

CRAIN'S CHICAGO BUSINESS

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Law firms getting over their fear of cannabis

Pioneering pot practitioners face new competition.

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Bryna Dahlin is a partner in the Chicago office of Benesch Friedlander Coplan & Aronoff.

Midsized firms see opportunity as legalization goes a growing market.

Law firms hesitated to hitch their fortunes to cannabis five years ago. Now the bandwagon is getting crowded.

Bryna Dahlin left Winston & Strawn four years ago because the firm didn't allow lawyers to work for businesses in the cannabis industry. Together with Dina Rollman, who'd left litigation boutique Sperling & Slater, she started a new firm. Because the drug remains illegal under federal law, they and other lawyers taking cannabis clients ran a small but real risk of disbarment.

"When I left Winston, there were people who looked at me like I had two heads," Dahlin says. "That's completely evaporated now."

As risks fade and lawyers spot [a growing market](#), more and larger law firms are marketing their services to cultivators, retailers and the army of ancillary businesses that touch the cannabis industry. A market research report estimates that Illinois consumers will spend \$543.1 million on cannabis in 2020, growing to \$1.14 billion by 2024. Since the country's 50 largest firms still [largely shun the industry](#), slightly smaller firms have moved in. Like all corporate clients, cannabis companies need legal services related to real estate, taxes, mergers, regulation, and labor and employment.

Today Dahlin represents cannabis clients as a partner in the Chicago office of Benesch Friedlander Coplan & Aronoff. Though smaller than Winston, the firm had \$128 million in revenue last year. Rollman is senior vice president of regulatory and government affairs at Green Thumb Industries, the Chicago-based cultivator and retailer that went public last year.

Rollman says a week rarely goes by when a lawyer doesn't ask her to coffee to discuss how to get into the field.

"There are a lot of Johnny-come-latelies," she says.

In 2013 the state General Assembly passed a pilot program for medical marijuana, and law firms had to decide whether to pursue the associated licensing work, says [Debra Pickett](#) of Page2 Communications, who advises law firms on marketing. Those with health care and banking clients backed away, creating an opening for midsize firms, which have been [losing ground](#) to larger firms.

"Firms are pretty good at putting a finger to the wind," she says. "In a market where there seems to be growth and many of the largest firms are sitting it out, there's an opportunity."

Saul Ewing Arnstein & Lehr and SmithAmundsen started handling cannabis work in 2014 and the last quarter of 2013, respectively. Saul Ewing had \$227 million in revenue last year, while SmithAmundsen had about \$70 million. Lawyers at both firms say they've benefited from their early start. Adam Fayne, a partner at Saul Ewing, says the firm "backed the right horses," with the legal work growing along with the companies.

"I like to think that clients who were also putting their neck on the line in 2013, jumping into this weird industry, appreciate that we were there with them all along," says SmithAmundsen partner Michael McGrory.

A few of the firms among the world's 50 largest have done cannabis work. Dentons, with \$2.42 billion in revenue, has planted its flag, with the practice led by Chicago partners Kathryn Ashton and Eric Berlin. Boston-based Goodwin Procter has a cannabis practice, and white-shoe New York firms Sullivan & Cromwell and Wachtell Lipton Rosen & Katz assisted with tobacco company Altria Group's acquisition of Canadian cannabis producer Cronos Group.

But more typical is the reaction that Rollman received from DLA Piper, which had \$2.84 billion in revenue last year. A couple of DLA Piper lawyers list on their firm webpages doing work for cannabis companies. But when Rollman tried to hire a DLA lawyer who was eager to do the work, the firm said no.

"I can't believe four years later people are still turning down work," Rollman says.

DLA Piper did not return a message seeking comment.

CAREER PROSPECTS

Some aspiring lawyers find cannabis has enhanced their career prospects. Samantha Kramer and Jake Ziering are third-year students at IIT Chicago-Kent College of Law who co-founded the Cannabis Law Society a year ago. The organization has grown to roughly 100 members with chapters in Illinois, Nevada and Ohio.

Kramer says more than 10 firms have contacted the group because they'd like to start a cannabis practice, including Chicago-based Hinshaw & Culbertson. Kramer is a law clerk at Green Thumb Industries, and Ziering has a tentative offer to work in the Chicago office of Reed Smith, provided he passes the bar next summer.

Reed Smith has been building its cannabis practice for two years, and it is profitable, says practice head Claudia Springer, a partner in the Philadelphia office. Getting buy-in from firm leaders meant showing that existing clients already were asking for cannabis-related advice, like whether it was permissible for a landlord to rent to a cannabis business or for a manufacturer to produce equipment for growers.

As a summer associate, Ziering wasn't sure how much interest to express in doing legal work for cannabis clients, but he discreetly asked around until being introduced to Reed Smith lawyers who had those clients.

"It was tricky at first," he says. "I did not want to come in on day one and be the cannabis guy."

Inline Play

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