

## *Hughes Hubbard & Reed Law Firm Lays Off Lawyers and Staff After Receiving Paycheck Protection Loan*

### Hughes Hubbard & Reed Law Firm Confirms Layoffs of Associates and Staff After Receiving PPP Loan **Law Firm Industry Impacted by Court Closures and Slowdown in Deal Activity**

The law firm of Hughes Hubbard & Reed has confirmed layoffs of certain attorneys and staff members after receiving a paycheck protection loan from the federal government. The firm released a statement to the ABA Journal, stating that "we decided in the early stage of the pandemic to keep our entire team intact for as long as we could, hopeful for a swift economic recovery. We were one of the more than 100 firms that decided in the early stage of the pandemic to apply for the [paycheck protection program] and were approved based on the [Small Business Administration] criteria. That money was used for its intended purpose, to save jobs during the worst of the crisis."

However, more than three months into the pandemic, the impact of court closures and a slowdown in deal activity have given the firm a better sense of how the pandemic has changed how they do business. As a result, they have made some difficult decisions on staffing to address the current environment. The statement also mentioned that they regret the hardship these steps cause as they, along with the industry, evolve to meet this changing environment.

Hughes Hubbard & Reed is one of many law firms to lay off employees despite receiving a payroll protection loan. Other firms have taken similar actions, including Bremer Whyte Brown & O'Meara, Schiff Hardin, and Curtis, Mallet-Prevost, Colt & Mosle. In April, Bremer Whyte Brown & O'Meara reported that 15% of its lawyers were furloughed or laid off and 20% of the staff was temporarily furloughed, and Schiff Hardin laid off a small number of staff members after receiving a loan. Curtis, Mallet-Prevost, Colt & Mosle also cut associate salaries by 25%.

Other firms that have taken employment actions while participating in the paycheck protection program include Day Pitney, Ice Miller, Kelley Drye & Warren, Pryor Cashman, Smith, Gambrell & Russell, Stroock & Stroock & Lavan, and Sullivan & Worcester. Day Pitney reportedly cut pay by 15% for lawyers and staff members and also cut hours for some work-at-home employees. Ice Miller furloughed "35 professional staff and timekeepers" and cut pay on a sliding scale for those who make more than \$50,000 annually. Kelley Drye & Warren cut pay by 10% for lawyers and other employees making more than \$100,000 annually. Pryor Cashman furloughed some associates, Smith, Gambrell & Russell cut pay by 10% for associates and other employees, Stroock & Stroock & Lavan cut pay by 15% for lawyers and staff members, and Sullivan & Worcester furloughed some employees and cut pay for associates and those making more than \$66,000 per year by 5%.

According to Law.com, law firms were eligible to participate in the paycheck protection program if they had less than 500 employees. However, loan forgiveness will be reduced if firms cut pay by more than 25% for people making less than \$100,000, or if they have done a bunch of layoffs. Firms will have to pay back part of the money if their headcount is less than the number reported when the loan originated.