



# PLAINTIFFS' BAR STAR JAMES SCOTT FARRIN BUILDS A LEGAL MACHINE

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HEFTY MARKETING AND HEAVY VOLUME HAVE HELPED MAKE JAMES SCOTT FARRIN A LEADER AMONG NORTH CAROLINA PLAINTIFFS' LAWYERS.

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BY DAN BARKIN  
PHOTOS BY CHRISTER BERG

Anyone attending a Durham Bulls game in a recent summer couldn't miss the James Scott Farrin sign on the Diamond View II building overlooking the ballpark. Television watchers probably know the name also because he is the dominant personal injury advertiser across North Carolina. But the mere presence of a Farrin law firm in Durham — or anywhere — was improbable.

He was fired from his first job as a lawyer. Less than five years into his career, he almost talked himself into leaving the profession. Defending big-business clients didn't excite him.

In the mid-1990s, he discovered a passion for helping the proverbial "little guys" fight corporations and their insurance company allies. Then, he learned he had a flair for marketing and running a high-volume practice.

Jim Farrin and a paralegal morphed into the Law Offices of James Scott Farrin, a legal powerhouse that has recovered a billion dollars for 43,000 clients in 22 years, not counting the \$1.25 billion settlement he helped secure for black farmers in a class-action lawsuit in 2010.\*

Beyond its brassy marketing, Farrin's key has been building an organized, technologically advanced system that manages personal injury, workers' compensation, eminent domain and other cases generated by hundreds of phone calls every week. In addition to his 46 lawyers, his team consists of 170 paralegals, intake specialists, investigators and other non-lawyers who manage the myriad tedious, critical tasks that convert cases to cash. He can take clients that other law firms pass on.

At many personal injury firms, paralegals and even lawyers take calls, interrupting their primary work. Farrin's intake department of 15 specialists works on an internally developed computer system that brings up a specific screen based on if it's a workers' comp or a personal injury phone number the client just saw on their TV screen in Charlotte or Greensboro.

"In general, lawyers are lousy businesspeople," says Don Beskind, a Duke University law professor who taught Farrin 30 years ago. "I think Jim is a businessperson who saw law as a business opportunity. I do think he respects the law and understands the law. But if that opportunity hadn't been available, he would have found something else. He's a hardworking, thoughtful, clever entrepreneur. I think his talent has been the management."

Farrin and a top executive, David Chamberlin, start every day poring over metrics generated by



the firm's software: How many calls came in yesterday? How many calls turned into clients? How is business compared with a year ago?

The calls are broken down by market: How many from Charlotte? Are the phones ringing from Greenville?

"We run everything based on data," says Chamberlin, who joined in 2007 to handle human resources and administration. Back then, the firm had 88 employees, including about two dozen lawyers. After a couple of years, Farrin asked him to take over marketing. Chamberlin doesn't view himself as particularly creative, which suited Farrin. "He wanted someone analytical to watch over the data."

Farrin's firm ranks 23rd in *North Carolina Lawyers Weekly's* list of the top 30 law firms by number of lawyers. Nearly all the firms primarily represent corporate clients and have operated for decades. Farrin's firm dates to 1997, and he has to constantly bring in new clients. Most people don't get injured a lot. While Farrin owns most of the professional corporation, 14 other lawyers hold shares.

## NO PLAN

Jim Farrin was born in 1962, the first of five children of Stanford University graduates James and Marianne Farrin. His father worked for Colgate-Palmolive Co. and other global brands, living in nine countries over 17 years. Farrin grew tired of the itinerant existence and spent his last two years of high school at his father's alma mater, Phillips Exeter Academy in Exeter, N.H. At Trinity College in Hartford, Conn., he majored in philosophy and met his future wife, Bailey Johnston.

With no plans after graduation, Farrin waited tables in Greenwich, Conn., and later telemarketed beepers and sold long-distance phone service door-to-door. "I said, 'Well, let me do something where I'm not going to be hating it or [have a] door slammed in my face.' ... My grades were good and so I said, 'Maybe I'll go to law school. That will shut the critics in my head up.'"

