

## CAREER MOBILITY AND RACIAL DIVERSITY IN LAW FIRMS\*

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Although the legal profession has become much more diverse in recent decades, observed attainment still varies with a lawyer's race (Gorman and Kay, 2010; Payne-Pikus, Hagan, and Nelson, 2010). Black lawyers, in particular, experience higher attrition rates at nearly every career stage on the path to law firm partner. The Law School Admission Council (LSAC) reports that blacks constituted approximately 25% of all attendees at Law School Forums (a pre-application event) but only 11% of all law school applicants between 2000 and 2009 (Law School Admission Council 2009). Although blacks constituted 7% of all admitted law school applicants in 2010 and 2011, they constituted a smaller percentage of law school graduates and an even smaller percentage of all practicing attorneys (EEOC report 2003).

Black lawyers also face significantly lower odds of making partner in large corporate law firms than white males, even after accounting for the racial composition of associates (EEOC report, 2003: 31). For example, the National Association for Law Placement's (NALP) *Directory of Legal Employers* (available at [www.nalpdirectory.com](http://www.nalpdirectory.com)) reports that in 2011 black lawyers represented approximately 4.3% of all law firm associates but only 2% of all law firm partners. Despite extensive efforts of law firms to address such issues (e.g., Kay and Gorman 2012), such racial disparities are a persisting reality for the legal profession.

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One prominent explanation for these racial disparities centers on social capital. Relative to white peers, blacks are generally believed to access lesser social capital, or the resources located within social networks (see Fernandez and Fernandez-Mateo 2006 for a detailed account). Wilkins argues more specifically that for black lawyers, a lack of access to elite networks reinforces their disadvantage in the profession, and that “contacts are ultimately what will allow [black lawyers] to be a successful partner” (2004: 27). This argument is consistent with sociological research that suggests that network contacts are a crucial source of job referrals and intra-organizational support (Granovetter 1974; Fernandez and Weinberg 1997; Podolny and Baron 1997) and that being admitted to elite professional circles requires access to elite networks (Useem and Karabel 1986; Payne-Pikus et al. 2010). Why might social networks be so central to our understanding of persistent racial disparities in the legal profession?

Industry patterns indicate that, as in other professions, legal careers are becoming increasingly interorganizational in nature (Bidwell and Briscoe 2010; Rider and Tan 2015). Hiring competitors’ partners has long been a law firm growth strategy (McEvily, Jaffee, and Tortoriello 2012) but over the past few decades, lateral hiring has become an even more common mechanism for law firm growth and competitiveness (Henderson and Bierman 2009; Coates, Nanda, and Wilkins 2011). Figure 12.1 illustrates the trend in lateral partner hiring from 2000 to 2009. In 2000, 64% of partner hires by an American Lawyer 200 (AM Law 200) firm were from an employer outside of the AM Law 200, such as in-house legal departments of corporations, government, or smaller firms. By 2009, however, the modal partner transition was from one AM Law 200 firm to another (i.e., 59% of all partner hires). Although these particular data are limited to partners’ lateral transitions, more junior lawyers also exhibit substantial mobility (e.g., Lempert, Chambers, and Adams 2000; Dinovitzer et al. 2009).

Because legal careers increasingly constitute successive employment spells at multiple employers, a race-based disadvantage in interorganizational mobility opportunities is likely to contribute substantially to race-based differences in career attainment. Social networks are often implicated in the generation of mobility opportunities. For example, in a prior study, the first author investigated the role of social capital in obtaining employment following the dissolution of one’s employer and found that lawyers tended to move to subsequent employers along with former coworkers (Rider 2014). Motivated by this work, we initiated a

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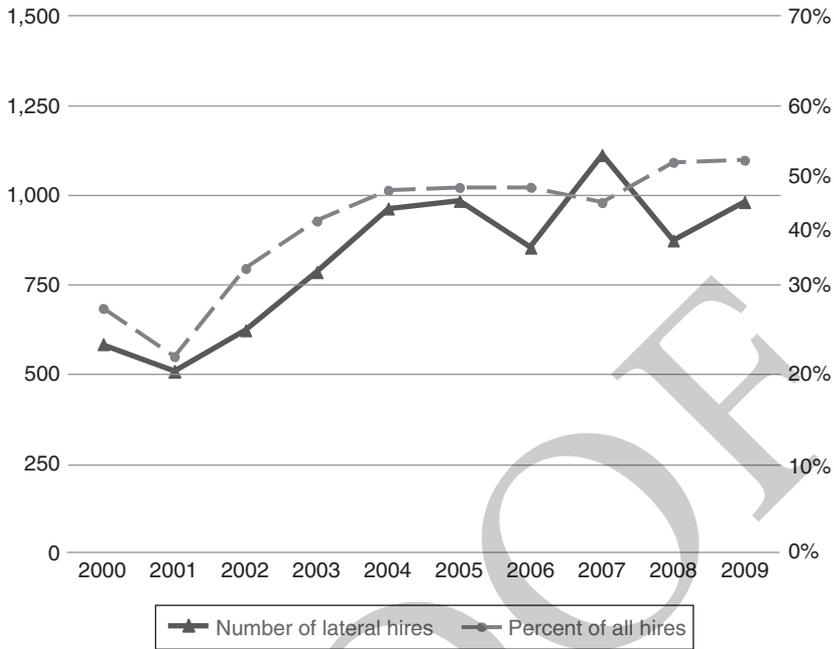


Figure 12.1. Lateral partner hiring by American Lawyer 200 firms, 2000-09.

study of race-based differences in reemployment prospects following employer dissolution and further explored the role of work relationships in aiding the post-dissolution job search process.

