Banking Group Of The Year: Mayer Brown

By Jess Krochtengel

Law360, Dallas (January 31, 2017, 3:17 PM EST) -- Mayer Brown LLP’s banking and finance group fired on all cylinders in 2016, counseling clients through tens of billions of dollars in financing work, often through never-before-seen structures, and defending banks against high-profile Anti-Terrorism Act cases to become one of Law360’s Banking Groups of the Year.

Structured finance partner Carol Hitselberger said that in Mayer Brown’s diversified and broad finance practice — which includes more than 350 lawyers across offices in the Americas, Asia and Europe — every single partner in the practice area, from top to bottom, from most senior to most junior, across every office in the world, was very strong. In most years, some practices within the group outperform others, but in 2016, everyone’s collections were high, and everyone had very exciting matters, whether that was first-of-their-kind deal structures, novel deals or big-ticket transactions, including new cross-border and cross-office matters, she said.

“To me, every single practice area was just hitting it out of the park, all at once,” Hitselberger said.

In 2016, Hitselberger helped develop a strategy for commercial mortgage-backed securities transactions that comply with new risk-retention regulations. And the law firm acted as counsel for a major U.S. bank that served as lead underwriter for Verizon Communications Inc.’s sale of $1.2 billion of asset-backed securities tied to monthly cellphone device payments.

Hitselberger said the Verizon deal is so important because it essentially unblocked capital markets as a potential investment source for a new asset class. The securitization industry backed by handheld devices could be as big as the automotive class, she said, calling it “a new era.”

In another high-profile deal, Mayer Brown acted as lead counsel for Yum! Brands Inc. in its issuance of a $2.3 billion securitization of Taco Bell and the related refinancing of a $1 billion credit facility and issuance of $4.6 billion in new debt. The firm advised Yum on how to spin off its Chinese subsidiaries while leveraging up the rest of the operation through the securitization in other parts of the world, partner David Duffee said. He described it as an “incredibly complicated” transaction involving securities laws and enormous tax issues, which involved lawyers from many different practice areas within the firm.
Duffee said it was “seamless and fluid” to have the firm’s lawyers from many sectors coordinating and collaborating on all the pieces of the deal, and praised it as an example of how well Mayer Brown can integrate all its specialties to come together on a complicated matter.

The firm's lawyers advised Wells Fargo & Co. in its $32 billion acquisition of the commercial distribution finance and vendor finance business of GE Capital Corp., which closed in March. And the attorneys advised Prologis Inc. in an amendment of its global credit facility worth $3 billion, in a transaction that closed in April, has multiple borrowers and availability in multiple currencies and tranches in the U.S., Europe and Asia, and allows the borrowers to transfer commitments between various tranches without any lender vote.

The lawyers also guided a major foreign bank through one of the largest aviation financing deals ever completed by a syndicate of Chinese banks, as part of Bohai Leasing Co. Ltd.’s purchase of Avolon Holdings Ltd., which closed in January. Mayer Brown further advised Whirlpool Corp. in a $2.5 billion long-term senior revolving credit facility that closed in May, and HSBC Bank USA NA as a lender and HSBC Securities (USA) Inc. as lead arranger and sole book-runner in a $1.9 billion secured credit facility extended to Lila Mexican Holdings LLC that called for a creative repackaging of Mexican commercial mortgage loan risk, which closed in November 2015.

Within the firm, the banking and finance practice is a leader, with banks making up a significant part of the firm’s top client list and the group generating substantial business for other parts of the firm, Hitselberger said. Its lawyers have a great deal of autonomy, and the practice feels like it has authority and strength within the firm, which builds cohesiveness, she said.

A hallmark of the practice is its deep expertise in understanding financial regulations and related policies that impact its clients, and this year that included uncertainty related to Brexit, the European Union’s Markets in Financial Instruments Directive, and the continuing impacts of the Dodd-Frank Act and a new U.S. presidential administration.

“We consider it to be one of our calling cards,” Hitselberger said. “It takes a lot of investment, and there are a lot of law firms that aren’t willing to put in the time and effort to spend on it.”

Mayer Brown showed impressive range in cross-border transactions, including representing Canadian Imperial Bank of Commerce in a $3.8 billion cash and stock acquisition of PrivateBancorp Inc. that was one of the largest U.S. bank acquisitions since the financial crisis. The firm also counseled lender Goldman Sachs Group Inc. in the $1 billion sale of General Electric Co.’s Mexican equipment lending and leasing platform to Linzor Capital Partners LP in a deal that included one of the largest cross-border securitization warehouse facilities and term asset-backed securities transactions.

And the bank is seeing significant growth in its work with Chinese banks, Duffee said.

“We see Chinese banks eager to do deals in the United States,” Duffee said. “They’re able to write big checks, and they need a lot of legal advice because unlike the European and Japanese banks who’ve been here forever, they haven’t been here forever and they certainly haven’t been doing the volume of deals. That is a tremendous growth area for us.”

Notable additions to the firm in 2016 included a large consumer financial services group from K&L Gates LLP and in the white collar area, the October hiring of Dan Stein, the former head of the criminal division of the U.S. Attorney’s Office’s for the Southern District of New York.
In litigation, the firm in 2016 continues its leadership in the field of Anti-Terrorism Act cases, representing some of the most-prominent banks in the world against claims they are indirectly responsible for terrorist attacks, partner Mark Hanchet said. After contributing in a major way to some of the seminal Second Circuit decisions in this area, the firm is now seeing similar lawsuits filed in other districts that don’t have the same binding precedent. Hanchet said the firm is currently representing HSBC in five such matters.

“We expect it to be a matter of time before more of these cases are filed,” Hanchet said. “We’re proud of being the go-to firm for the bank.”

The firm was co-counsel for Arab Bank PLC in a Second Circuit case, decided in December 2015, that held the bank immune from lawsuits under the Alien Tort Statute over allegations it provided bank accounts for terror groups. Mayer Brown also represented Société Générale SA in class action LIBOR cases, winning a series of dismissals of common-law claims in the Southern District of New York.

Another highlight for the firm’s banking litigators in 2016 was acting as lead counsel for the Bank of New York Mellon Corp. as the U.S. Supreme Court denied a certiorari petition from the Retirement Board of the Policemen’s Annuity and Benefit Fund of the City of Chicago. Hanchet said that the denial let stand a landmark ruling that defines the extent to which a trustee can be held liable for residential mortgage backed securities products in the marketplace, and that Mayer Brown has been at the forefront of defending similar cases for many banks.

Hanchet said the collaboration between firm litigators and regulatory attorneys is essential to defending those cases. Unlike some of the other firms he has worked at, Mayer Brown has a truly firmwide approach to the practice of law, Hanchet said.

“We are organized into practice groups and geographies, but that’s not how we practice,” he said. “We are not segmented, so when we represent clients in RMBS cases, there is incredible collaboration between the corporate group and the litigators. We’re sitting next to someone who designs these products. It is so effective in doing the job efficiently.”

Duffee said the innovation Mayer Brown brings to every deal and piece of litigation is part of the firm’s culture of problem-solving and brainstorming.

“We do, as a firm, really pride ourselves on being intellectuals,” Duffee said. “We’re not paper-pushers; we’re not documenters or scriveners. We think we are really lawyers, who understand law and can apply the law creatively and innovatively to situations. That’s a feature of our firm culture.”

--Editing by Edrienne Su.