

EXPERT OPINION

Nagy & Trócsányi: 25 Years of Problem Solving

“People think we are problem solvers, and I like to think that is the case,” says Péter Nagy of the law firm he co-founded a quarter of a century ago. In part, it explains the continued success of the practice.

BBJ ROBIN MARSHALL

But before we talk more about that, there is an elephant in the room we should address. For those who have followed the roller coaster ride of Hungary’s economy since the change of regime, the name is familiar. There weren’t many deals, especially in the early days, that Nagy & Trócsányi weren’t involved in. Those who have arrived a little later to the scene possibly know of it only through the name of the other co-founder, current Minister of Justice László Trócsányi. That, naturally enough, shapes perceptions. It also affects business.

“The biggest challenge in the market today is that Trócsányi is minister,” says Nagy with a smile. “Since then, we do not get even one single case from the government, except from one or two pro bono cases. We have some ongoing matters, which we got before he was appointed to his post, but nothing new. From 1991, our experience was that in really important cases, the government would come to us. It wasn’t a lot of work, but one or two cases a year that were really challenging. We had mandates from almost all the democratic governments: We worked for the Antall,

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Horn, Orbán, Medgyessy governments as well. Of course, we are very happy he is serving as minister, but from a business point of view that [government work] is now insignificant and it used to be a big segment.”

But you also get the sense that Nagy doesn’t just miss the business. “He [Trócsányi] is a well-respected lawyer, a university professor. His absence is painful.” And he is not the only senior partner on a leave of absence from the firm: Zoltán Csehi is currently serving as a judge at the European Court of Justice. “I keep telling them it is all very well, but



Péter Nagy, co-founder Nagy & Trócsányi.



Péter Berethalmi, Partner.

they should come back,” Nagy says. He is only half joking.

With the collapse of the Iron Curtain and the change of regime in Hungary, Nagy returned to the country from New York, Trócsányi from Brussels. “The law changed on



October 1,
1991,

so we set up exactly on that day, and one year later had the law firm incorporated,” Nagy explains. The anniversary will be celebrated later this year, though how, exactly, is still being planned.

Huge Demand

Asked how the market has changed since those days, Nagy’s immediate answer is just one word: “Absolutely.” Initially he says there was “huge demand for lawyering in business law”. The first international law firms that moved to Budapest brought with them lawyers who either were not particularly good or who had no local knowledge, giving Nagy & Trócsányi a huge local advantage throughout the ‘90s. Since then, Nagy says, the market has become increasingly more competitive. Foreign advocates at the international firms picked up local knowledge and took on more Hungarian lawyers. What is now the Big Four took increasingly large swathes of the tax business by aggressively cutting fees. Then came the recession.

But the firm continued to find its own way, and difficult cases continued

to find their way to it. It is one of the advantages of being in business for 25 years, as partner Péter Berethalmi, who started his career with the firm as a junior lawyer in 1996, notes. “We are proud to mention that we have built up a lot of connections and good relations with international firms in these 25 years,” he says. “Take our membership of LexMundi: It is one of the most reputable networks, acknowledged in the rankings by Chambers.”

Berethalmi says today the firm does a lot of litigation, real estate, banking and project finance, M&A, competition law and employment law. It also has strong energy business. Nagy says that is important for the bottom line. “These are big clients with real money, and the stakes are very high. That means they do not try to push down the fees or cap them, or cut back on the hours.”

That is not the case in other sectors, Berethalmi points out. “Everyone wants lower fees and lower caps. Now, even after you have an agreed cap, there is often another round of negotiations to push that down!”

New Generation

For all that, business is good, the partners agree. “Things are getting better and better,” says the co-founder. “We have more transactional work and, in the last couple of years, litigation. We have maybe two-dozen huge tax-related litigation cases we are working on, public procurements, bank law issues. If we cannot work for the government, we can still work against it,” he laughs.

Berethalmi acknowledges some difficulties in recruiting, but says that is true of the industry in general, and is

largely down to the different attitudes in the latest generation. “Five or ten years ago, if you went to a job fair, students were gathered around all the booths. Now you have to find them, make friends with them, engage with them on social media.” But he says he is annoyed by employers continually complaining about them. “I like the new generation, I do not have any problem with them. I think we should not judge them based on this [attitude]; we need to learn to cope with it.”

And the firm continues to run its own education programs, to source and train talent. “We have maintained our student program, we usually hire two or three students in the summer, and try to pick our associates from that pool,” says Berethalmi. “And from those we try and pick our partners, like me. I think all but two of our partners were junior lawyers with us. Obviously not everyone can follow that path, but that is the goal.”

The markets may have shifted “absolutely” in



but it seems Nagy & Trócsányi has not. “We were established as an independent law firm and we are still here, no matter how the market has changed. The firm was founded on our decision to make a good business based on high quality, complex case work, and that is still a key driving feature of the firm,” says Nagy. “We still get the most interesting cases. If they are considered difficult, or even impossible, then people come to us.”