Our inquiry was guided by a large body of sociological work that demonstrates how socioeconomic disparities persist because workers have differential access to social capital (see Lin 2000 for a review). Differential access to network contacts that aid job searches often results from environmental constraints that affect the opportunities individuals have to interact with coworkers (Astley and Fombrun 1983; Lincoln and Miller 1979). For example, employees of large organizations tend to have more social ties than employees of small organizations presumably because of differences in the number of coworkers (McPherson and Smith-Lovin 1987; Moore 1990). If individuals of different races vary in terms of coworker relationships and mobility opportunities are often realized through such relationships, then one can reasonably expect race-based differences in career attainment. We, therefore, ask if the differences in career attainment between white lawyers and lawyers of other races can be attributed to variation in opportunities to change employers.

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Our analytical approach is to first document a race-based difference in reemployment prospects following the dissolution of one's employer. We then probe the contribution of coworker relationships to our understanding of that difference. Importantly, the dissolution context enables us to obtain a large sample of lawyers who become mobile for the same reason at approximately the same time. This research design reduces the data collection burden on researchers. To obtain a sample of over 1,000 lawyers who move in a given year, one would need to track the careers of tens of thousands of lawyers. More difficult would be to account for selection into changing employers. The dissolution context provides obvious advantages in data collection and analysis.

We treat the unexpected dissolutions of six large law firms as quasi-experiments (i.e., mobility shocks). We analyze over 1,400 lawyers' post-dissolution labor market outcomes. Our empirical analyses produce three key findings that are consistent with a race-based mobility advantage in legal careers. First, following the dissolution of their employer, black lawyers were less likely to regain employment than white lawyers or lawyers who are neither white nor black. Second, white partners were most likely to regain employment and black associates were least likely to regain employment. Third, white lawyers were more likely to regain employment in the largest, highest-grossing, and most prestigious US law firms than lawyers of other races and blacks were less likely to do so than lawyers of all other races. White lawyers appear to have better prospects for inter-organizational mobility than lawyers of other races and black lawyers seem to have the worst mobility prospects.

We then consider how coworker relationships contribute to this race-based difference in inferred mobility opportunities. We analyze summary statistics on the co-movements of displaced lawyers from the six dissolved firms. Our analyses reveal that black lawyers who regained employment were less likely to move with former coworkers than were white lawyers. Moreover, this disadvantage is almost entirely concentrated in associate lawyers; there does not appear to be any difference between white and black partners. We infer that black lawyers – primarily associates – face mobility constraints due at least in part to the intra-organizational structure of work relationships. In other words, despite increasing diversity within the legal profession there may be systematic differences in lawyers' opportunities to form valuable relationships with coworkers, especially the ones

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that provide access to interorganizational mobility opportunities. We note a paucity of research on the formation and maintenance of coworker relationships within law firms and, therefore, echo calls for greater practitioner attention to industry mentoring and staffing practices (e.g., Payne-Pinkus et al. 2010; Kay and Gorman 2012). We conclude by discussing the rhetoric and reality of mobility and legal diversity.

### EMPIRICAL ANALYSES

We analyze the labor market outcomes of over 1,400 lawyers who lost their jobs due to the unexpected failures of six large US law firms in 2008 and 2009: Dreier LLP, Heller Ehrman LLP, Morgan & Finnegan LLP; Thacher Proffitt Wood LLP, Thelen LLP, and WolfBlock LLP. The six firms dissolved unexpectedly and fairly quickly; each firm's dissolution is detailed in *Appendix 1*. These six firms primarily represented clients in businesses most sensitive to the economic downturn during this time period: mortgage-backed securities, real estate, construction, and other financial services. All lawyers in the sample participated in the labor market for reasons largely independent of their legal ability, professional networks, or job performance. Most were simply employed by the wrong organization at the wrong time.

Dissolutions of law firms this large are fairly rare (Heinz 2009), so the dissolution of several around the same time enables us to observe many interorganizational transitions over a short time. As a reference point, in 2008 there were approximately 42,000 partners employed in the 200 highest-grossing US law firms ranked by the *American Lawyer* and approximately 2,100 lateral movements of partners into or out of those firms. Although a similar figure for non-partners is unavailable, this low partner turnover rate of approximately 5% informs our baseline assumption that absent a firm dissolution a lawyer is likely to remain with their firm in any given year. Therefore, to construct a sample of 1,400 lawyers (such as ours) one would have to follow approximately 50,000 lawyers over a given year to obtain just 1,400 employment transitions. Furthermore, credible inferences on mobility would be difficult to draw from this sample because lawyers who are not displaced by dissolution are probably not randomly drawn into the labor market (see Rider 2014).

These six firm dissolutions were also largely unexpected. Struggling firms tend to merge or to be acquired; few firms simply dissolve.

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TABLE 12.1 Lawyers in sample, by dissolved firm

Firm	Partners	Associates	Other	Total	Employed	% Employed
Dreier LLP	49	52	19	120	92	77%
Heller Ehrman	113	200	39	352	320	91%
Morgan Finnegan	32	32	8	72	62	86%
Thacher Proffitt & Wood	55	106	14	175	135	77%
Thelen LLP	188	152	52	392	367	94%
WolfBlock	155	111	49	315	272	86%
Totals	592	653	181	1,426	1,248	88%

Importantly, the six firms vary in terms of size, prestige, practice areas, geographic locations, and other key dimensions. The sample is probably representative of lawyers employed by large, corporate-oriented law firms (Heinz, Nelson, and Laumann 2001), as the lawyers range from first-year associates to partners with decades of legal experience.

From the six firms' websites, we identified all 1,459 lawyers employed at the time of dissolution to construct the sample summarized in Table 12.1. We collected data suitable for analysis from firm website biographies, the Martindale-Hubbell Law Directory ("Martindale-Hubbell"), the West Law Legal Directory ("West Law"), and the Internet Archive. Specifically, we obtained each lawyer's level (e.g., associate, partner), area(s) of practice, office location, law school attended, and, if available, year in which they passed the bar. We excluded 33 lawyers (2.3%) from the analysis because we could not obtain sufficient data, so the analyzed sample includes 1,426 (97.7%) of the six firms' lawyers.

