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Q&A With Hodgson Russ' Kenneth Friedman

Law360, New York (February 01, 2010) -- Kenneth P. Friedman is the leader of Hodgson Russ LLP's business practice area and its corporate and securities practice group. He concentrates his practice in mergers and acquisitions, corporate finance, business planning, project finance, and securities, and he handles a broad range of general business matters. His clients include a major national real estate development company.

Q: What attracted you to your practice area?

A: I was attracted to the corporate finance practice because I saw the role of a corporate or business lawyer as one that builds or creates things rather than tearing things down. A business lawyer is someone who is able to assist a client in creating a new business, developing a new technology, providing financing for that new technology, combining previously separate companies into something greater than the sum of their parts and otherwise causing things to grow.

There are other practice areas that, at least by perception, are viewed as more contentious, adversarial and destructive. I understand that our legal system is an adversary system and acknowledge the need for dispute resolution. Being involved in business transactions involves negotiation and resolution of disputes. However, the resolution of those disputes often results in the creation of something positive.

Q: What is the most challenging deal you've worked on, and why?

A: I recently represented a French publicly traded company in the acquisition of a U.S. publicly traded company involving significant dollars and complexity. There were many elements of the transaction that made it challenging and exciting. The transaction had facilities and employees located in several countries, involved several languages and involved a variety of different asset types.

In addition to traditional language and cultural barriers that often exist in multinational transactions, this transaction also involved strong personalities. Consequently, in addition to having to be a lawyer of quality and expertise, in order to achieve success for our client, it was essential to have skills to build relationships with all parties in order to develop the necessary trust and confidence.

Q: What are the most challenging legal problems currently facing clients in your practice area?

A: The most challenging problems facing clients with whom I deal is the availability of capital and the challenging financial marketplace in which we are operating. I have many successful clients who are finding it extremely challenging to deal with their existing lenders or new lenders who might be able to provide refinancing or new financing. I find there to be a disconnect between people or institutions claiming to have capital or desiring to provide financing and clients in need of that financing on reasonable terms.

Additionally, in connection with the merger and acquisition portion of the corporate finance practice, I continue to find a mismatch between sellers' and buyers' expectations. Buyers are looking for unreasonably good deals because of the challenging financial environment while sellers still expect to achieve multiples that may not be rationally attainable.

Q: Where do you see the next wave of activity in your practice area coming from?

A: The next wave of activity for me and the clients with whom I deal is the opportunity to acquire either distressed debt or debt that is available with companies that are fundamentally sound but whose lenders desire to either exit the business or reduce their risk exposure in that business. When clients see the market is at or near the bottom, there will be a rush to enter.

Q: Outside your own firm, name one lawyer who's impressed you and tell us why?

A: In spite of the cynicism with which lawyers are often viewed, I find that most lawyers with whom I deal are intelligent, enthusiastic, interested and interesting. A lawyer with whom I am acquainted used to humorously begin his speeches to physicians groups that were learning to deal with malpractice suits by saying that 200 years ago, when the forefathers of the legal profession were "writing the Declaration of Independence," the forefathers of physicians were "sucking blood with leeches."

While there may be many conclusions to draw from that humorous remark, my take is that lawyers have played a strong role in our nation's history, and they have a history of giving in the communities in which they live, work and operate — and they generally add value to the lively debate on which our system depends.

That being said, I will not name a single lawyer out of the many who have impressed me, but rather say I continue to be impressed with the legal profession and many of the lawyers within it.

Q: What advice would you give to a young lawyer interested in getting into your practice area?

A: Having practiced for close to 30 years, I consider myself a bit old-fashioned because I believe that the legal profession in general and the corporate finance practice in particular require the ability to develop relationships with other lawyers, with clients, with people with whom one deals on transactions. It is important to be a person of your word, of high integrity, and of honesty — and above all, you need to care about your clients and their successes.

Consequently, a lawyer who considers his job well done if a client is so overly well-advised about risks that the client is paralyzed with fear will not be successful. A successful lawyer in the corporate finance area is a deal maker. A deal maker needs to understand his client, his client's business, and his client's goals and objectives. To do so requires time and understanding about more than legal issues.