

Corporate attorney: outlook good for local business ... and local law firms

Rhode Island corporate lawyers and their clients are facing a mix of positive and negative economic conditions and indicators, including an assortment of pro-business state initiatives, a high unemployment rate compared to the rest of the country, and a drop in mergers and acquisitions nationwide.

Starting last year, the state government has rolled out a number of programs designed to attract and retain businesses and skilled workers. The ultimate goal is to reduce the number of unemployed in Rhode Island, which has exceeded the national rate for years. Those numbers in July: Rhode Island, 5.5 percent; U.S., 4.9 percent.

Last October, the state launched two programs that are credited with bringing hundreds of jobs to the state. One is the Qualified Jobs Incentive Tax Credit, which gives companies tax credits for creating new jobs either by relocating to the state or expanding the company's existing local workforce. Another is the Rebuild Rhode Island Tax Credit, which offers tax credits for certain real estate projects.

Gov. Gina M. Raimondo and state legislators also have taken other steps to spur job growth, including the Real Jobs RI grants program, which funds partnerships that are established to help workers develop skills in order to meet a specific employer's needs.

While the state initiatives drive work to corporate lawyers, their impact has been counterbalanced by the declining M&A market. According to data from Mergermarket Group, the number of moderately sized M&A deals — in



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the \$10 million to \$250 million range — which are the lifeblood of Rhode Island corporate lawyers, was down nationwide 14 percent during the first

half of 2016 compared to the first half of 2015.

Joseph A. Kuzneski Jr. represents companies and private equity funds in middle-market acquisitions, joint ventures and investments. He jumped to Providence’s Hinckley, Allen & Snyder in May from global firm Weil, Gotshal & Manges, where he helped establish the Providence office in 2005.

He spoke with Lawyers Weekly’s Sheri Qualters about M&A trends, the outlook for midsize law firms competing for corporate work, and the state’s economic development initiatives.

Q. How would you analyze the Mergermarket data, and what does it mean for your practice?

A. The middle market certainly softened quite a bit, not quite as much as the large cap M&A market, but it certainly did soften. The good news is, based on M&A publications and business surveys, the second half of 2016 looks very positive for M&A in general, especially middle-market M&A. My firm has certainly experienced an uptick in new deals and new letters of intent being negotiated. It’s all very good now.

Q. How does a Rhode Island lawyer who practices in your area compete with lawyers based in New York and other large cities?

A. The deals run by the Wall Street firms are bigger deals. Although those firms also get into the middle market,

there is a great opportunity right now for regional firms to do middle-market deals. There is a lot of pressure on companies to reduce their legal budgets, and one of the ways they are doing that is by looking at the type of law firms they use for different types of transactions.

Q. So, you compete by offering lower billing rates.

A. A regional firm has lower billing rates than what a Wall Street firm will have. It should because its cost base is much lower.

Q. What proportion of your work comes from deals that are happening outside of Rhode Island?

A. Probably 75 percent or more of the deals have a Rhode Island connection. That includes companies which are based in, or have an office in, Rhode Island, or who have a significant equity investor with offices in Rhode Island. The other parties in these transactions are almost always entities from states other than Rhode Island or foreign entities.

Q. Is there any type of corporate work that has become more prevalent in the state in the past year or so?

A. There are economic initiatives that the Raimondo administration has en-

acted, along with the state Legislature, which have had a major impact in attracting new businesses to Rhode Island, as well as growing and retaining existing businesses in the state.

They've really taken a multi-pronged approach, including focusing on tax credit programs, which reduce the cost of doing business in Rhode Island, and workforce development initiatives. The most obvious, Rebuild Rhode Island and Qualified Jobs, have clearly resulted in companies like the GE Digital information technology center, Lexington Lighting Group, Trade Area Systems and Ivory Ella coming to Rhode Island. Those programs have also played a significant role in retaining or supporting the expansion of companies like Granite Telecommunications, Greystone of Lincoln and Ocean State Job Lot.

The workforce development initiatives, in which the Raimondo administration has restructured the workforce training system to align training efforts with the needs of employers, and the college loan forgiveness program for graduates who live and work in the state in certain sectors like engineering, have also helped reduce the highly skilled workers' gap that we face in Rhode Island.

I feel very optimistic that the business base in Rhode Island is growing. And any time the business base is

growing, that is good for Rhode Island law firms. There are a lot of opportunities in representing these new companies entering Rhode Island, whether it's through corporate work, real estate work or regulatory work.

Q. How has the Raimondo administration's initiatives and efforts to attract new companies to the state affected your practice?

A. We have certainly heard from some of these companies who have benefitted from the tax credit programs.

Q. Has your firm gotten new clients or new work?

A. I can only say some of my clients have benefited from it.

Q. How did you get into this practice area?

A. I was an economics major in college; I was always interested in business. I wasn't sure whether to go to business school or law school. I decided to go to law school, but there was always a business tint to everything that I did. It was sort of natural for me to go into corporate law. I joined Edwards Angell in 1989, and I just happened to catch on with certain partners who practiced in these areas, private equity and M&A.

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