We then utilized searches of other firms' website directories, the online version of Martindale-Hubbell, individuals' LinkedIn profiles, ZoomInfo, and other Internet resources to identify post-dissolution employers for 1,248 of the 1,426 lawyers (88%). Almost 80% were employed in one of four US Metropolitan Statistical Areas centered on New York City, San Francisco, Philadelphia, or Washington, DC (see Table 12.2). The data on subsequent employment includes information on each individual's education, title, gender, race, practice area, geographic office location, and legal experience.

Importantly, the 178 lawyers who could not be located could be unemployed or, alternatively, employed but we were unable to locate them using our search methods. For analytical purposes, we treat these

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TABLE 12.2 Lawyers in sample, by geographic labor market and legal practice area

City	Lawyers	% total	Practice area	Lawyers	% total
New York	567	40%	Litigation	496	35%
San Francisco	230	16%	Corporate law	414	29%
Philadelphia	179	12%	Corporate finance	316	22%
Washington, DC	96	7%	Intellectual property	249	17%
Silicon Valley	72	5%	Securities	229	16%
Northern New Jersey	69	5%	Real estate	196	14%
Los Angeles	64	4%	International	192	13%
Seattle	48	3%	Labor	191	13%
Hartford	28	2%	Government	129	9%
San Diego	25	2%	Technology	98	7%
Boston	13	1%	Emerging companies	91	6%
Harrisburg	13	1%	Energy	90	6%
Stamford	13	1%	Construction	86	6%
Wilmington	11	1%	Appellate	84	6%
Anchorage	4	0%	Antitrust	74	5%
Madison	2	0%	Bankruptcy/ restructuring	51	4%

178 lawyers as not being employed by a major legal employer and assume that there is no significant difference in terms of preferences for working for a major legal employer between the 178 lawyers we did not locate and the 1,248 we did locate. If a lawyer was not located by our search methods, then the lawyer is also unlikely to be located by potential employers or clients, which is a labor and product market disadvantage for a legal professional.

**Analyses and dependent variables**

We use probit models to estimate the likelihood that a lawyer obtains employment and is located by our sampling methods (“employment analyses”). In these analyses, the dependent variable is coded as 1 for the 1,248 lawyers for whom subsequent employment data was located and 0 for the 178 lawyers for whom data could not be located. In supplementary analyses of more specific employment outcomes, we model the likelihood that a lawyer is employed by an NLJ 250 firm, an American Lawyer 200 firm (AM Law 200), or a Vault 100 firm. These more restrictive dependent variables are coded as follows: 1 for

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the 933 lawyers who were hired by an NLJ 250 firm and 0 for all others; or 1 for the 910 lawyers who were hired by an AM Law 200 firm and 0 for all others; or 1 for the 598 lawyers who were hired by a Vault 100 firm and 0 for all others. Of the 1,426 lawyers in the sample, 1,139 (or 78.3%) regained employment within one of these firm subsets (i.e., NLJ 250, AM Law 200, or Vault 100). We also code a dependent variable that equals 1 for the 40 lawyers who founded or joined a new organization following dissolution and 0 for all other lawyers.

### **Independent variables**

The first author and four trained research assistants reviewed photos and biographical information like membership in the National Bar Association (an association for African-American lawyers and judges), to categorize each lawyer according to the US Census Bureau's racial and ethnic classifications. Because over 86% of the lawyers in the full sample were identified as "white" and "black" was the next most common category (3.4%) we coded two variables that equal 1 if the majority of the five coders coded an individual as "white" or "black," respectively, and 0 otherwise. The omitted category includes lawyers that were classified neither as "white" nor as "black" but instead were classified primarily as Arab, Asian, Indian, Hispanic, Latino, or Middle Eastern. There are not enough lawyer observations in the sample to employ a broader coding scheme.

### **Control variables**

We rely primarily on fixed effect specifications to account for heterogeneity by dissolved firm, geographic location, and practice area. All models include unreported fixed effects for the six dissolved firms (i.e., Heller, Thelen, Thacher, WolfBlock, Dreier, and Morgan & Finnegan). Office location fixed effects include Los Angeles, Northern New Jersey, New York, Philadelphia (including suburban areas in Southern New Jersey), San Francisco, Seattle, Silicon Valley, Washington, and "other" (Anchorage, Boston, Harrisburg, Hartford, Madison, San Diego, Stamford, and Wilmington). Approximately 80% of the sample lawyers were employed in offices in the greater New York City area, the San Francisco Bay Area, Philadelphia, or Washington, DC. Consequently, in some specifications it was necessary to collapse office locations (e.g., Silicon Valley and San Francisco were collapsed into a Bay Area indicator variable). Practice area fixed effects include litigation, bankruptcy and restructuring, corporate law, corporate finance,

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intellectual property, securities, real estate, government law, international law, labor and employment, technology, and “all other.” See Table 12.2 for more information on both office locations and practice areas.

Additional control variables are included in the analyses. The first author and four trained research assistants reviewed lawyer names, photos, and/or biographical information like membership in a women’s bar association to code lawyer gender. The “female” variable takes a value of 1 if the majority of the five coders identified the lawyer as female and 0 otherwise; 31.0% of the 1,426 lawyers were identified as female. Similar results were obtained by using the percentage of coders who identified the lawyer as female instead. Consistent with prior research on law firms (Gorman 2005; Gorman and Kmec 2009), females constitute 42.7% of the 653 associates in the full sample but only 20.2% of the 592 partners.

The lawyers in the sample graduated from 120 law schools that vary in terms of prestige and in the geographic distribution of their alumni. To account for heterogeneity in prestige, we included the numeric rank of each lawyer’s law school in the 2008 US News & World Report “Best Law School” (USN&WR) rankings (see Espeland and Sauder, 2007 or Sauder and Espeland, 2009 for studies of these rankings). Unranked law schools were assigned a rank of 120, the lowest ranked school in the rankings. To account for geographic variance in the local prevalence of specific school alumni networks, we included a variable for each lawyer that is the percentage of all NLJ 250 lawyers within the lawyer’s Core-Based Statistical Area (CBSA), as defined by the U.S. Office of Management and Budget, that graduated from the focal lawyer’s law school.

