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The timber group at **Morris Manning**, from left: counsel **Chuck Connors**, paralegal **Wenona Mills**, partner **Glenn Dunaway**, associates **Karen Reschly** and **Rebecca Vandiver** and partner **Stephen Schrock**.

BY MEREDITH HOBBS

MORRIS, MANNING & Martin has raided a five-lawyer group handling timberland investment from **Bryan Cave-Powell Goldstein** in a push

to branch out into practice areas weathering the recession.

The timberland group is led by **Stephen B. Schrock**, a real estate attorney, and **C. Glenn Dunaway**, a tax lawyer, who joined Morris

Manning as partners last week. **Charles C. Connors** joined as of counsel while **Karen N. Reschly** and **Rebecca S. Vandiver** joined as associates. Paralegal **Wenona Mills** and secretaries **Karen O'Neal** and

Gwen Slaffy also made the move.

Morris Manning's managing partner, Robert E. Saudek, said the acquisition of Bryan Cave's timberland group is the fruit of a retrenchment plan crafted in January to cut costs and add active practice areas. "We, like all firms, are dealing with the recession," he said.

Morris Manning ended last year with a 4 percent drop in revenue, to \$99.1 million, but a 3.46 percent uptick in average partner profits, to \$834,000. Earlier this year, the 155-lawyer firm cut costs by laying off four associates, cancelling its summer associate program and rescinding offers to six incoming first-year associates.

The firm also started evaluating areas "to expand and grow in that were not impacted so much by the recession," said Saudek. In April, Morris Manning opened outposts in Beijing and Taiwan to court Asian clients interested in doing business in the U.S. and sent John C. Yates and R. Jason D'Cruz on an exploratory foray to India to look into business opportunities there. The firm also expanded into health care defense work with the addition of Holly A. Pierson from Nelson Mullins Riley & Scarborough.

Timberland is a new area for the firm, although it has an established practice in real estate investment trusts. Saudek said about 25 percent of the firm's practice is in real estate, with the rest divided between corporate and litigation.

While the recession has dried up most real estate investment, Schrock said his and Dunaway's niche practice in timber investment management organizations has gotten busier.

TIMOs buy timberland from large paper companies, then supply them with trees. TIMOs have become

attractive to pension plans and other large investors with cash looking for a long-term investment, Schrock explained, because they are seen as more secure at present than the securities markets. "Trees keep growing," he pointed out.

TIMOs are also attractive to forest products companies because they can sell off timberland to a TIMO but defer the taxes on the capital gains because of the way the deals are structured, said Schrock. He added that TIMOs can also generate carbon credits for investors, another draw.

Schrock also handles commercial real estate leasing and development but said his practice at present is mostly timberland. He said he and Dunaway have already formed five domestic and international funds this year for one client. Schrock said his group brings all its clients but declined to name them.

Schrock said TIMO funds have become international because most U.S. forest products companies have already gotten their timberland off the books. Brazil is a hot area for this type of investment vehicle, Schrock said—so hot that after joining Morris Manning last week, Dunaway hopped a plane to Brazil for a deal he's working on.

"Glenn is more well-known in Brazil than in the U.S.," said Schrock. "He and I are trying to build the go-to timberland practice in the world."

Schrock said his group's move from Bryan Cave was no reflection on that firm. "It was a very positive merger," he said, referring to Bryan Cave's acquisition of Powell Goldstein in January.

"We decided that Morris, Manning & Martin, with its real estate, environmental and REIT group is a better place for us at this time," said

Schrock, adding that he knew Thomas S. Gryboski, a real estate partner at Morris Manning, from Gryboski's tenure at Powell Goldstein.

In April, Bryan Cave-Powell Goldstein lost a group of three securities lawyers in another counter-cyclical real estate investment area—public non-traded real estate investment trusts—to Baker, Donelson, Bearman, Caldwell & Berkowitz.

Thomas R. McNeill, Bryan Cave's Atlanta managing partner, said in an e-mail that the two groups' departures were unrelated. "We regret their decision to leave and wish them well," he said, regarding Schrock and Dunaway's group.

Bryan Cave's real estate practice "continues to be one of the largest and most diverse in the firm," said McNeill in the e-mail, with 20 of the firm's 160 real estate professionals in the Atlanta office.

Schrock spent 11 years at Powell Goldstein and headed the firm's real estate practice until a reorganization in March 2008. He recruited Dunaway and Connors in January 2007 from Mazursky & Dunaway, an employee benefits and tax firm that Dunaway co-founded in 1994, to focus on timberland deals.

Schrock and Dunaway had worked together at Hansell & Post, then Jones Day and continued working on deals together while Dunaway was at Mazursky & Dunaway. In one notable 2002 deal, the two handled a \$230 million transaction for Wachovia Timberland Investment Management Group (now part of RMK Timberland Group), which purchased 265,000 acres of timberland from Bowater Inc. ☞

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