

*Q & A*  
By Jeff Storey

## Cynthia Arato and Alexandra Shapiro

**CYNTHIA ARATO** and **ALEXANDRA SHAPIRO**, both 51, have made the transition from large-firm practice to boutique law.

The two launched their own litigation boutique in January 2009, a seemingly “risky proposition,” in the best of times and particularly daunting in the middle of a financial crisis, they say in a recent column they wrote for Bloomberg BNA.

But “for us, the time was right,” they say.

Arato had been a partner at Gibson, Dunn & Crutcher for five years before joining with Shapiro in Arato Shapiro. Previously she had been at Parcher, Hayes & Snyder for seven years.

Shapiro had been a Latham & Watkins partner for nine years. She also had worked as a federal prosecutor and clerked for U.S. Supreme Court Justice Ruth Bader Ginsburg.

Neither had any complaint about their previous employers. Gibson Dunn and Latham are “great firms,” they say in their Bloomberg article. But they add that they sometimes lost opportunities to handle interesting cases due to conflicts and their inability to be flexible about rates.

The legal marketplace has supported their new venture, they say.



Alexandra Shapiro, left, and Cynthia Arato

**Q.** Were you close friends in law school? Did you talk about starting a firm together?

**A. Cynthia Arato:** We weren't close friends, but we were friendly in law school. I didn't talk to anyone back then about starting a firm together. Years later, when we were both at big firms, we started having lunch occasionally and then we

both started talking with mutual acquaintances about starting a firm. Alexandra's interest helped cement mine. I had always been impressed by her accomplishments, and I knew she was the real deal.

**Alexandra Shapiro:** I was equally confident in Cynthia. I knew she was a first-rate intellectual property litigator, and

I thought would be a great person to work with and to run a firm with.

**Q: Why did you leave large law firms to start a boutique?**

**Shapiro:** Even though I really liked my old firm, there weren't as many opportunities to do white collar and appellate work because of conflicts with big institutional clients, and because the rate structure made it difficult to do certain interesting cases, particularly for individuals on appeals. In addition, I was looking for a new challenge after almost a decade in private practice, and I liked the entrepreneurial aspects of starting a new firm.

**Arato:** I had been at a boutique for most of my career, and I welcomed going back to that environment, but the primary driver was that a big part of my practice was IP entertainment litigation, and I could see that it would be hard to retain that work as my billing rate continued to rise. Gibson is an outstanding place, and I had no interest in leaving to go to another existing firm, but starting a new small firm was energizing.

**Q: Did you experience a glass ceiling at your old firms?**

**Arato:** No. I felt I was going to have more opportunities at my own firm to continue to handle the cases I wanted but not because of gender. I had great mentors and most were male.

**Shapiro:** I agree. Gender was not a factor.

**Q: Are there many litigation boutiques in New York run by women? Why or why not?**

**Arato:** There are very few, and we don't know of any that do exactly what we do.

**Shapiro:** I personally don't buy the argument that it's harder to do as a woman. It depends on the individual and the reputation he or she has built over the years. There is nothing stopping women from starting a firm. Of course, there are a lot fewer female partners at big firms than male partners, so that in itself makes it unusual to find women doing what we are doing.

**Q: What obstacles did you face when your firm was getting started?**

**Shapiro:** One obstacle was finding talented associates who could start right away. We hired two people clerking for federal judges who couldn't start until nine months after the start. That was not ideal, but we thought it was worth the wait because it is so important to get the right people. So we used temps until they came on board. Also, we had some projects at the start that consumed a lot of time, such as getting the computer network in place, establishing a good 401K for employees, getting malpractice insurance. It was challenging to balance all that with our work.

**Arato:** But overall, we had a surprisingly smooth opening. Alexandra got a significant appeal early on, and I had a number of existing cases that I continued to handle. We were very conservative looking at how much business we would need in our first year to make this work, and we went way beyond that.

**Q: Did you have a business plan? Has it changed?**

**Shapiro:** Our plan has been to have slow and steady growth. We want to stay at a manageable size, and that hasn't changed. Our goal was to be between eight and 15 lawyers, and we have stuck to that. We don't want to be bigger because we like the control

we can have over our work and our business. We have had consistent growth from the start.

**Arato:** What may have changed is we would welcome a good lateral partner. It would be helpful to round out our practice to have a senior commercial litigator, particularly in the financial institution area, and we would be open to a white collar lateral with a trial practice, particularly because Alexandra's practice now is more focused on appeals. A lateral partner would help us continue our steady growth while staying within the number of lawyers we want.

