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Plaintiffs Firm Touts Texas-Sized Bonuses to Top Cravath

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REID COLLINS & TSAI, A SMALL TRIAL firm based in Austin, has paid merit bonuses to associates and junior partners ranging up to \$229,000 in 2016, exceeding both the big-firm market rate for year-end bonuses set by Cravath, Swaine & Moore and the higher bonuses paid by another Texas litigation firm, Susman Godfrey.

William Reid IV, a founding member of Reid Collins, said the firm paid bonuses ranging from \$80,000 to \$150,000 to associates at the one- to six-year level in 2016, while the firm's seven- to 10-year lawyers, who are considered junior partners but receive an associate-style salary, were paid bonuses as high as \$229,000.

Though the highest bonuses were earned by more senior lawyers, Reid said the firm doesn't use a rigid bonus scale and there is "zero correlation" between the lawyer's time at the firm and the size of the bonus. For instance, a fourth-year lawyer received a \$100,000 bonus payment for his contribution of a legal theory that led to an "incredible result" in a lawsuit, he said. A junior partner in his eighth year also received \$100,000 as part of his bonus for a suit he handled singlehandedly, Reid said.

The firm, which has 28 lawyers in Austin and New York, paid bonuses three times during the year, Reid said, with the payouts directly linked to firm profits.

The bonuses are so high this year, Reid said, because the firm is having its best year ever. "It's correlative. The better the firm does, the more bonuses are," Reid said.



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This week, Susman Godfrey announced that associates will receive year-end bonuses ranging from \$40,000 to \$120,000 for lawyers at the firm for six years, with a few receiving up to \$140,000 for working exceptionally long hours. Those bonuses top the Cravath scale that ranges from \$25,000 to \$100,000 for associates at the same levels.

Reid said Reid Collins, founded in 2009, has a three-tiered compensation structure for associates and junior partners. There is a guaranteed salary, which is \$150,000 for lawyers up to three years, \$180,000 for lawyers up to six years and \$210,000 for lawyers practicing up to 10 years.

The second tier is a quarterly performance adjustment in which associates and junior partners get \$7,500 a quarter, or \$30,000 a year, on

top of their salary. He said historically if the firm doesn't have cash on hand to pay that adjustment, it will be deferred until the next quarter, but Reid said the firm rarely misses a quarterly payment today. Adding the guaranteed salary to the adjustment puts the firm at the 2016 Cravath salary market rate of \$180,000 for a first-year lawyer.

Bonuses are paid as the money comes in, Reid said, and there is no formula or requirement for senior lawyers to receive more than other lawyers or staff. "This way, we get to give everyone in the firm a check when we achieve a great result and we get to provide bonuses based purely on merit," he said.

Reid said almost all of the firm's caseload is plaintiff's work, and more than 90 percent is on a contingency-fee basis.

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