

Of Counsel Interview ...

Thriving Minority-Owned Firm Offers Clients Diversity of Ideas

In the 1980s, Ruben Smith and a handful of other law students involved in a program that helped train aspiring Latino lawyers expressed a goal among themselves. Someday in the future, they wanted to create a Latino-owned partnership and practice law together. Less than a decade later that dream was realized with the creation of AlvaradoSmith, which today is, one of California's largest minority-owned law firm.

As co-founder and managing partner of the firm, Smith energizes his colleagues with his intelligence, positivity, leadership skills, likeability, and enthusiasm. "Ruben's a technician of the law, he's well-trained, and very smart; so check, check, and check," says partner Raul Salinas, who met Smith when both were law students, at different schools, and was among those who talked about forming a minority-owned firm. "Beyond that, what distinguishes Ruben above the rest – he brings a passion. His personality breeds confidence."

Salinas says clients and prospective clients are drawn to Smith and have faith that he'll always look out for them and their interests—characteristics that are particularly important in this market. "These days you have to like the lawyer and trust your lawyers' judgment. Ruben meets both criteria," he says, adding that Smith's enthusiasm and energy extend beyond the legal profession. "Both Ruben's passion for community outreach and events and his activity level surpass anyone I know."

Recently, *Of Counsel* spoke with Smith about his career—he counsels clients in commercial, financial, and real estate transactional matters—his upbringing, the public service work he's done in California and the White House, the creation of the partnership, the importance of diversity in the profession and other topics. What follows is that edited interview.

Hoop Dreams ... Dashed

Of Counsel: What attracted you to the legal profession, Ruben? Was there a time when you knew that you wanted to become a lawyer?

Ruben Smith: It was when I realized that I wasn't going to play basketball in the NBA. And I'm five-foot-seven on a good day. *[laughter]*

OC: But Ruben, some team might have needed a short, quick guard.

RS: Yes, in my mind, I was convinced of that. From fifth grade until I got to college, basketball was the love of my life. I realized in high school that I better start thinking about something else.

I was born in Mexico and came to the United States when I was very young and

lived in El Paso, Texas, which is a common place for people from Mexico to live. Imagine that – with a name like Smith. My stepdad was Douglas Smith and was a police officer in Texas and then got tired of doing that so we moved to Death Valley, California, and after a few years, to Huntington Beach, which is where I grew wanting to be a basketball star.

I went SC (University of Southern California) for undergrad school and didn't know what I wanted to do. I thought I wanted to be a doctor but in my first year of pre-med, I realized, it was not what I thought it would be.

Fortunately, while still in school I got a job working for a company called TELACU, an East Los Angeles community union involved in economic development for East LA, and for two hours I would interview families about their lives. It was in a neighborhood where people were afraid to walk on the street because there were gang shootings all the time. Even though I got paid good money, it was always a concern. But the job gave me a good perspective on life and what I wanted to do and that's when I changed my major to public affairs.

I then decided to get a master's degree in inter-government management and spent a semester in each Sacramento, Los Angeles, and DC. I didn't do what a lot of people do and jump right into law school. I took my time to figure out what I wanted to do. In DC, I got a job at the White House in the Office of Hispanic Affairs, in the Carter Administration, for a couple of years and that changed my perspective on things.

One of the people I reported to went to Harvard Law School and he kept telling me, "You've got to go to law school." And, I saw that any time there was a major decision to be made, lawyers were always involved. It seemed to me that lawyers were making all the decisions. I applied to Yale Law School and was fortunate to get accepted and attend Yale. By taking my time [after undergraduate

school], I was able to find out what my passion was, pursue it, and become a lawyer.

OC: That's quite a journey. And then you got hired by Morrison & Foerster.

RS: Yes, I decided I wanted to go into real estate law and got a position in the real estate practice at MoFo. It was a great experience but it was not what I thought it would be. I rotated to different departments and then moved on to practice at a smaller firm in Orange County called Jackson, DeMarco & Peckenpaugh.

I was the lawyer assigned to do the development of two planned communities – one at the end of development and one at the beginning. The project created two new cities and that was the kind of real estate law I wanted to practice and was lucky enough to do all the commercial development for the end of one planned community and through the entire process of the other community. It was a great experience and enabled me to get involved in what was in some ways public policy because when you build a city, there are many issues that require a lawyer's help. I learned a lot and really enjoyed the work.

