

# RULE GARZA PLANTS ANTITRUST FLAG IN WASHINGTON

*Legal heavyweights Rick Rule and Deb Garza launch a boutique shop that will team with larger, entrenched practices to advise on dealmaking and enforcement.*

BY DAVID HATCH

Conventional wisdom says that big is better in the high-stakes world of antitrust legal counsel. The newly launched Rule Garza Howley LLP hopes to challenge that thinking.

Within the antitrust bar, few attorneys can match the breadth and depth of Charles F. “Rick” Rule and Deborah Garza, founding partners of Washington’s latest antitrust boutique.

With deep connections in legal and government circles and experience that spans four decades, the attorneys — both former Department of Justice enforcers — told *The Deal* they’re not worried about barriers to entry, antitrust parlance for muscling into a market.

“The idea of having a small, focused antitrust boutique has always held some appeal,” Rule said of the new firm, which he oversees as chair. “It gives you greater freedom and flexibility than really is possible in a big law firm,” he said of his new shop, which debuted March 21.

“I do think we are an attractive option, not the same thing as competing with the big law firms that have the big associate pools, obviously,” Garza said. Rather, a nimble practice that can offer “very high-level strategic counseling” without the bureaucracy clients may encounter at larger firms, she said.

Rule aims to carve out a niche “as the adviser



Rule Garza Howley's Rick Rule, Deb Garza and Dan Howley

to advisers,” providing guidance on enforcement, state attorneys general and interacting with foreign jurisdictions, he said. In some cases, that might mean partnering with top-tier M&A firms such as Paul, Weiss, Rifkind, Wharton & Garrison LLP, where Rule was a partner since 2016.

“I continue to have really good relationships with the folks there, and I’ll expect that I’ll continue to work with them,” he said. “But I also hope to work with other significant, first-tier M&A players.”

After leaving Covington & Burling LLP in 2020, Garza was wooed back into competition law by Rule to serve as vice chair of the new firm. “Antitrust got so interesting that I’m coming out of retirement,” she quipped.

Rule and his team see their modest size not as a detriment but an advantage. They won't be encumbered by conflicts, such as antitrust representations that contradict the interests of existing clients. "A lot of times you have to say to those folks you can't really take the matter on," he noted.

Large law firms also tend to avoid "one off" or "project-based" advisory assignments because "once you take those on, you create conflicts for yourself," Rule explained. "You've potentially conflicted yourself out of another whole range of things that may have nothing to do with antitrust."

Another possible upside is that Rule Garza may have more flexibility on billing. "We'll be less attached to the billable hour," Garza said, and more open to retainers, incentives, compensation tied to success and other innovative options.

Rule and Garza graduated from the same class at the University of Chicago Law School and spent 25 years of their legal careers as colleagues at Covington and Fried, Frank, Harris, Shriver & Jacobson LLP. They've been toying with starting their own firm, "off and on," Garza said, for the past 40 years.

Rule was the youngest chief ever of the DOJ antitrust division, which he led from 1986 to 1989 during the latter half of President Ronald Reagan's second term.

During his DOJ tenure from 1982 to 1989, he overlapped with Garza, who served as special assistant to the division head from 1984 to 1985. She returned as counselor and chief of staff from 1987 to 1989.

In a third stint, Garza served as deputy assistant attorney general and acting chief of the antitrust division at the end of the George W. Bush administration. From 2004 to 2007, she chaired the Antitrust Modernization Commission, a bipartisan panel created by Congress in 2002 to advise lawmakers and the White House on U.S. antitrust enforcement. It disbanded after issuing a 2007 report.

With two former DOJ officials onboard and a Pennsylvania Ave. office a short stroll from the White House, Rule Garza is angling to punch well above its

barrister weight class.

The firm's rollout was carefully timed in advance of the American Bar Association's Antitrust Law Spring Meeting in Washington this week, the largest annual gathering of its kind.

While launching a new legal practice always carries risk, Garza said the team's reputation would open doors. "People know who we are and what we can offer, so I'm hopeful that we won't have any kind of entry barriers," she said. "We're already there."

## Powerful Ties

With only five partners, Rule Garza is overshadowed by established players. Measured by influential connections, however, it's in the big leagues. Rule and Garza are among the few Washington attorneys who can say, with a straight face, that their protégé, Jonathan Kanter, now runs the DOJ antitrust division.

Rule and Kanter were colleagues at three law firms: Paul Weiss; Cadwalader, Wickersham & Taft LLP; and Fried Frank, where Garza also worked with Kanter.

"I have the highest regard for Jonathan," Rule said during a lengthy video chat. "We did train him, and I respect his abilities." While clients are certain to gravitate to Rule for insight into Kanter's legal experience and thinking, the attorney cautioned that they don't share the same policy views. In fact, his protégé now seeks to undo antitrust changes Rule and Garza championed in the 1980s.

No one should hire him expecting he could trade on his relationship with Kanter, because "that would be underselling Jonathan," Rule said. "I would have done this regardless of who is running the antitrust division or the FTC."

Garza said she'd be honored if Kanter, a colleague for seven years, "thinks of me as a mentor."

The decision to branch out now was spurred by reinvigorated antitrust enforcement in Washington and the opportunities this creates for legal counsel, Rule said. Companies that pursue mergers must navigate

new theories of harm for transactions long considered benign, more rigorous investigations and the increased potential for legal challenges.

Rule also pointed to policy changes such as prior approval conditions that can limit future acquisitions, warning letters that parties can close at their own risk and the complexities posed by foreign jurisdictions. Not to mention pending antitrust legislation and pressure from advocacy groups.

“This administration has decided to make antitrust an important weapon in their policy arsenal,” Rule said, citing President Joe Biden’s executive order on promoting competition and White House attempts to blame inflation on consolidated markets.

“All those things have created concerns in transactions where antitrust wasn’t a concern before,” he explained. “It’s heightened the demand, I think in boardrooms and among executives, for antitrust advice in transactions.”

As companies find themselves on the defensive with enforcers, “what they need to deal with that is experience and expertise and judgment about how you play what’s basically multidimensional chess,” he added.

Rule’s experience includes representing clients on

several marquee mergers. He was the lead lawyer for Exxon Corp. on its \$80 billion megamerger with Mobil Corp. In 1999, the Federal Trade commission cleared the combination with divestitures, creating Exxon Mobil Corp. (XOM). His M&A experience encompasses airline, gaming and healthcare, among other sectors.

Down the road, the firm could move in three very different directions. It could remain small and agile. Or it could expand along the lines of Axinn, Veltrop & Harkrider LLP, an antitrust boutique launched in the late ‘90s that’s undergone rapid growth, adding intellectual property to its portfolio.

The third option is to follow the lead of Arnold & Porter Kaye Scholer LLP, which started as a boutique when Arnold & Porter was founded in 1946 and now has 13 offices on three continents with nearly 1,000 attorneys after its 2017 merger with Kaye Scholer LLP.

Rule expects to guide his new legal ship for at least the next decade, with the firm’s future in the hands of Daniel J. Howley, William “Bill” Dolan and Margot Campbell, the younger partners he trained and handpicked for the team.

“Ultimately, this is a practice that is going to be theirs,” he said. “Where the firm goes is really going to be their decision as opposed to mine.”