We coded a partner indicator variable as 1 if a lawyer was a partner at their prior (dissolved) firm and 0 if the lawyer was an associate, counsel, or another title. We computed the number of years of legal experience for each lawyer by subtracting the year in which the lawyer was first admitted to a state bar from 2008; we added one and transformed the sum by the natural logarithm to adjust for the skewness of the legal experience variable (long right tail).

### Results

Summary statistics and correlations for the variables in the employment analyses are presented in Table 12.3; the key results are presented in Table 12.4. In Models 1 through 8, the dependent variable equals 1 if

TABLE 12.3 Summary statistics and correlations of variables in employment analyses (N = 1,426 lawyers)

	Mean	SD	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
(1) Lawyer employed and located (0/1)	0.88	0.33	1.00											
(2) Employed by NLJ 250 firm and located (0/1)	0.65	0.48	0.52	1.00										
(3) Employed by AM Law 200 firm and located (0/1)	0.64	0.48	0.50	0.96	1.00									
(4) Employed by Vault 100 firm and located (0/1)	0.42	0.49	0.32	0.61	0.64	1.00								
(5) Lawyer starts or joins a new firm (0/1)	0.03	0.17	0.06	-0.23	-0.23	-0.14	1.00							
(6) Female (0/1)	0.31	0.46	-0.06	-0.05	-0.05	-0.02	0.01	1.00						
(7) Partner (0/1)	0.42	0.49	0.16	0.18	0.17	0.06	-0.03	-0.20	1.00					
(8) ln (years of legal experience)	2.48	0.97	0.03	0.04	0.03	-0.05	0.02	-0.25	0.61	1.00				
(9) Rank of law school attended	40.6	37.9	0.00	-0.04	-0.06	-0.15	0.02	0.02	-0.07	-0.09	1.00			
(10) % of local attorneys from lawyer's law school	0.08	0.06	0.18	0.12	0.13	0.00	-0.01	-0.03	0.03	0.05	-0.13	1.00		
(11) Black (0/1)	0.04	0.18	-0.11	-0.07	-0.06	-0.08	0.01	0.07	-0.01	-0.06	-0.02	0.02	1.00	
(12) White (0/1)	0.86	0.34	0.19	0.12	0.11	0.03	0.01	-0.17	0.19	0.21	0.00	0.07	-0.38	1.00

TABLE 12.4 Probit models of the likelihoods of regaining employment ( $Y_i = 1$  if “yes” 0 if “no”)

[dependent variable]	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Female (0/1)	-0.058 (0.100)	-0.051 (0.103)	-0.038 (0.106)	-0.067 (0.103)	-0.058 (0.106)	-0.312 (0.250)	-0.130 (0.138)	-0.636 (0.311)
Partner (0/1)	0.810** (0.122)	0.871** (0.123)	0.931** (0.127)	0.867** (0.125)	0.921** (0.129)			
In (years of legal experience)	-0.246** (0.066)	-0.265** (0.066)	-0.290** (0.068)	-0.260** (0.065)	-0.289** (0.067)	-1.06** (0.330)	0.135 (0.116)	-0.579** (0.204)
Rank of law school attended	0.002* (0.001)	0.004** (0.001)	0.003* (0.001)	0.004** (0.001)	0.003* (0.001)	0.001 (0.002)	0.001 (0.002)	0.011* (0.004)
% of local attorneys from lawyer's law school	5.31** (1.15)	5.84** (1.17)	6.88** (1.22)	5.81** (1.17)	6.84** (1.21)	9.19** (2.54)	8.37** (2.07)	3.48 (2.54)
Black (0/1)	-0.514* (0.218)	-0.586* (0.227)	-0.543* (0.242)	-0.602* (0.237)	-0.570* (0.252)	0.181 (0.516)	-0.928** (0.311)	1.64* (0.633)
White (0/1)	0.535** (0.125)	0.520* (0.126)	0.501** (0.129)	0.513** (0.128)	0.485** (0.131)	1.00* (0.404)	0.248 (0.163)	1.90** (0.400)
Constant	0.653** (0.195)	0.658* (0.264)	1.01** (0.339)	0.313 (0.317)	0.641† (0.388)	6.42** (1.20)	0.466 (0.546)	0.075 (1.20)

TABLE 12.4 (cont.)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
N (lawyers)	1,426	1,426	1,426	1,426	1,426	592	653	181
Sample	All	All	All	All	All	Partners	Associates	Other
Firm fixed effects	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Office city fixed effects	No	No	Yes	No	Yes	Yes	Yes	Yes
Practice area	No	No	No	Yes	Yes	Yes	Yes	Yes
fixed effects								
Log pseudolikelihood	-467.8	-444.3	-422.2	-437.4	-415.3	-92.0	-206.7	-63.0
Wald Chi-square (d.f.)	107.71 (7)		156.8 (12)	190.6 (20)	184.1 (23)		226.5 (31)	1,166.2 (26)
		80.6 (25)						

Robust standard errors in parentheses.

\*\*  $p < 0.01$ ;

\*  $p < 0.05$ ;

†  $p < 0.10$ ; two-tailed tests.

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the focal lawyer regained employment at any organization and was located via employment searches and 0 otherwise. In Models 1 through 5, the analyzed sample is all 1,426 lawyers; partners, associates, and other lawyers are analyzed in Models 6, 7, and 8, respectively. The dependent variable is coded 1 for lawyers whose subsequent employer was located and 0 for all others.

