

Resolving Insolvency

Boutique LA bankruptcy law firm handles multimillion-dollar reorganizations nationwide.

By Melanie Brisbon
Daily Journal Staff Writer

LOS ANGELES — Danning, Gill, Diamond & Kollitz LLP is one of a handful of insolvency boutique law firms in California. The firm, with roots dating back nearly 65 years, has stood the test of time while many of its competitors have long ago closed their doors.

The firm handles multimillion-dollar reorganization cases throughout the country, while also serving as liquidation counsel and administrators in California bankruptcy, federal, district and state courts.

“We represent clients in all aspects of insolvency, which includes representing creditors, debtors, fiduciaries, creditor committees or anyone else in between involved in the insolvency process,” said Uzzi O. Raanan, a partner at the firm.

Other partners include managing partner Eric P. Israel, Brad D. Krasnoff, Walter K. Oetzell, George E. Schulman, John N. Tedford IV, Diane C. Weil, Zev Shechtman and name partner Howard Kollitz.

The firm faces a competitive legal market, but is not deterred by it.

“Bankruptcy is bankruptcy and there’s one set of rules and one body of law,” Shechtman said. “One thing we can do is come to where the client is and make sure that we’re adding that value that takes the client to the next level.”

A lawsuit filed by the firm led the California controller’s office to change one of its policies. The firm was representing the trustee



Sam Diephuis / Special to the Daily Journal

From left, Zev Shechtman, Uzzi Raanan, John Tedford and Sonia Singh of Danning, Gill, Diamond & Kollitz LLP.

in the bankruptcy proceedings for Death Row Records Inc. and one of its co-founders, Marion “Suge” Knight.

“The Suge Knight and Death Row cases were combined, consolidated, and then within that, we realized the two of them were owed \$10,000 by the state controller’s office,” Raanan said. “When they refused to turn it over, we filed what is called an adversary proceeding within the bankruptcy case.”

The firm filed a class action on behalf of all trustees throughout the country against the California controller, alleging that the state adopted a policy of denying claims by bankruptcy trustees to debtors’ funds that were handed over or escheated to the state before petitions were filed. Attorneys argued that the policy allowed the state to keep using funds that should have been turned over to the bankruptcy estates, the legal owners, for payment to their creditors. The

controller’s failure to turn over the funds violated the automatic bankruptcy stay, the attorneys argued, according to court documents.

A resolution came when the controller’s office agreed not to deny payment to bankruptcy trustees of debtors’ funds that escheated to the state before the petitions were filed. The controller would also send letters to all bankruptcy trustees, whose claims were denied in the past and allowed them to resubmit to the controller’s legal department. *R. Todd Neilson, as Chapter 11 Trustee v. John Chiang, as California State Controller* 2:10-ap-02574-VZ (U.S. Bankr. Ct., filed Aug. 25, 2010).

“I had never seen a class action done in bankruptcy before, but the situation arose and we took a look at it,” Tedford said. “We could have just let it go, but instead we put our thinking caps on and thought about what we could do in order to effectively represent our client and also to insure that

other trustees that were similarly situated didn’t have to deal with this problem again.”

Surf and skate apparel maker Quiksilver Inc. filed for Chapter 11 bankruptcy in 2015. The company also announced it was closing stores. Danning, Gill, Diamond & Kollitz represented one of the landlords.

The trustee in the bankruptcy for East Cost Foods Inc., owner of four Roscoe’s House of Chicken and Waffles restaurants, also relied on the firm for counsel. A former employee at a Roscoe’s restaurant successfully sued the company for harassment and discrimination.

Danning, Gill, Diamond & Kollitz was not involved in the harassment case.

“It seems like there’s an uptick in the number of cases that involve some kind of employment litigation,” Shechtman said. “When a company is in a situation where it has dozens or even hundreds of employees, whether it’s as a class action or as a Private Attorney General [Act] action or just individual labor commissioner actions, that puts a lot of pressure on a company that would perhaps otherwise be doing fine financially.”

The number of companies filing for bankruptcy has declined in recent years and that affects the firm’s business.

“But we also look at other ways we can represent clients effectively,” Tedford said. “Even though bankruptcy filings are down, it doesn’t mean there aren’t other insolvency-related types of cases out there.”

“One of the other things is

because within the bankruptcy context, we do deal with a variety of other issues and topics, we do have the ability to represent clients outside of the bankruptcy context when it comes to those issues," he added.

With filings down, more law firms compete for the same business.

Boutique law firms have to go out and meet the right referral sources to attract clients, Raanan said.

"Imagine a bankruptcy department in a large firm," he said. "The benefits they sometimes have are that they have 600 attorneys who handle business litigation, business transactions and insurance, so internal referral really helps them.

"The disadvantage is they may not get a lot of referrals from the outside because other attorneys might feel that they're going to steal their other kinds of business," he said. "That's where we have the advantage because if someone who practices business litigation wants to refer to us, they

know that we're not going to take their other types of business."

Another focus for Danning, Gill, Diamond & Kollitz is training the next generation of leaders. The firm's founding attorneys have already transferred their day-to-day leadership to the partners, who are now training the attorneys.

Associate Sonia Singh joined last year and is already involved with cases. "A lot of lawyers here are willing to collaborate with me, being part of the younger generation of attorneys," Singh said. "I think that allows the firm to grow because I'm able to take on opportunities that are unique for first-year attorneys like going to hearings on matters that I'm working on and conducting depositions."

The firm now has 14 attorneys, but it started in Van Nuys with founder Curtis Ben Danning as a sole practitioner in 1953. Ten years later, name partner David A. Gill joined, followed by Richard K. Diamond in 1976 and Howard Kollitz in 1981. In 1982 the firm moved to Century City, which

raised its profile and shifted it from a consumer-oriented practice to a corporate practice.

Kollitz is still a partner with the firm, while Danning has retired. Gill and Diamond are still active as of counsel.

"The firm's longevity has allowed me and others at the firm to develop a collegial culture, longterm business and personal relationships, and a sense of history," Diamond said in an email.

Successful succession planning is possible with proper planning, he said.

"It's important to start thinking about the transition early and give it plenty of lead time," Diamond said. "In other words, plan ahead and give it lots of thought."

J. Scott Bovitz, name partner at Bovitz & Spitzer, has litigated cases against Danning, Gill, Diamond & Kollitz for decades.

"The essence of a successful firm is to survive the founding partners' retirement," Bovitz said. "Their work product is uniformly excellent and they're consistently good on the things they do."

"Creative and innovative" describe attorneys at Danning, Gill, Diamond & Kollitz, said Jeffrey I. Golden, a partner at Weiland Golden Goodrich LLP, who has known them for roughly 30 years and was their opposing counsel on many matters.

"I've always found them to be a very formidable adversary, yet at the same time very professional and respectful with high integrity," Golden said. "I've always enjoyed being opposite them. I think they have an outstanding reputation in the community."

Kim P. Gage, a senior partner at Cooksey, Toolen, Gage, Duffy & Woog APC, has also been opposing counsel to Danning, Gill, Diamond & Kollitz.

"I had a very long and difficult case that John Tedford was involved in and I thought he did an excellent job at every level," Gage said. "It was a case that was highly contentious and he brought calm to it, which is not always something that lawyers do. With that calm, came a much more efficient resolution."