Farrin and his wife applied to 20 schools and headed to the best one that accepted them both. That was Duke University, which is why the offices of James Scott Farrin are located in Durham.

Law firms make annual pilgrimages to elite schools to replenish their supply of 80-hour-a-week associates, which is how James and Bailey Farrin found themselves in southern California in 1990, working at different practices. He found little meaning in his work, representing companies in insurance coverage and antitrust disputes. "The emphasis on [billable] hours, not outcomes, didn't really work for me, and I don't think it worked for them. So, within a couple of years, they fired me. I was fair but not excellent. I didn't push myself to excel because my heart wasn't in it. ... I felt humiliated."

He joined another California law firm, then took some time off to explore the emerging field of sports analytics and market a statistical NBA newsletter. A \$50,000 loan from his father helped launch the business. The response was disappointing. "So that was failure number two."

He returned to the law firm in early 1994 and was directed to represent a homeowners association suing over construction of underground parking at a nearby strip mall that was causing cracks in their condo units.

Farrin took a reduced salary in exchange for a cut of the fee if he won the case. The settlement was several million dollars. "And with that, I had enough money to pay back my dad," Farrin says, "and enough money for a down payment to get the hell out of California."

He and his wife chose Durham, which they had enjoyed during law school. (They divorced about 13 years ago.) In 1995, he joined a personal injury law firm operated by fellow Duke Law alum Finesse Couch and started learning how to take a case to settlement. Two years later, he went out on his own.

"I didn't know whether I'd be able to attract any cases," he says. "Which is kind of funny now, because a lot of people think the only thing I can do is market and attract cases."

It was September 1997. He promised his wife the new venture would break even by the end of the year. In December, he settled a case that got him in the black. Over the next few years, he and other lawyers represented Durham homeowners suing over cracked foundations, winning multimillion-dollar settlements. Farrin now had marketing money.

## THE 5 A.M. COMMERCIAL

He spent nights watching videotapes of commercials, including one made for a Winston-Salem firm that featured actors as adjusters discussing a claim. One asks who the plaintiff's lawyer was. The response from the other adjuster: "Lewis & Daggett." The first adjuster grimly says: "Settle."

"I sort of spit out my beer laughing and said, 'This is great. I'm going to use those guys. That's going to be my TV campaign.'"

So he called up the Northampton, Mass.-based production company, Market Masters Legal. The company knew their ads would draw clients but questioned if Farrin could handle the business. The producers told him, "You're going to have to have systems. You're going to have to have good people. You're going to have to have computer software."

"Don't worry, I really have a business mind," Farrin told the producers.

In February 2000, Farrin was up at 5 a.m. to watch his first commercial. Actor Robert Vaughn declared sternly into the camera, "North Carolina insurance companies know the name James Scott Farrin. If you've been injured in an auto accident, tell them you mean business."

Three months in, Farrin hit his initial target of 80 new cases a month.

North Carolina's legal establishment wasn't pleased.

"Twenty, 25 years ago, there were legal ads on TV, but they were really frowned upon," says Coleman Cowan, a Farrin lawyer. "Even the ones that existed were the lawyers themselves. ... 'This is what I look like. This is what I do. Come and see me.'"

The State Bar thought the commercial was misleading because a law firm's reputation is only one factor in an insurance company's decision to settle. It directed that the ad not run, prompting a lawsuit by Farrin and Lewis & Daggett. A federal judge agreed with the State Bar, ending the matter. Farrin revised his ads and hasn't drawn any reprimands since 2002.

Raleigh attorney Hugh Stevens, who represented Farrin in court, admired his client's willingness to fight back. "He felt like they were trying to push him around."

Farrin's marketing strategy was paying off with a growing caseload and expanding staff. Employee No. 7 proved critical: Eric Sanchez, who arrived a month after the initial advertising.

Farrin needed an office manager. What he got was a computer wizard who was able to create databases that could work with the firm's case-management system. Sanchez built the first software that would replace what he described as "binders of paper" and become the firm's technological platform.

## FARM AID

A growing reputation for efficiently handling hundreds — and then thousands — of cases annually landed Farrin one of his largest cases, and Sanchez played a pivotal role.