Model 1 of Table 12.4 indicates that of the 1,426 lawyers in the full sample, partners were more likely to regain employment than associates or other lawyers (e.g., of counsel, contract attorneys). Holding level constant (i.e., partner or otherwise), the more experienced a lawyer, the less likely they regained employment. The lesser the prestige of a lawyer's law school (i.e., the greater the numeric rank), the more likely they were to regain employment, and lawyers located in labor markets with disproportionately more fellow alumni were more likely to regain employment. Evidence of a race-based mobility disadvantage is provided by the coefficients on the black and white indicator variables. White lawyers were more likely and black lawyers less likely than lawyers of other racial or ethnic categories (e.g., Asian, Indian, Hispanic/Latino) to regain employment and to be located. Because the omitted category in this specification includes all lawyers identified as members of a category other than white or black, the coefficients suggest that whites are advantaged and that blacks are disadvantaged over lawyers from all other racial categories in terms of regaining employment, post-dissolution.

Models 2 through 5 maintain the baseline specification but also include unreported firm, office location, and practice area fixed effects. Model 2 indicates that there is substantial heterogeneity across lawyers from the six dissolved firms but that the coefficient estimates on the covariates are fairly stable when firm fixed effects are included. Model 3 indicates that the likelihood that a lawyer regained employment varies with local labor market conditions, as evidenced by the improved model fit when including office fixed effects to account for each lawyer's geographic location.

Model 4 demonstrates that legal practice area also has a substantial influence on labor market outcomes, again as evidenced by the improved model fit when practice area fixed effects are included. Model 5 includes all of these controls and demonstrates that the key baseline effects of partner level, experience, and local alumni on a lawyer's reemployment prospects are robust to including firm, office, and practice fixed effects. Most importantly, the race-based employment

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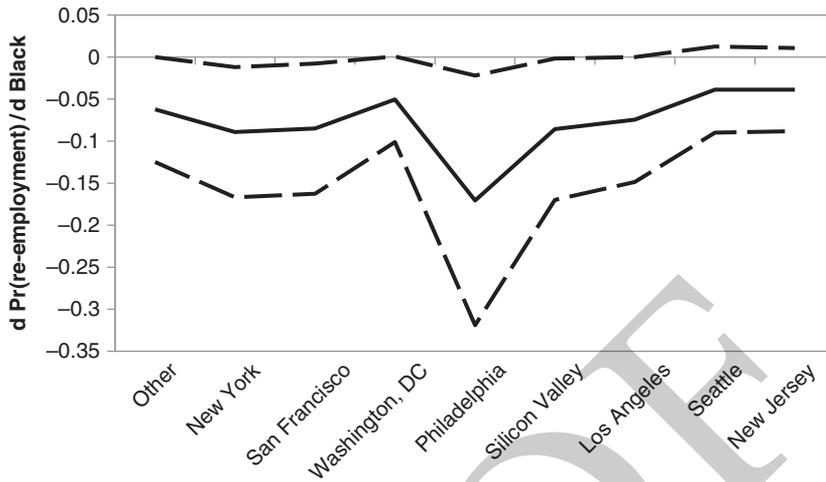


Figure 12.2. Marginal effect of race on probability of reemployment

advantages remain significant even when accounting for the possibility that lawyers systematically sort into firms, geographic areas, or practice areas based on racial differences.

Figure 12.2 shows the estimated marginal effect of being black on the likelihood of reemployment. The solid line represents the point estimate of the marginal effect. Dashed lines represent the 95% confidence interval. Estimates and confidence intervals vary across cities due to the uneven distribution of lawyers across cities. Across the entire sample, black lawyers are on average 9% less likely to regain employment. The effect is strongest for lawyers in Philadelphia, where black lawyers are 17% less likely to regain employment. Race effects on reemployment are also statistically significant in New York, San Francisco, Silicon Valley, Los Angeles, and cities in the baseline “other” category. Race effects are not significant in Washington, DC, Seattle, or New Jersey. Although these results differ from prior law firm research that documents substantial geographic variation in minority representation (i.e., Gorman and Kay 2010), one must bear in mind that our sample is very small with respect to the number of black lawyers in each geographic location. Our geography-specific results are probably not comparable to those of prior work.

In Models 6, 7, and 8, we investigate race-based differences for lawyers at different levels. Model 6 demonstrates that white partners are more likely to regain employment than are lawyers of any other

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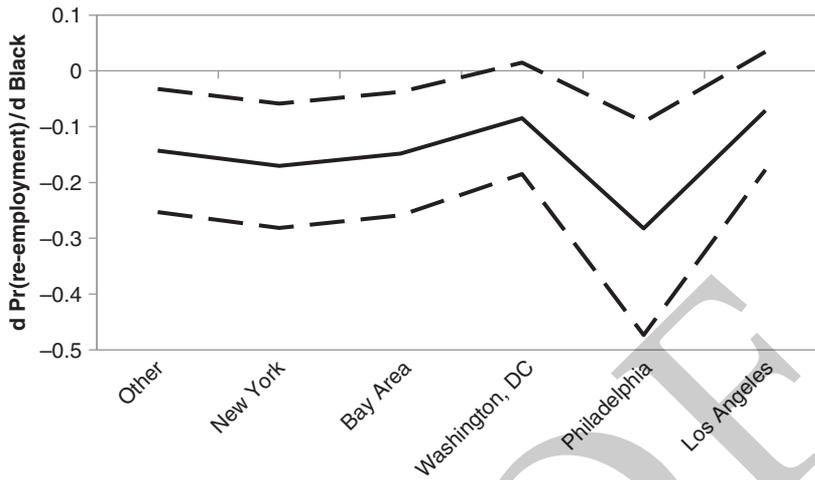


Figure 12.3. Marginal effects of race on probability of reemployment: Associates

racial category. Model 7 demonstrates that black associates are less likely to regain employment than are lawyers of any other racial category. Model 8 suggests that both black and white lawyers who are neither partners nor associates are more likely to regain employment than lawyers of other racial categories. But the sample of other lawyers is exceedingly small (especially for racial minorities) so caution is warranted in interpreting the coefficients in Model 8. We infer from these results that the greatest advantage in interorganizational mobility accrues to the most senior, white lawyers while the most junior, black lawyers are the most disadvantaged.

