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This Chicago law firm has the rights stuff

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Photo by Manuel Martinez Mary Stowell, left, and Linda Friedman

The waggish, unofficial memo was titled "A Clerk's Guide to Success." An older clerk handed it to Linda Friedman on the first day of her federal judicial clerkship in Chicago more than 30 years ago. It was crammed with the kind of insider jokes that lay an institution bare:

Rule No. 1: The banks always win.

Rule No. 4: Civil rights lawsuits are always frivolous.

So Friedman and her law partner, Mary Stowell, knew what they were up against when they started suing Wall Street banks in the mid-1990s for sex and race discrimination. The fact that they did it anyway, Friedman says, "tells you a little bit what we think about rules."

Stowell & Friedman belongs to an elite class of plaintiffs law firms that have made money in the decidedly unglamorous world of civil rights law. The firm specializes in class-action lawsuits that attack systemic problems and has scored victories against Smith Barney, Merrill Lynch, MetLife, Wells Fargo and the city of Chicago. The firm has recovered more than \$900 million in damages for victims of discrimination and harassment since its founding in 1989. (Typically, courts award attorneys working on contingency a fee equal to 25 percent of damages.) Ten lawyers work at its 26th-floor location in the Loop, and the glass walls of the offices **are etched with handwritten letters** of grateful clients.

MANY CALLS, FEW LAWSUITS

Stowell & Friedman files fewer than one lawsuit for every 250 requests for representation. Since the fall, the office has been fielding calls from women, **many of whom work in low-wage industries**, who mention the #MeToo movement and their own fatigue at the lack of progress in gender equality.

The fight against racial discrimination continues, too: The firm **sued Morgan Stanley** on Feb. 1 in New York on behalf of a broker who said he received poor reviews, lower pay and an insulting nickname because he is black. (Morgan Stanley denies the allegations.)

Building a plaintiffs firm focused on civil rights is complicated, says David Sanford, the Washington, D.C.-based chairman of Sanford Heisler Sharp, a leader in that niche that has recovered more than \$1 billion since 2004. "A lot of firms have tried and failed, or tried and diversified into doing other things," he says.

Plaintiffs firms finance their own cases: They pay overhead, plus expert witnesses who charge hundreds per hour, so it can cost between \$250,000 and \$1 million before a suit reaches class certification, a key step where a judge decides enough similar plaintiffs exist to litigate their claims as a group. So picking the right cases—not to mention winning—becomes critical.

"You cannot afford to take on a bad case," he says, noting that his firm accepts 80 cases annually out of approximately 2,000 requests. "The opportunity costs are great, and the resource allocation is great."

Friedman, 57, grew up in Wilmette with a mother who was an early advocate for Head Start and would take her out of school to campaign for U.S. Rep. Abner Mikva. She went to DePaul University's law school.

Stowell, who at 71 is now retired, grew up in Memphis, Tenn., and Tulsa, Okla. After college she considered academia but concluded that universities were less than welcoming to women.

She chose law instead: As the sister of two brothers, "I felt I was very good at arguing and defending myself, even when I didn't need to," she says. Stowell, whose law degree is from Northwestern University, practiced for nine years at the U.S. attorney's office in Chicago and has tried 75 cases over her career.

The pair met in the 1980s after Stowell moved to private practice and rented office space from the attorney Friedman worked for. One day, charged with taking an important deposition, a panicked Friedman asked Stowell if she could please explain how it was done, since this was her first time. They began collaborating more and eventually decided in 1989 to strike out on their own.

"It was a little bit like Mickey Rooney and Judy Garland: 'Let's put on a show,' " Stowell says. "We just did it."

Their early cases included suing the Chicago Housing Authority for sex discrimination and brokerage Rodman & Renshaw Capital Group for sexual harassment. Meanwhile, their first office was in a building that had women's bathrooms on only two floors.

In the mid-1990s they started getting calls from New York. Location helped: Women on Wall Street were afraid to talk to New York law firms, many of which maintained lucrative practices negotiating executives' severance packages. Women were reporting unequal pay, lewd comments and groping at work. But employees were forced to arbitrate their claims before industry officials rather than sue in court.

Friedman and Stowell found their solution in a footnote. They pored over rules from the National Association of Securities Dealers, the predecessor organization of the Financial Industry Regulatory Authority. They were sitting in Stowell's office when they found it: "Class actions are ineligible for arbitration."

"We read it, and we read it, and we read it, and we thought, 'Isn't that interesting?' " Friedman says. "So we decided we would put the women's names down, 'and all others similarly situated' afterwards, to make a class action. But we had no concept of what that meant. . . .It wasn't our goal to be class-action lawyers. Our goal was to get in court where someone would hear the claim and know that groping women was not a real way to comply with the civil rights laws."

WINNING MILLIONS

They won a \$150 million settlement from Smith Barney for **the infamous "boom-boom room" case**, named after the basement room at the firm's office in Garden City, N.J. They won a \$250 million settlement from Merrill Lynch, plus an additional \$4 million from the firm in individual discrimination claims.

Another significant victory came in 2013 when, after 40,000 hours of work on a case filed in 2005, the firm won **a \$160 million settlement from Merrill Lynch** for 1,400 black brokers after filing a racial discrimination case. ("Everything about race was different," Friedman says. "Nobody cared about it. They didn't worry if their name was in the newspaper.")

"You can say she has chutzpah," Robin Potter, a Chicago employment lawyer who handles similar cases, says of Friedman. "But it's rational chutzpah, based on the law and the rules."