

Opportunity over the river

Lawyers make most of cross-border networks

BY MATT CHANDLER
Buffalo Law Journal

Long lines and lengthy delays at local border crossings may annoy people out for an afternoon of international shopping. But the steady stream of business traffic flowing between the United States and Canada spells opportunity for law firms on both sides of the border.

With clients looking to capitalize on the close proximity of these international markets, firms face the challenge of taking care of their clients' needs while operating outside of the United States. Given the complexity, cost and legal limitations of practicing law internationally, most firms have opted to develop an informal network of relationships with Canadian firms as a means to bridge the border and serve their clients through cross-border referrals.

Lance Madden is something of an expert when it comes to cross-border issues. As a partner with Hodgson Russ, he has been handling international law and border issues for 20 years.

"Back in 1989 when the U.S. Canada Free



MARK WEBSTER/BUSINESS FIRST

The commute between Buffalo and Toronto has become part of Jaeckle Fleischmann & Mugel partner Dan Joyce's regular routine as he cultivates relationships with Canadian law firms.

Trade Agreement went into effect, we had about 200 Canadian clients and we felt we had a nice base to build on," Madden said, "so we became licensed as legal foreign consultants and opened our office there (in Toronto) on the theory that not only would we attract more business from

See BORDER, Page 13

BORDER: More interest on part of Canadian companies headed south

FROM PAGE 1

our existing clients, but we would attract new business as well."

Madden says that theory played out as expected. Hodgson Russ, he reports, has seen its revenues grow to between 20 and 30 times what they were in 1989.

"Our practice has grown maybe beyond what we ever imagined," he said, "and it that is because of these (cross-border) relationships we have forged."

Those relationships were initially limited to Canadian firms in the Toronto area, but in the two decades that have followed, Hodgson Russ has built cross-border relationships with firms across Canada.

Given the differential in market size between the two countries, Madden says the flow of referral business is heavier from north to south.

"It hasn't been a two-way street as much as we would like, because typically there has been more interest in companies in Canada coming south into a market that is ten times bigger," he said.

There is no compensation for these referrals, which are professional courtesy between lawyers, he says. So does Madden worry that the referrals might dry up if enough aren't being sent north to his Canadian counterparts?

"Even though it isn't an equal exchange, the firms we work with know they can send a client to us who is looking to do business in the U.S., and we will be able to offer them a full range of services," Madden said. "Ultimately, it makes the referring law firm look good with their important clients, and I think that is the bottom line."

While Hodgson Russ has maintained its Canadian office for nearly 20 years, other area firms say they have built strong cross-border relationships without having a physical presence north of the border.

"We don't currently have an office (in Canada) though I travel their regularly for meetings with my Canadian clients," notes Michael Marszalkowski, special counsel at Damon Morey and chair of the firm's immigration practice group.

Marszalkowski, who estimates that he crosses the border two to four times each month for meetings, says the referrals between Damon Morey and its Canadian counterparts are critical to the growth of the firm's cross-border business.

"From our end, we try to match up our client with the firm that can best meet their needs," he says.

He too sees more cross-border referrals traveling south than the ones going north, but he says there is still plenty of work to refer to the Canadian firms he deals with.

"You still have businesses who export goods to Canada as well as sales and marketing in Canada," Marszalkowski said. "In these instances, we rely on our Canadian referrals to take care of our clients."

Mark Geiger is a lawyer with Toronto-based Blaney McMurtry who, like his American counterparts, sees a great value in the cross-border referral system. His firm regularly refers clients to Jaeckle Fleischmann and Mugel; he works closely with Dan Joyce, a partner in the Buffalo-based firm.

"We have a great relationship not only with Dan's firm, but with several other firms throughout the United States," Geiger said. "For us, it helps to know we can have a relationship with a firm where we know the quality is there and the expertise is there, and that is a terrific advantage — to have the comfort of knowing a client is going to be served well."

Beyond the formal referral of clients between firms, Geiger says having a colleague over the border to discuss an issue with is an



JIM COURTNEY/BUSINESS FIRST

Partner Lance Madden said that since the firm opened a Canadian office in 1989, Hodgson Russ LLP has seen its revenues grow by as much as 30 times.

advantage that will benefit his clients.

"To have someone you know and (who) you can phone up and bounce ideas off or get assistance from when your client needs something is terrific," he added.

If you find yourself wondering where all these Canadian businesses so eager to expand into the United States are locating, Joyce says many of them are passing through Buffalo on their way elsewhere.

"To our dismay, many of them keep going to Florida, North Carolina or Arizona," he said.

The good news, though, is that Buffalo

law firms are still positioned to benefit from the drive-by expansions.

"We have seen that the strategy and planning involved in these business moves requires professionals close to home," Joyce says, "so even though the businesses may not have relocated to Buffalo, because their principals are in Southern Ontario, they get their U.S. legal advice from us."

"In that way, Buffalo attorneys have a real advantage because we stand to get a lot of the front-end business to bring the people and businesses over the border."