More than two decades ago, African American farmers sued the federal government, alleging a pattern of racism that denied them credit and other assistance, driving many of them off their land. What became known as the *Pigford v. Glickman* case ended with a billion-dollar settlement



▲ James Scott Farrin's law firm comprises veteran attorneys and marketers. Lawyer Michael Jordan, center, joined in 2001, while internet marketing manager Lisa Hicks arrived in 2007.

in 1999. But many farmers were left out of the process because they didn't know about it.

A second class-action, Pigford II, was led by a small Virginia law firm that needed help notifying potential claimants, getting them to regional meetings and handling paperwork. The firm's lender knew Farrin and persuaded him to manage logistics, including straightening out disorganized files in a storage facility. "It looked like someone was just getting paper and stuffing them in boxes. It was pretty bad," Sanchez says.

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— COLEMAN COWAN  
lawyer, James Scott Farrin

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Getting people to meetings was a key challenge. Sanchez converted a list of 100,000 addresses into latitudes and longitudes, then he found locations that would give everyone a meeting within an hour's drive. The lawyers held nearly 400 meetings in six months, across 22 states and Washington, D.C.

For several years, Farrin basically underwrote the case himself, borrowing \$17 million. There was no guarantee that Congress would fund a second big settlement.

Congress came through with \$1.25 billion for the farmers in 2010. But the lawyers' fees hinged on Sanchez's work. Would the judge be impressed with how claimants were treated?

The judge, who had estimated fees of \$50 million to \$90 million, made an award at the top of that range. Sanchez's work was worth millions, but it was more than that. The technological challenges he overcame managing tens of thousands of Pigford II claims led Sanchez to take the firm's technology to a new level, beginning in 2013. A critical step was automating the in-house department that answered calls.

Farrin saw intake as the firm's most vital group, Chamberlin says, which "is probably the opposite of almost every other firm that I'm familiar with."

Sanchez built a system with all the information associated with a case — notes, emails, calendars, records — and added an algorithm that evaluated the information to answer crucial questions: Is this a good case? Does an attorney on the firm's six-lawyer legal front line need to talk to a client immediately?

The firm's success depends on a high volume of cases that aren't going to be huge settlements but can be profitable if worked efficiently. The system tracks case milestones and flags when getting medical records or receiving responses from insurance companies, for example, are taking too long.

Other law firms "don't have a flashing red light on their screen," says Michael Jordan, a veteran Farrin lawyer who leads the case-screening group. Farrin's lawyers did.

Other firms visited "because they heard how good we were with our systems and advertising, and they wanted us to consult with them," Sanchez says. They also wanted to buy the software, which led to GrowPath, a spinoff that commercialized the case-management system. It now has about 10 employees, 16 patents, and a rare distinction: a technology company created by a law firm.

## WORKERS' COMP

Farrin needed lawyers who shared his vision of an efficient law firm, while also broadening his practice. He achieved both objectives by hiring J. Michael Mackay to run his workers' comp business. Workers' comp has its own quasi-judicial court system called the North Carolina Industrial Commission. Employers buy workers' comp insurance, which then compensates workers hurt on the job for medical bills and lost wages.

The combination of a complex claims system and limits on recoveries and fees deters many law firms from the business. But the complexity attracted Farrin, who hired Mackay in 2001. He started by working seven days a week, taking a day off when his first child was born. He worked up a plan for each case and designed systems to track details such as medical records, which are usually at the heart of workers' comp.

Mackay insisted the records be organized by doctor, hospital, rehab nurse, etc., and by chronological order for each provider. That way, everyone could follow the treatment timeline, see the latest records quickly and evaluate future medical issues as part of a settlement.

The firm now has a dozen workers handling comp cases — more than a quarter of the legal staff — and typically gets about 25% of the amount awarded.

"[Mackay] built that practice up in a way that generated revenue for us early on," Farrin says. "He built a template for how we can run other areas of the firm. He was a critical employee."

