



## Business Journal will be out of the office during remodel

The Sacramento Business Journal office will undergo an extensive remodel starting Thursday. We will be open, but employees will work off site until Feb. 21. If you need to contact us, please either e-mail or call our direct phone numbers (area code 916):

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Attorney Kathleen Finnerty, who handles ADA compliance issues, tours the projection room at the Tower Theater in Roseville.

DENNIS MCCOY  
SACRAMENTO BUSINESS JOURNAL

KATHY ROBERTSON | STAFF WRITER

Three small law firms opened their doors in the Sacramento region last month.

All are run by veteran lawyers who spent time with big firms but decided January was a good time to start ventures of their own.

Interest in a spinoff to freedom has picked up among lawyers in the region after a hiatus due to the slow economy, but reasons for how and why vary with personality and type of talent.

Kathleen Finnerty, a longtime litigator and corporate law expert, left an

## LAWYERS GO BOUTIQUE

Veterans leave large firms to each start their own practice

international powerhouse for a boutique business litigation and counseling practice that allows time for horseback riding before work.

Sue Ann Van Dermyden, a former partner at Hanson Bridgett LLP, and Deborah Allison, former counsel at the University of California Davis, are longtime labor law advisers with parallel expertise. They

crossed paths, saw a fit and went into business together.

And Robert Naylor, a lawyer, lobbyist and former state assemblyman from Los Angeles, got tired of commuting. He resigned from the Nielsen Merksamer firm, opened a loft office on J Street, and comes

LAWYERS | PAGE 22



Larry Cassidy  
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# LAWYERS | Better life-work balance, more control prompts lawyers to go out on their own

FROM PAGE 3

north only when he wants to.

All three groups had been thinking about spinning off for a while but coincidentally bolted in January.

They did it with consulting help from Donna Gary, who has played a role in more than 35 local startups.

Gary consulted on three to five spinoffs a year in better times, but the figure dropped to one in 2010.

Then three groups made the plunge in January, suggesting a change in the trend.

"There's more of an incentive when there's confidence," Gary said. "When you feel good and have a strong client base, you feel good enough to go out on your own."

## TIME TO 'SIMPLIFY'

Finnerty, 49, was on the shortlist for an appointment to the bench until former Gov. Arnold Schwarzenegger left office in December.

She worked in the Sacramento office of mega firm Greenberg Traurig LLP since it bought Sacramento-based Livingston & Mattesich in 2005. Miami-based Greenberg Traurig has about 1,800 lawyers in more than 30 offices in the U.S., Europe and Asia.

Finnerty had a thriving litigation practice but always dreamed of being a judge. She had been approached about other jobs. Then a health scare came up.

"All this suggested change was in order," Finnerty said. "I'm pretty reflective at year-end. Each year I do a list and on it is Henry David Thoreau's advice to 'simplify.' It was either do that or take it off my list."

Although pleased with the comfort of a large firm, Finnerty had growing impatience with the mantra for "more."

On her own, she's gone virtual enough to cut costs — and the fees she charges clients.

"I may be Donna's first client to really practice law in the clouds," Finnerty said of her almost paperless office, where documents are sent, served and received by e-mail. "That really streamlines what you need."

Fees she charges eNova, the online



**Kathleen Finnerty, who does ADA defense, takes some measurements at the historic Tower Theater in Sacramento.**

DENNIS MCCOY | SACRAMENTO BUSINESS JOURNAL

lending division of pawn and cash advance company Cash America International Inc., have dropped \$80 an hour.

"The primary reason we kept our business with Kathi is she's a tremendous lawyer," eNova general counsel Lisa Young said. "But it was definitely a consideration that the hourly rate would be lower than at a large firm. That's something we watch closely."

It's unusual, too.

Business owners may demand a reduction of high bills, do a request for proposals to get the best deal or negotiate fixed fees. But a unilateral fee cut by a lawyer? Not likely.

Finnerty continues a commercial litigation practice that emphasizes Americans with Disabilities Act defense, banking, commercial claims defense, construction and trade secret litigation and counseling. With access to resources at Greenberg Traurig as needed, she leases an office on Eureka Road in Roseville.

"It's not as important to have a fancy office with fancy trappings — although mine is lovely — as to offer great service and great value," Finnerty said. "With less distractions and not worrying about billing the client \$500 an hour, I can fix that pleading that hasn't read well for five years."

It cost Finnerty less than \$5,000 to get started on what she sees as a different path. Less high-profile but more balanced.

"The biggest problem now is buying more jeans and sweaters," she said.

## A NICHE OF ITS OWN

Van Dermyden and Allison left jobs they loved to pursue a niche that doesn't fit well in a large firm structure.

They met a year ago, when mutual friends suggested the two women had a lot in common. Brainstorming about a new firm started almost immediately.

Van Dermyden is an employment lawyer, licensed private investigator and certified investigator for the Equal Employment Opportunity Commission. After years of litigation in state and federal court, she now offers employment-related advice and counseling and conducts workplace investigations and training seminars.

"It's proactive," she said. "We give employers and employees an opportunity to solve it before litigation."

While lucrative when there's a lot of this kind of work, it doesn't generate the kind of income some large firms expect from partners.

Allison began her career as a litigator at a local firm now called Boutin Jones Inc. and was counsel to the California Fair Political Practices Commission before landing as associate campus counsel at UC Davis. Workplace investigations and employment management were the fare there.