Putting the Band Together

OC: You became a partner at that firm, and when did you decide to start up your own shop? Maybe you could talk about the genesis of your firm.

RS: Okay but I have to back up. When I was in law school I was in a special program, the Coro Program for Fellows within the Coro Foundation, which chose 12 Latino law students every year. A few of the students and I in that program said that we need to have a place someday where we can work together and create our own Latino-owned firm. So that's where the seed was planted. We said we'd keep in touch. Ultimately, some of us did come together when we started the firm.

We kind of put the band together, as some of us say.

Ray Alvarado was a unique individual in that he was Alvarado but he looked like Smith – he was six-foot-two, blond hair, blue eyes, and didn't speak Spanish. His father was Mexican and his mother was Irish. He was 20 years older than me and back then it wasn't kosher to speak Spanish or be bilingual. His father was a police officer in Los Angeles, was conservative, and didn't allow him to speak Spanish.

So we looked around to see who some of the prominent Latino lawyers were at the time. Another lawyer was Wally Davis, another Smith, *[laughter]* and he spoke fluent Spanish. When we formed the firm, Ray and I would interview folks, and they'd looked at us kind of funny like, "Did you guys get your names mixed up?" It turns out that this was a great way to challenge people's stereotypes of what Latino lawyers were.

Ray left his 20-lawyer firm – where he was the main lawyer – to form this firm with me in 1993. We started with five lawyers and three offices. We knew we wanted to have a large practice and had a grand vision that we could be a national firm and believed in what we were doing.

OC: You knew before you formed AlvaradoSmith that diversity was going to be very important. When I look at the lawyers' photos and read the names on the firm's website I can see that you are very diverse. Of course, not many law firms can make that claim. When you think about both the things that have gone right in increasing diversity in the profession and the challenges we still face, what comes to mind?

RS: Let me start with the negative. When we started, firms that were minority-owned got a few extra points to be able to get some of the government work; there were some companies, although not a lot, that gave a preference. But in the mid-90s there was a

thing called Prop 209, which did away with the preferences.

We were okay but the problem that we encountered was a stereotype: If you were a minority-owned firm, somehow you didn't have the quality. You weren't as good. Fortunately, we were able to say, "Not only did we go to good law schools but about 90 percent of the lawyers in our firm at the time came from big firms – Riordan & McKenzie, Morrison & Foerster, Rogers & Wells and on and on. We were able to counter by saying, "Hey, we're the same lawyers who used to do the work for you. Now we can do it more efficiently because we don't need to have a senior partner, a junior partner, a young associate or two to handle the matters."

That was our entree into trying to get some of the larger clients, and fortunately, it worked. We got work and as a result built a good name. At the same time the RTC was formed, if you recall.

OC: Right, the Resolution Trust Corporation.

RS: Yes, and because a lot of us came from firms that had extensive financial institution experience, that was a natural for us. We were able to get quite a bit of work from the RTC and developed great relationships there. That ended and we transitioned from that.

Along the way some large companies wanted diversity because they could see that their clients were a diverse population, and they wanted their employees and lawyers to reflect that. One point we'd make in a marketing pitch for litigation was, "Hey, if you're in litigation in East LA, you're going to want someone who understands Latino culture because somebody who doesn't may miss something. There are a lot of examples of cases that didn't go well because somebody misunderstood either a language or an interpretation." So we'd make the case that with diversity, you're going to have better

representation because you'll have cultural awareness and diversity of ideas.

We experienced a diversity of ideas quite early on within the firm. We were up to about 60 lawyers a few years ago and at our annual meetings we'd have about 11 different languages that our lawyers spoke. That kind of diversity brings new ideas.

Ebb and Flow of Growth

OC: Why have you trimmed down the ranks of your lawyers? Did people leave for various reasons? Did you want to make the firm smaller? Did the recession have anything to do with it?

RS: Let me quickly walk you through that. After we'd grown to about 25 lawyers, we met a law firm in Miami with about 120 lawyers. We came together and formed a national firm, ultimately of almost 300 lawyers in 17 offices in 11 or 12 states. It was a huge success and no one had ever seen a minority-owned firm of that size with a lot of experience and good, quality lawyers.

