

Texas Powerhouse: Haynes And Boone

By Emma Cueto

Law360 (September 6, 2018, 1:00 PM EDT) -- Haynes and Boone LLP's Texas attorneys have recently handled an impressive series of cases and transactions, including a \$1 billion offering that allowed the CEO of Landry's to purchase the Houston Rockets, a \$3.8 billion merger for an oil and gas company and defeating a gambling suit against the NFL.

The firm, which was founded in Dallas, has taken advantage of the booming Texas legal market to expand and grow and now has offices as far-flung as Shanghai and London. However, it still stays close to its Texas roots with seven offices — including outposts in Houston, San Antonio and Austin — and 366 Texas-based attorneys.

With a long list of impressive matters under its belt, the firm earned a place on the Law360 list of 2018 Texas Powerhouses.

Tim Powers, the firm's managing partner, told Law360 that both the national platform and the Texas roots are a benefit for the firm.

"We can do things in Texas now that we wouldn't be able to do if we weren't a national firm," he said. "And I think we recognize in our other offices that there are a lot of strengths that our Texas base brings that allow us to do things in those markets that our lawyers wouldn't be able to have the chance to do [otherwise]."

The firm's high-profile matters include defending a suit against the NFL that accused the league of torpedoing a fantasy football convention under the pretext of enforcing its gambling policy. Representing the NFL, Haynes and Boone successfully argued that the suit should be thrown out of Dallas County District Court.

The lower court's decision was upheld in April by the Fifth Court of Appeals, which found the league was justified in deciding that several NFL players' participation in the event violated the league policy because the Venetian Resort in Las Vegas, where the convention was to be held, includes a casino.

Haynes and Boone earned a Fifth Circuit victory in a whistleblower suit over allegedly ineffective guardrails when the appellate court overturned a \$663 million judgment against Trinity Industries Inc. Haynes and Boone represented Trinity alongside Gibson Dunn & Crutcher LLP and Akin Gump Strauss



Hauer & Feld LLP.

The court ruled in September 2017 that a 2016 U.S. Supreme Court decision in *Universal Health Services v. Escobar*, which established a broader standard for False Claims Act suits, undermined the claims because the government had continued to use the guardrails. The suit had alleged that Trinity had hid defects in its guardrails when bidding on a contract from the Federal Highway Administration.

"I don't know that anybody else could have done that," Powers said, saying that in his view, the firm's appellate practice group is easily the best appellate group in Texas.

In addition, the firm handled several major transactions, including a \$3.8 billion merger between oil and gas exploration and production company Alta Mesa Holding LP and processor Silver Run Acquisition Corp. II.

It also oversaw a deal that allowed Tilman Fertitta, owner of restaurant company Landry's and the hotel and casino chain Golden Nugget Inc., to purchase the Houston Rockets basketball team. The transaction included a \$1.4 billion offering and a reorganization of Landry's operations.

"That was probably one of the more complex financings," Bill Nelson, a Houston partner who worked on the deal, said.

He explained, "We had to make Golden Nugget the issuer, because for gaming regulatory reasons we couldn't move the Golden Nugget's assets around. We had to figure out how to get that restricted payments basket to grow by putting all these assets together, and we had to figure out how to get a large enough dividend on a short time horizon so that Tilman could buy the Houston Rockets."

The closing of the deal was then nearly derailed by Hurricane Harvey, which hit Houston in August 2017 while the office was working on the transaction. But the deal stayed on track, Nelson said, closing on time the following month, thanks to other Haynes and Boone attorneys who pitched in during the aftermath.

"We had a number of attorneys and a number of our staff who were really negatively impacted," he said. "Their houses were flooded, their cars were destroyed."

The firm set up a fund to help the affected employees, and other attorneys stepped in to help those who were still reeling from the storm.

"You could pick up the phone and the attorneys in Dallas were there to work, and the attorneys here who weren't personally affected were ready to come in and work. And no one ever shook their head or questioned it," Nelson said.

Even when not in the midst of a natural disaster, the firm said this collaborative culture is key to its success.

"The worst thing that can ever be said of a partner in our firm is that they let another partner down when they came to them for help," Powers said.

Overall, he said, the firm expects its attorneys to put the greater good over the good of the individual, a culture that he said goes back to the firm's founders, Richard Haynes and Mike Boone, who began the

firm in 1970. The firm also looks to recruit attorneys who are “high on drive, low on drama,” he said, going so far as to use a custom personality test when screening applicants.

The firm’s compensation structure also promotes cooperation, Powers said. Compensation, he explained, is based on a wide range of factors, including cross-selling, project management, recruiting and mentoring. Attorneys are told what their projected income will be if the firm achieves its budget, meaning attorneys are incentivized to keep the firm as a whole profitable and strong.

“Everyone is focused on making the pie bigger,” he said. “Because if the pie is bigger, that’s better for the individual as well.”

Nelson used another metaphor: “If the tide rises, so do all the boats.”

He explained, “You send out an email to another partner, regardless of which office they’re in, that partner is ready and willing to work.”

The firm is also aided by its emphasis on long-term planning, said Nelson, who also sits on the firm’s board.

“So often, people are chasing this month’s dollar, this year’s dollar,” he said. “By being able to plan out ten or fifteen years in advance, that permits us to have strong, measured growth even in down cycles in the market.”

Powers noted that the firm also encourages attorneys to do pro bono work and foster a positive relationship between the firm and the community. Doing so ultimately serves clients by making the firm more effective, he said, adding that attorneys also see giving back as the right thing to do.

In one notable pro bono effort recently, 150 attorneys from across several firm offices volunteered their time after the federal government began separating migrant families at the border, and was able to help secure early rulings that set the stage for the government to eventually back down, according to Powers.

“As a firm, I’m absolutely proud of all the client work we’ve done, but I’m also proud of our lawyers who got involved [regarding family separations]... on top of all the work they do regularly,” he said.

The firm also signed onto a New York Times op-ed condemning the practice.

Looking forward, the firm hopes to continue to strengthen its existing practices, though it is eyeing a possible expansion into Charlotte, North Carolina, where two of its big clients, Bank of America and Wells Fargo, both have major offices, Powers said.

“We are and always have been a very client-focused, teamwork-oriented and long-term planning firm,” he said, and the firm intends to stay that way.

--Editing by Janice Carter Brown.