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NY-Based Law Firm Faces Cash 'Crunch,' Struggles to Pay Partners

According to emails viewed by ALM, CKR Law managing partner Jeffrey Rinde said the firm will terminate contracts with several “substantially underperforming partners” and will seek to eliminate “certain redundancies.”

By Jack Newsham and Christine Simmons | May 14, 2019



(<https://images.law.com/contrib/content/uploads/sites/292/2019/05/CKR-Law-Article-201905141951.jpg>) Screenshot of CKR Law website.

CKR Law, a New York-based law firm that boasts of a “global presence,” has experienced a “cash flow crunch” this year and has struggled to pay its partners, according to sources and internal firm emails.

The law firm, led by former Blank Rome partner Jeffrey Rinde, has grown at a rapid clip since its founding in 2014. Its website lists more than 200 lawyers across nearly 50 locations, specializing in “complex, international and cross-border transactions, disputes and legal challenges.”

Now the firm’s growth strategy is being questioned. Two sources close to the firm said many partners haven’t been given their regular draws for at least the past two months. According to emails viewed by ALM, Rinde said this month the firm will terminate contracts with several “substantially underperforming partners” and the firm will seek to eliminate “certain redundancies.”

According to the emails, Rinde, the managing partner, has told partners on several occasions this year that transfers from an unspecified overseas account required to make partner draws had been held up. Rinde's emails in February and March blamed logistical issues at the bank for causing the hold-up, but he promised the issues would be resolved soon.

"There have been repeated promises where everyone is going to get paid," said a source close to the firm, adding, "whatever he said he was doing to fix it, it never happened."

In the same time period this year, the firm faced litigation by former partners and a lawsuit from its Manhattan landlord, seeking \$200,000 for March rent and fees related to its office space at 1330 Avenue of the Americas, according to court documents.

In April, Michael James Maloney, a partner on the firm's executive committee, said in an email that the firm was going through a "cash flow crunch," but that its "overall strategy is sound."

In emails in the last month, the firm's management began blaming some partners for the financial crunch. In a May 10 email viewed by ALM, Rinde said only partial payments would be paid May 15 and June 15, prioritized to certain partners. He wrote that certain practices "did not meet financial commitments previously made to the firm," and said some partners failed to collect "hundreds of thousands of dollars" in bills that could have been used to pay lawyers.

He also said "substantially underperforming" partners will be let go, and the firm will be eliminating "certain redundancies and making adjustments to other fixed expenses."



<https://images.law.com/cont>

CKR was revising agreements with a few practices that did not meet financial commitments, and “based on those discussions, we expect that the primary cause for the cash flow crunch has been resolved,” Rinde’s May 10 internal email said.

Rinde-Vert-201905141951.jpg **Jeffrey Rinde, managing partner, CKR Law.**

In an emailed statement to ALM on Monday that was also addressed to Rinde, Maloney acknowledged “personnel changes” but said he was confident the firm would have a successful future.

“The firm does intend on making some personnel changes in response to poor timekeeping, billing practices and performance by some attorneys and also certain operational and strategic matters that required attention earlier this year. We believe that changes of this nature are not unusual given the significant growth of CKR in 2017 and 2018,” Maloney said, adding, “We are pleased with the firm’s overall performance, including the more recent attorney hires and the addition of a CFO.”

“We are confident in achieving success this year and beyond,” Maloney said. He did not respond to a follow-up email seeking comment on partner payments this year.

Not everyone at the firm voiced worries about the payment issues. One partner reached by ALM said he didn’t have any concerns about its finances.

According to its website, CKR is “a global platform of law firms and other entities working in strategic association or cooperation with” CKR Law, a California limited liability partnership with Rinde and other key lawyers in New York. Many of the attorneys in the dozens of overseas offices it lists online also have profiles on foreign law firm websites, some of which mention CKR and some of which don’t.

Rinde himself has strong practice ties in China. On the firm’s website, he describes his past role as chief representative of Blank Rome’s Shanghai office, overseeing the firm’s Asia-based client matters, before CKR’s inception in 2014.

The firm's initials refer to its original founding partners, Mark Crone, Scott Kline and Rinde. But neither Crone nor Kline is currently affiliated with the firm. Rinde sued Crone in 2016, accusing him of failing to pay nearly a half-million dollars in debt and trying to take over a consulting firm they co-owned called CKR Global Advisors. Crone, who declined to comment, filed for bankruptcy in 2017 and litigation between the two continued until late last year.

Meanwhile, CKR is currently litigating with some lawyers formerly affiliated with the firm over pay and shares of client legal fees.

In a [California state court suit \(https://www.documentcloud.org/documents/6002460-Tobi-v-CKR-Law-complaint.html\)](https://www.documentcloud.org/documents/6002460-Tobi-v-CKR-Law-complaint.html) filed in December against CKR and Rinde, former partner Yael Tobi said she joined CKR as a nonequity partner in 2017 and was abruptly fired in 2018, something she learned from a lawyer who called her offices. She said Rinde ignored her communications for months and claimed she was owed more than \$250,000, partly in minimum monthly payments of \$20,000 that weren't made and partly in the form of 70 percent of the fees she said she was owed from work she originated.

In New York, attorneys Julie Steamer and Bruce Hart have sought to make CKR mediate a dispute over legal fees and moving fees. Their suit, filed in Manhattan Supreme Court last month, [describes \(https://www.documentcloud.org/documents/6002496-Steamer-affidavit.html\)](https://www.documentcloud.org/documents/6002496-Steamer-affidavit.html) a fraud-tainted effort to induce them into the firm's equity partnership. They said they were "duped" into signing an agreement that had no provision for them to get paid, after having negotiated a different deal, and moved out of the firm's office shortly after they moved in.

"My clients allege very serious misconduct," Steven Altman, a lawyer for Steamer and Hart, told ALM. "We tried to resolve the matter gentlemanly, in mediation, but CKR refused. They apparently care not about airing their dirty laundry in public."

CKR's landlord filed the lawsuit against the firm in March related to the \$200,000 due in rent and fees. That case was discontinued April 29; conference notes reflect that the suit could be settled with payment of a month's rent, plus late fees.

Separately, in court documents filed last month, Rinde indicated that he fully satisfied a judgment for more than \$120,000 in favor of Crone's lawyer, Gary Gorham. Rinde had accused Gorham of helping Crone commit fraud, but Gorham won dismissal of the suit and successfully asked the court to order Rinde and his consulting firm to pay his legal fees.

Regarding the back-rent and Gorham cases, Maloney's statement to ALM said they "did not impact the firm's financials." He declined to comment on the pending cases except to say that "there are always two sides to the story and we intend to address these claims on the merits in the appropriate legal forum."