Unfortunately, one of the main partners in Miami ran into a problem with the state bar [*he explains the details of the predicament*] and we decided it wasn't going to work out, that maybe we should bail, and we did. At that time, we then became a firm of about 40 lawyers.

When the recession hit, we were fortunate in that we had kept all the clients we had, and we had a major bank client. At that time there was so much work in the lending industry in the litigation area that we were just inundated. We had about 3,000 cases dropped on us so we knew we had to grow fast. We got up to 62 lawyers.

But that number started to dwindle as the economy got better. The work from the banking client began to dwindle too, and we were getting a little scared because that constituted

about half of our income. We were no longer a national firm, and the client made it clear that they wanted a national platform and, if the partner who handled their work didn't move to a national firm, they'd have to find a new lawyer. So he left us, which lowered our ranks back down to about 30 lawyers.

OC: I'm guessing that when that lawyer left he or she took some associates with him or her.

RS: Yes.

OC: Ruben, let's get back to the diversity issue. Why has the professional been so slow to hire and promote minority and women attorneys, particularly when compared to the corporate world?

RS: I think, quite frankly, it's a matter of people going with people they know and trust, which makes it very difficult for that door to open. People stay with people they feel comfortable with and sometimes that happens to be along racial lines, actually most of the time. And until they have the opportunity to work with somebody that maybe they wouldn't normally have given an opportunity to, they see that they can do good, quality work and perhaps provide different experience and better representation because of the diversity they bring. I think you find that some GCs and in-house counsel see the value in diversity – not just for their customer base and marketing and policy perspective but from a legal services delivery standpoint.

On the Horizon

OC: You've had so much success and, no doubt, will continue to succeed. Where do you see AlvaradoSmith going in the next few years?

RS: The decision we've made is to go back to a national platform and continuing the course we've set off on – and bring together other diverse firms. One of the first big clients

we got was really because we were a large firm at the time. We could get bigger deals, even though several of the lawyers who worked on that big client's transaction were members of the same 25-lawyer firm [before it merged with the large Miami firm]. The key now is to maintain those relationships and continue to handle those large transactions, despite the fact that we're not one of the white-shoe firms. We're just as good and we can add more value.

We've been very fortunate to have some incredible cases and clients who want to use us. We have handled two recent deals, and we're working on a third one right now, that involve about \$2 billion.

OC: In addition to being very good lawyers, do you also think you generate some of this work because the clients want to hire a diverse firm?

RS: I think there are some companies that have made diversity a priority, and we've been able to get in the door and stay with them. One of the companies we do work for now is a Fortune 100 company, and I think we're going on 15 years with this company. They went from retaining 600 law firms to 300 law firms and now only have 18 law firms – although they use more than 18 – but they use 18 core firms and we're one of those. That's an example of having had the opportunity and being able to deliver, and that's the company where we've been able to do a couple of deals in the billion-dollar-plus range.

A lot of companies are asking firms to be more efficient, and I think we've done a good job of doing that. I see it time and time again when we're in litigation – I'm not a litigator but I sometimes oversee litigation cases – and I see the number of lawyers on our side and then see the number of lawyers on the other side, and yet we get good results at a lower cost for our clients. Part of it is our structure. Larger law firms have a lot of lawyers to feed and, as a result, they've got to bring in a lot of people on the cases. I think we're responding well to Corporate America's challenge of being more efficient.

The other thing we intend to do in the coming years is to continue to become the law firm of the future. There's no question that technology continues to change dramatically. We recently partnered with an artificial intelligence firm to assist us in doing things with an artificial intelligence platform, for example, in dealing with depositions. We're working with a program that speeds up the work. Normally to summarize a one-day deposition, it may take 30 hours of a paralegal's time. But now with this artificial intelligence, we can get it done in 10 minutes.

If you don't change the way you practice law, and incorporate new technology, you're going to get left behind. I see us as a firm that embraces the technology that's out there. This serves as an equalizer and will allow us to continue to be competitive with the big firms. ■

—Steven T. Taylor

Copyright © 2019 CCH Incorporated. All Rights Reserved.
Reprinted from *Of Counsel*, July 2019, Volume 38, Number 7,
pages 24, 20–23, with permission from Wolters Kluwer, New York, NY,
1-800-638-8437, www.WoltersKluwerLR.com