## BUILDING CREDIBILITY

Another key hire by Farrin was veteran litigator Hoyt Tessener. While few personal injury cases are actually tried in North Carolina, a few blockbuster jury awards have made some plaintiffs' lawyers well-known, such as former U.S. Sen. John Edwards and, more recently, Mona

Lisa Wallace of Salisbury, who has represented neighbors of massive hog farms.

Most cases are settled before going to court. But it is useful if insurance companies think they might.

“If defense counsel knows that opposing counsel is only interested in settling . . . that knowledge will decrease the amount offered,” says Ralph Peebles, a retired Wake Forest University law professor. “Good plaintiffs’ counsel need a reputation for being willing to try cases if the offer is not acceptable.”

For a long time, Farrin’s firm lacked that reputation, which rankled its founder. “If there’s ever an area that I think is weak . . . it irritates me and I gotta fix it.”

Tessener joined nearly three years ago to run litigation. Farrin also hired Cowan, who practiced law for a decade, then spent a decade as a producer for *60 Minutes*. Two years ago, he longed to return to North Carolina, so he called up Tessener, a former colleague.

“The first thing that struck me about [Farrin],” Tessener says, “was how absolutely honest he was in assessing his firm and what he was looking for me to do.”

Earlier this year, Tessener and Cowan spent a week in a Hoke County courtroom representing a teacher injured by a driver who swerved into her lane, hitting her head-on. The first offer from the insurance company was \$600,000. That increased to \$1.1 million as the trial approached. The jury awarded \$2.1 million.\* Farrin’s firm typically receives about a third of personal-injury settlements.

“This is perhaps the case that five years ago, Farrin might not have taken to trial or been able to take to trial,” Cowan says. The firm averaged around a trial a year before Tessener. Last year, 10 cases went to court. Through late September this year, it’s nine.

## THE FRIDAY AFTERNOON CHECK

In April, by the law firm’s calculations, it reached the \$1 billion mark in settlements for 43,000 folks since 1997.\* When he peers out the window of his office overlooking the Bulls’ stadium, Farrin thinks, that’s more than four times the crowd when the ballpark sells out.

But his first personal injury settlement came before he had his own firm. It was a Friday afternoon in early 1996 when he was at the Couch practice. Farrin called the client. “Let’s set up a time when you can come get your money. Let’s look at our calendars next week; how would Tuesday be?”

The client responded, “I’m coming right now.” The money wasn’t that much, maybe \$1,200. “But it meant so much to him,” Farrin says. “And I remember having this epiphany, when I met with him and saw the joy on his face. That this seems like small dollars, but it means a lot to him. And it touched my heart.”

Farrin had found his calling. “This, I like,” he thought. Defending corporations had left him cold. It was abstract. It had no meaning for him.

“I knew then I was finding something that was stirring my core. Where I was helping people and experiencing the meaning. It was no longer abstract. I could see it. I could feel it.”

The James Scott Farrin story is about a lawyer who kept searching for a way to harness his entrepreneurial energy and intellect until he discovered that his mission was to offer quality legal services to a lot of ordinary folks.

“I wanted to build a genuinely great business that did genuinely great work for our clients,” he says. “Not relying on hype, but actually delivered. Walking the walk, not just talking the talk.

“I feel like an architect, or an artist, and my work is this firm.” ■



### GRADING THE N.C. LEGAL CLIMATE

Plaintiffs’ lawyers’ success is not cheered by the business community, which favors a reliable legal environment that isn’t prone to massive judgements. North Carolina’s legal reputation among business leaders has bounced around in recent years, according to biennial studies by the U.S. Chamber Institute for Legal Reform.

In a September study, North Carolina ranked 16th best among the states, versus 33rd in 2017 and seventh in 2015. The report cited tort costs of about \$2,300 per household, one of the nation’s lowest levels, based on costs and compensation paid in 2016. The business crowd rated North Carolina’s and Virginia’s legal environments as far superior to other Southern states.

*\*Each case is unique and must be evaluated on its own merits. Prior results do not guarantee a similar outcome. Re Black Farmers Discrimination Litigation, the Law Offices of James Scott Farrin led a team of firms to recover \$1.25 billion for African-American farmers from the U. S. government for discrimination.*