for future law students. I was very impressed on Paul Woodard's ability to get up to speed on the facts of my case! Paul is empathetic, open minded and has a positive attitude. He even welcomed my research and contribution without resistance. We worked closely with each other. He is amazing and stopped at nothing to resolve my case in a timely fashion. He is an asset and a valuable employee!"—Cheryl S.

Schechter says, "It gives me great pride to work with these guys together on challenging and complex matters. I will be pleased to see the eventual succession of the firm and our clients in their hands one day. As for me, I intend to continue doing what we've become good at, until I can no longer personally keep up with the technology. I lost my wife to cancer two years ago and it changes your outlook. At her request, I grew my hair to donate to chemo patients and will soon do that. And my personal musical endeavors will continue. My daughter, Molly, will soon be starting her last year of medical school. I'm proud of my kids." ■

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