Figure 12.3 shows the estimated marginal effects of being black on the likelihood of reemployment for associates. Across the entire sample, black associates are 16% less likely to regain employment. The effect is strongest for associates in Philadelphia, where black associates are 28% less likely to regain employment. Race effects are also statistically significant in New York, the Bay Area, and cities in the baseline “other” category. Race effects are not significant in Washington, DC or Los Angeles. Again, one must bear in mind that our sample is very small with respect to the number of black lawyers in each geographic location.

**Race-based differences in employer type**

In Table 12.5, we explore race-based differences in regaining employment within specific sectors of the legal services industry by coding the

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TABLE 12.5 Probit models of the likelihoods of regaining specific employment ( $Y_i = 1$  if “yes”; 0 if “no”)

	(9)	(10)	(11)	(12)
[Dependent variable]	[NLJ 250]	[AML 200]	[V100]	[Entrep.]
Female (0/1)	-0.030 (0.084)	-0.037 (0.083)	-0.06 (0.091)	0.039 (0.173)
Partner (0/1)	0.645 ** (0.100)	0.644 ** (0.099)	0.502 ** (0.111)	-0.485 * (0.196)
ln (years of legal experience)	-0.175 ** (0.052)	-0.189 ** (0.051)	-0.210 ** (0.057)	0.268 ** (0.097)
Rank of law school attended	0.001 (0.001)	0.001 (0.001)	-0.001 (0.001)	0.001 (0.002)
% of local attorneys from lawyer's law school	2.36 ** (0.705)	2.82 ** (0.684)	2.17 ** (0.738)	1.45 (0.960)
Black (0/1)	-0.345 (0.227)	-0.289 (0.229)	-0.625 * (0.264)	0.312 (0.423)
White (0/1)	0.371 ** (0.118)	0.358 ** (0.119)	0.305 * (0.124)	0.255 (0.226)
Constant	0.801 ** (0.306)	0.378 (0.307)	-0.531 (0.339)	-7.01 ** (0.511)
N (lawyers)	1,426	1,426	1,426	1,426
Sample	All	All	All	All
Firm fixed effects	Yes	Yes	Yes	Yes
Office city fixed effects	Yes	Yes	Yes	Yes
Practice area fixed effects	Yes	Yes	Yes	Yes
Log pseudolikelihood	-754.4	-767.7	-649.0	-147.7
Wald Chi-square (d.f.)	283.3 (31)	296.4 (31)	279.3 (31)	1,548.8 (29)

Robust standard errors in parentheses.

\*\*  $p < 0.01$ ;

\*  $p < 0.05$ ;

†  $p < 0.10$ ; two-tailed tests.

dependent variable more restrictively so that the unemployed and those employed outside of the largest, highest-grossing, and most prestigious law firms are treated as observationally equivalent. In Model 9, the dependent variable equals 1 if the focal lawyer was found to be employed by a firm in the 2009 NLJ 250 and 0 otherwise (i.e., either not located, not employed,

or not employed by an NLJ 250 firm). White lawyers were most likely to regain employment at an NLJ 250 firm. In Model 10, the dependent variable equals 1 if the focal lawyer was found to be employed an AM Law 200 firm and 0 otherwise. Again, white lawyers were most likely to regain employment at an AM Law 200 firm.

In Model 11, the dependent variable equals 1 if the focal lawyer was reemployed by a Vault 100 firm and 0 otherwise. White lawyers were most likely to regain employment at a Vault 100 firm and, additionally, black lawyers were less likely to regain employment in one of these highly prestigious firms. In Model 12, we find no race-based differences in the likelihood of founding or joining a new organization, post-dissolution. Importantly, if we remove the white indicator variable from the specifications of Models 9, 10, and 11, the coefficient on the black indicator variable is negative and significant. This indicates that black lawyers were less likely than lawyers of any other racial category to regain employment within the largest, highest-grossing, or most prestigious US law firms.

### **Mediating role of coworker relationships**

In Table 12.6, we explore a potential mediating mechanism of these race-based differences: relationships with coworkers. In this exploratory analysis, we focus on the 938 lawyers who regained employment in the largest US law firms (the NLJ 250). Specifically, we compare the tendency of black lawyers versus lawyers of other racial categories to move to their first post-dissolution employer with at least one other former coworker. We consider moving with a coworker to be informative for two reasons. First, generally, coworker relationships are important sources of career support (Podolny and Baron 1997). Second, more specific to the mobility context, potential employers are likely to view a coworker's endorsement of a lawyer to be a good signal of a lawyer's ability and character.

One must bear in mind that there are only 25 black lawyers in the subsample of reemployed lawyers (versus 40 in the full sample). Yet, these analyses reveal two statistically significant differences between black lawyers and others. In all comparisons, we consider two lawyers to "move together" if following the dissolution of their employer they regain employment at the same firm office. Two lawyers who regain employment at the same firm but in different offices are not considered to have moved together. Comparison 1 reveals that black lawyers are less likely to regain employment with a former coworker than are lawyers of any

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TABLE 12.6 Percentage of lawyers who move with  $\geq 1$  former coworker

	N	%	t
<b>1. All lawyers</b>			
<i>Black</i>	25	72%	
<i>Non-black</i>	915	88%	
$\Delta$ (Black – Non-black)		–16%	2.34
<b>2. Black and white lawyers</b>			
<i>Black</i>	25	72%	
<i>White</i>	842	88%	
$\Delta$ (Black – White)		–16%	2.39
<b>3. All associates</b>			
<i>Black</i>	11	64%	
<i>Non-black</i>	401	88%	
$\Delta$ (Black – Non-black)		–24%	2.46
<b>4. All partners</b>			
<i>Black</i>	13	85%	
<i>Non-black</i>	449	89%	0.45
$\Delta$ (Black – Non-black)		–4%	

other racial category (72% versus 88%;  $p < 0.05$ ). Comparison 2 reveals that black lawyers who regain employment are similarly less likely to regain employment with a former coworker than are white lawyers. Comparisons 3 and 4 reveal that the key mobility difference is limited to the most junior lawyers because it is only black associates and not partners that are less likely to move with a former coworker ( $p < 0.05$  for associates and not significant for partners).