**Q: What kind of cases do you handle? How do you bill clients—hourly, contingency, alternate fees? Are your clients happy with your policies?**

**Arato:** I focus on IP and entertainment litigation and general commercial litigation and Alexandra focuses on appeals and white collar defense and also does general commercial litigation.

**Shapiro:** We do all of those fee structures, whatever works best for our clients. Our flexibility on fees is one of the big benefits of being a boutique. Our clients have been happy with our approach to fees.

**Q: What are the pros and cons of being in your own small firm?**

**Arato:** The biggest pro is that we set our own agenda for the firm. We can choose what cases we want and what size we want to be. We can turn down cases that don't fit what we want to do. There is no red tape. No committees. We are very nimble and can make quick decisions.

**Shapiro:** A con is that you have to handle everything and there is no cushion

of 20 other partners bringing in billable hours.

**Q: How often do you work together on cases?**

**Shapiro:** Occasionally we are both officially on a case together, but that is unusual. However, each of us frequently serves as a sounding board for the other.

**Q: What has been your most rewarding case?**

**Arato:** There have been a number over the years, involving interesting questions of first impression or great clients or results. But most recently, I represented a start-up company that was hit with a complicated IP and partnership dispute that had the potential of stopping in it in tracks. We got all of the IP claims dismissed on an early motion, litigated the case aggressively in early stages of discovery, and then reached a resolution. I worked closely with the key executives and investors and it was gratifying to help the company in a critical stage of its development and see it go on to flourish. I also just obtained an order deeming a plaintiff a vexatious litigant and barring him from suing my client in the future. That was rewarding, too.

**Shapiro:** It is hard to single out one case, or even two, but I would have to point to two victories in overturning criminal convictions. In one case (*United States v. Parse*), the verdict was tainted by a juror who had committed a massive fraud to get on the jury, and was found to be biased against the defendants; yet my client had been denied a new trial even though the other convicted defendants got one. It was a clear miscarriage of justice, and extremely gratifying when the Second Circuit reversed [NYLJ, June 9, 2015]. The

other case involved a former Ernst & Young partner who was a tax lawyer and had been wrongly convicted of conspiracy and tax fraud. He was a tax expert who had done his best to ensure that his firm's tax shelters complied with the law, and he should never have been prosecuted. Fortunately, we were able to obtain what amounts to an appellate acquittal—a very rare result in criminal appeals, where the best you can hope for in most cases is a new trial [NYLJ, Nov. 30, 2012]. As a result, my client was able to get his law license and his ability to practice before the IRS back, and could resume his professional career.

**Q: How do you make decisions in your firm? Do you ever disagree?**

**Arato:** We make decisions by just talking to each other. We do disagree sometimes, and we think that is good and helps us arrive at the best decisions. We have the same basic goals for the firm and the same instincts for the practice and how we want the firm to operate so there have not been big disagreements on important issues.

**Q: Do most of your clients come in referrals from larger firms?**

**Shapiro:** Yes for me. Most of my cases are white collar cases or appeals, so there is not a lot of repeat business from the same clients. I typically am hired to do appeals when somebody else has lost at trial.

**Arato:** I have a number of institutional clients, so my business often comes from in-house counsel, although I do get work from big firms as well.

**Q: Are you satisfied at the size of your firm?**

**Arato:** Yes. We are at nine lawyers, and that is a good size for us but

we're planning on continuing our slow growth and can certainly add a number of lawyers and stay within our target range.

**Q: What direction do you see your firm taking in the future?**

**Shapiro:** We will continue in the same direction. Despite our size, we have been fortunate to handle high profile matters, and we want to continue in that way—handling big, significant cases that have broad ramifications in the areas of white collar, IP and entertainment.

**Q: What advice do you have for lawyers in large firms who would like to strike out on their own?**

**Shapiro:** It's important to start with some core business that you know will come with you to your new firm. And don't be afraid to go after bigger cases. In the current legal marketplace an increasing number of clients are exploring the benefits of going with small firms. It's challenging, but we are very happy with how everything has worked out.

**Arato:** Hire the right people. In a small firm, a hiring mistake has major implications. Take the time and get it right. We have a group of dedicated and talented lawyers and paralegals. They like being at a small firm and take ownership of their work. Bringing in good, smart, and talented people has been essential to our success.

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