Effective Jan. 1, the pair joined forces and opened on Venture Oaks Way in Natomas. Michael Sheesley, a former director of employees and labor relations at UC Davis, provides part-time legal counsel.

All three conduct workplace investigations — and demand for the service

appears to be going up. The California Association of Workplace Investigators Inc., founded in October 2009, attracted 250 members in a year.

The firm started with a blend of public and private-sector clients, including some larger clients both women have done work for in the past.

Investigations benefit both employers and employees, Allison said. "In litigation, you pick one side or the other. But if we are hired by an employer, we represent the best interests of the employee, too," she said. "We both firmly believe truth serves everybody."

## 'PEOPLE SAY I SEEM MUCH HAPPIER'

Naylor is liking the short commute.

"Being a lawyer in a large firm required me to be in Sacramento more than I needed to be for my particular client work," he said of his stint as a partner at one of California's top political law and advocacy firms, now called Nielsen, Merksamer, Parrinello, Gross, Leoni LLP. "I don't miss having to get up and catch the first flight to Sacramento every Monday morning or the latest flight (back) on Thursday."

With big Southern California clients such as the Metropolitan Transportation Authority, it's easier for Naylor to stay in Los Angeles. He's become of counsel to the Sacramento-based firm Bell, McAndrews & Hiltachk LLP, which has a Santa Monica office. The work is expected to round out his practice, but he calls the shots.

Naylor has Sacramento-area clients, including some new ones. He recently won a bid to provide federal lobbying services for the El Dorado County Transportation Commission. "I'm really enjoying my independence and being the captain of my own ship, so to speak," he said.

His new firm, Robert W. Naylor Advocacy, is based at the loft on J Street in Sacramento, but that is more of an accounting address and place to hang when he travels north.

"I work out of home in L.A.," Naylor said. "I probably work a lot harder — there's a lot of detail work — but I'm absolutely delighted. People say I seem much happier."

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# FIVE STAR | Much-stricter federal laws may demand more bank regulatory executives

FROM PAGE 2

on the way as the Dodd-Frank Act's mandates are written into regulatory rules and guidance.

Regulatory requirements for mortgage lenders have been enacted and more are coming. New laws will restrict consumer bank service charges, and new restrictions have yet to be worked out for interchange fees related to credit and debit cards. Changes will also come this summer for business checking. And two-thirds of the regulatory guidance has yet to be worked out at all.

Lee, who started with the bank as its chief financial officer in 2005, is a former regulator, so he is a perfect fit for the position, Beckwith said. Lee worked for the Federal Deposit Insurance Corp. for 14 years.

"Compliance has been kicked up a few notches and we want to stay current," Beckwith said. "It's a new day. If you don't have one person whose sole responsibility is dealing with this, well, you should have."

Banks historically have been highly regulated. Those regulations ramped up

in the late 1990s with money laundering statutes and again following the terrorist attacks of Sept. 11, 2001, with the Patriot Act.

The big Wall Street financial debacle of 2008 was led by investment banks and it nearly melted the economy. In its wake, lawmakers have been making new laws at a prodigious pace.

Bankers have to be ready to comply with the new regulations as they come out. Not following rules in banking leads to actions such as regulatory orders and/or civil money penalties, which tend to be expensive and time-consuming to correct.

Large banks tend to have compliance departments, and most community banks have someone in charge of compliance, but putting a full-time executive in charge of compliance is a sign of the times.

"I can certainly understand why they would do it," said Tom Meuser, chief executive officer of El Dorado Savings Bank in Placerville. "We are spending every day on compliance now. In fact, I was just in a meeting on compliance."

In the financial trades, articles recommend banks assign a point person for all the regulation that is going to be coming

out. Then that person would work with all the areas of the bank that will be affected by legislation, Meuser said.

"There are so many aspects of the regulations that we are assigning point people with all the executives and then coordinating," said David Taber, chief executive of American River Bankshares Inc., parent company of American River Bank.

The Dodd-Frank Act, approved last year, is still being developed. In addition to reforming and regulating financial services, the act also created the Consumer Financial Protection Bureau, which will regulate and reform financial services. The bureau is supposed to be operational in July.

"We want to put our best foot forward and adjust to what we see coming," Beckwith said.

Five Star Bank's C-level executive promotion to compliance officer is the first Meuser had heard of a community bank assigning person to such a position, but he expects it won't be the last.

"For a bank of that size, it is not that common for them to have a regulatory officer," said Peter Garuccio, spokesman with the American Bankers Association

in Washington, D.C. "But with 1,000 pages of regulations proposed, we expect there will be more interest. ... Compliance is the growth side of the business."

The American Bankers Association, a banking trade group, offers on its website a widget that tracks the progress of 1,047 pages of proposed regulatory moves being converted into final regulations or guidance pages, which so far numbers 362 pages. The site also has a Twitter Dodd-Frank widget to keep bankers current with the changes as they happen.

The regulations are evolving as they are being written, said Rich Riese, senior vice president with the Center for Regulatory Compliance at the American Bankers Association.

The banking industry, he said, is not necessarily opposed to all regulations and is helping to craft legislation on itself.

"It is important to protect consumers," he said, adding that some of the regulations are designed to level the regulatory playing field for banks and nonbank lenders.

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