DISCUSSION

This study investigated race-based differences in interorganizational mobility for US lawyers. Treating the unexpected dissolutions of six large law firms as a mobility shock, we analyzed over 1,400 lawyers' post-dissolution labor market outcomes. Three key results of our empirical analyses are consistent with a race-based mobility advantage in legal careers. First, following the dissolution of their employer, black lawyers were less likely to regain employment than white lawyers or lawyers who are neither white nor black. Second, white partners were most likely to regain employment and black associates were least likely to regain employment. Third, white lawyers were more likely to regain

employment in the largest, highest-grossing, and most prestigious US law firms than lawyers of other races.

Our exploratory analyses suggest that co-mobility opportunities (i.e., moving with former coworkers) may be constrained for black lawyers – especially associates – by the intra-organizational structure of work relationships. To the extent that co-mobility is indicative of a strong working relationship, black lawyers and especially associates seem less likely to possess the strong coworker relationships that are so central to the generation of career opportunities (e.g., Podolny and Baron 1997; Sterling 2013). Caution is, of course, warranted in interpreting this result because our data do not include direct measures of coworker relationships and our sample size is small. These results, though, demonstrate the importance of studying how coworker relationships typically form in law firms (e.g., Sterling and Rider 2015).

The legal services industry is notably lacking in diversity, especially in higher ranks (NALP Bulletin 2015). Legal career trajectories now resemble those in many other industries in the sense that lawyers' careers are increasingly interorganizational (Bidwell and Briscoe 2010; Rider and Tan 2015). Consequently, both individuals' career prospects and law firm diversity are influenced by lateral hiring patterns. If, as the results of this study suggest, black lawyers find it more challenging to change employers than lawyers of other races, the trend toward lateral hiring and interorganizational careers is likely to reduce diversity in legal services organizations. The higher the rate of turnover and the greater the difference in mobility rates between black and white lawyers, the greater the likelihood that law firms become more racially homogenous employers in the future.

Our study speaks to both the rhetoric and reality of diversity in the legal services industry. In recent decades, law firms have backed up their diversity rhetoric by increasing the representation of racial and ethnic minorities in the legal profession (e.g., Gorman and Kay 2010; Payne-Pikus et al. 2010). The reality is that the legal profession has indeed become more diverse. Yet, persistent inequalities are also a reality. Our study implies that despite widespread firm recruiting efforts to increase diversity through hiring, black lawyers may face an internal obstacle to career progress: establishing strong working relationships with coworkers. Payne-Pikus, Nelson, and Hagan (2013) document that African-American female lawyers tend to be especially dissatisfied with their jobs and largely due to feeling socially isolated within their firms.

Others have called for increased attention to how junior lawyers are assigned to mentoring and working relationships with partners

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(e.g., Payne-Pikus et al. 2010; Briscoe and Kellogg 2011). Such calls cannot be dismissed as mere rhetoric, as our work suggests that continued neglect of such issues likely contributes to persistent inequality within the profession. In a separate study that analyzes the same data as this study, Rider (2014) finds that displaced lawyers tended to regain employment by moving with former coworkers. This study demonstrates that black lawyers – and especially associates – are less likely to move with coworkers than are other lawyers.

Firms interested in increasing legal diversity might want to invest in developing strong work relationships for black associates. Prior research suggests that both formal and informal mentoring contribute substantially to legal careers (Kay, Hagan, and Parker 2009), yet little is known about effective mentoring for underrepresented minorities. For example, one study finds that firm-level diversity at the partner level is unassociated with formal practices, cultural values, or mentoring programs (Kay and Gorman 2010). The issue of how firms can facilitate the formation of strong working relationships for underrepresented minorities seems fertile ground for future collaborations between practitioners and academics interested in moving on from diversity rhetoric to a more diverse industry reality.

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### APPENDIX 1: SIX FIRM DISSOLUTIONS

1. Heller Ehrman LLP (“Heller”) was headquartered in San Francisco and also operated large offices in Los Angeles, London, New York, San Diego, Seattle, Silicon Valley, and Washington. Heller was widely viewed as one of the most prominent law firms in the San Francisco Bay Area and regularly received high ratings from legal industry publications for diversity, pro bono work, and employee satisfaction. The firm was ranked 62<sup>nd</sup> in the 2008 Vault 100 ranking of prestigious law firms and 56<sup>th</sup> in the 2008 American Lawyer 200 rankings of US law firms by gross revenues. According to the *National Law Journal* (NLJ), Heller was the 65<sup>th</sup> largest firm in the United States in 2007, employing approximately 600 lawyers.

Heller attorneys represented major corporate clients like Apple, GE, Levi Strauss, McDonald’s, Microsoft, Northrup Grunman, and Yahoo!. In 2008, their client list included Lehman Brothers and Washington Mutual, as well as two large corporations that failed in 2008, and left Heller with large uncollectable receivables. Like many law firm dissolutions (Phillips 2002; Heinz, 2009), Heller’s collapse was accelerated by the departure of fifteen intellectual property attorneys for competitor Covington & Burling LLP. This departure triggered a default clause in the firm’s loan agreements and Heller was unable to satisfy its creditors’ capital requirements. Shortly thereafter, reported merger talks with Mayer Brown ceased. Heller announced its dissolution on September 26, 2008, officially dissolved in late November of 2008, and filed for bankruptcy in December of 2008. In mid-October of 2008, I extracted 352 website biographies for lawyers employed in Heller’s US offices at the time of dissolution (see Table 12.1 for details).

2. Thelen LLP (“Thelen”) was a bicoastal law firm formed by two mergers, one in 1998 and one in 2006, between a California-based law firm and two New York-based firms. Thelen had offices in Hartford, Los Angeles, New York, San Francisco, Silicon Valley, and Washington, DC. The firm was ranked 75<sup>th</sup> in the 2008 Vault 100 ranking of prestigious law firms and 76<sup>th</sup> in the 2008 American Lawyer 200 rankings of US law firms by gross revenues. According to the NLJ, Thelen was the 78<sup>th</sup> largest firm in the United States in 2008, employing approximately 550 lawyers.

Thelen’s construction practice was widely regarded as one of the best in the country and the firm’s clients included Cisco, Ford, Merrill Lynch, News Corporation, and several major public utilities. Thelen had difficulty integrating attorneys acquired in the merger with Brown Raysman in 2006 and experienced numerous partner departures

in 2007 and 2008. After merger talks with Nixon Peabody failed, Thelen announced its dissolution in October of 2008, closed its doors in December of 2008, and entered bankruptcy in September of 2009. In October of 2008, I extracted 392 website biographies for those lawyers employed in Thelen's offices (see Table 12.1 for details).

3. Thacher Proffitt Wood LLP ("Thacher") was headquartered in New York City and also operated offices in Washington, DC and New Jersey. The firm was ranked 90<sup>th</sup> in the 2008 Vault 100 ranking of prestigious law firms and 131<sup>st</sup> in the 2008 American Lawyer 200 rankings of US law firms by gross revenues. According to the *NLJ*, Thacher was the 156<sup>th</sup> largest firm in the United States in 2008, employing almost 300 lawyers.

Thacher was so strongly associated with sub-prime mortgages that mortgage traders commonly referred to purchase agreements for mortgage-backed securities as "Thacher docs." Thacher clients included Citibank and UBS and the firm's biggest client was Bear Stearns. In late December of 2008, merger talks with King & Spalding ceased and approximately 100 lawyers announced that they would leave Thacher for a competitor, Sonnenschein, Nath & Rosenthal, LLP. Thacher partners voted to dissolve the firm shortly after the announcement. In December of 2008, I extracted 175 website biographies for those lawyers employed in Thacher's offices (see Table 12.1 for details).

4. WolfBlock LLP ("WolfBlock") was based in Philadelphia and also operated offices in New York, New Jersey, Harrisburg, and Wilmington, Delaware. Although WolfBlock was not ranked in the published list of Vault 100 law firms in 2008, data obtained directly from Vault indicates that WolfBlock was the 138<sup>th</sup>-ranked most prestigious US law firm in 2008. WolfBlock was ranked 135<sup>th</sup> in the 2008 American Lawyer 200 rankings of US law firms by gross revenues and, according to the *NLJ*, WolfBlock was the 149<sup>th</sup> largest firm in the United States, employing approximately 300 lawyers in 2008.

The firm's core practice was its real estate group so WolfBlock's business was hurt badly by the 2008 economic downturn. Corporate clients included Comcast and Rite Aid and a government lobbying practice operated in Harrisburg, PA and Washington, DC. WolfBlock attempted to merge with Philadelphia's Cozen O'Connor in 2007 and with Florida's Akerman Senterfitt in 2008, but both attempts failed. As partners departed WolfBlock throughout 2008, the firm's largest creditor, Wachovia, restricted the firm's access to credit and the partners voted to dissolve in March of 2009. In March of 2009, I extracted

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318 website biographies for lawyers employed in WolfBlock's offices (see Table 12.1 for details).

5. Dreier LLP ("Dreier LLP") was based in New York. The firm also maintained a small office in Stamford, Connecticut and several lawyers worked in Los Angeles. The firm's corporate clients included General Dynamics, PepsiCo, and the New York Life Insurance Company. The firm was not ranked in the 2008 Vault 100, American Lawyer 200, or the National Law Journal 250 (NLJ 250).

Marc Dreier, the firm's namesake founder and sole equity partner, was arrested in early December of 2008 and charged with securities fraud following his impersonation of a Canadian pension fund official. The ensuing investigation revealed that Dreier operated a ponzi scheme that defrauded clients and investors of more than \$400 million. Dreier's arrest shocked lawyers employed by his firm and resulted in quick public disavowals by firm partners (all non-equity). Wachovia, a firm creditor, also sued Dreier for defaulting on more than \$9 million in loans. Drier entered Chapter 11 bankruptcy on December 16, 2008. In mid-December of 2008, I extracted 120 website biographies for all of Dreier's lawyers listed on the firm website (see Table 12.1 for details). Marc Dreier pled guilty to charges of money laundering, conspiracy, securities fraud, and wire fraud in May of 2009. He was sentenced to 20 years in prison in July of 2009.

6. Morgan & Finnegan LLP ("Morgan & Finnegan") was an intellectual property boutique firm based in New York but with several lawyers located in Washington and California. Morgan & Finnegan's clients included Canon, DuPont, Nokia, and Research in Motion. The firm was not ranked in the 2008 Vault 100, American Lawyer 200, or the NLJ 250. The firm's revenues fell sharply in 2008 and many partners departed. A former partner also sued Morgan & Finnegan for altering the firm's partnership agreement to create financial disincentives for leaving the firm. A large group of partners left the firm for Locke Lord Bissell & Liddell in February of 2009 and Morgan & Finnegan filed for Chapter 7 bankruptcy in March of 2009. In 2009, I extracted 72 website biographies from the Internet Archive for all of Morgan & Finnegan lawyers listed on the firm website in January of 2008, the last date available (see Table 12.1 for details).<sup>1</sup>

<sup>1</sup> Results are largely insensitive to the inclusion of Morgan & Finnegan lawyers in the sample.