

Tax Group Of The Year: Cravath Swaine & Moore

By Eric Kroh



Law360, New York (January 16, 2015, 4:01 PM ET) -- A year that saw Cravath Swaine & Moore LLP's tax group advise Mylan Inc. in its \$5.3 billion inversion deal with Abbott Laboratories and Time Warner Inc. in its tax-free spinoff of Time Inc. earned the group a place on Law360's list of Tax Practice Groups of the Year.

Cravath's tax group has eight partners and roughly 30 associates. All of the group's tax lawyers are located in Cravath's main offices in New York in keeping with the firm's philosophy of concentrating competency and nurturing long-term relationships with clients. As with other departments at Cravath, almost all of the partners in the group are promoted from among its associates.

The tax department is a core part of Cravath's practice. The group is closely aligned with the firm's corporate practice, and virtually all of its tax work arises from assisting clients with corporate transactions as opposed to acting as special counsel for nonclients on tax controversy, planning or transfer pricing, according to tax partner Stephen L. Gordon, who heads the department.

"We don't try to be all things to all people," Gordon said. "With so few exceptions I can count them on my right hand, in the last 33 years, we have not provided tax advice for a transaction that our corporate lawyers were not involved in."

Working closely with the corporate team allows the group to give seamless advice, tax partner Lauren Angelilli said. The firm's tax lawyers are seeing deal structures as they evolve and seeing documents as they're drafted, not when they're passed around later in the game, she said.

"We're in the meeting where the deal terms are being discussed, and we view ourselves as part of the larger deal team," Angelilli said. "That's important for providing clients with the best advice."

The tax group's work on Time Warner's spinoff of its iconic magazine unit Time Inc. is emblematic of its long and deep relationships with clients that can span several decades, Gordon said. Cravath has represented Time since the 1930s and has seen the company through all of its permutations, he said.

Time Warner in March 2013 announced the separation of Time Inc., owner of the People and Sports Illustrated magazine brands, as an independent publicly traded company after talks to sell the venerable publishing division to Meredith Corp. fell apart. The spinoff closed in June.

Similarly, Cravath has represented Anglo-Dutch consumer goods company Unilever since before World War II and has been IBM Corp.'s principal outside deal council since the 1950s, Gordon said.

But that's not to say that Cravath only works with industry titans it has represented for decades. In the last year, the group advised newer client AerCap Holdings NV in its \$7.6 billion acquisition of American International Group Inc.'s aircraft leasing unit International Lease Finance Corp. The deal, which closed in May, ended four years of a sell-off of the insurance conglomerate's noncore assets.

Gordon said the deal was unbelievably complicated from a tax point of view and required navigating U.S. tax law, Dutch tax law, Irish tax law, transfer tax laws in dozens of countries and a very complex and strict corporate debt indenture.

"It's one of the more interesting and challenging transactions I've ever done," Gordon said.

Angelilli said Cravath's tax lawyers are adept at covering such complex international transactions. The group frequently partners with some of the best firms around the world on cross-border deals to make sure that transactions work as a whole, she said.

Among the other numerous high-profile deals that Cravath's tax group has handled in the last year are Life Technologies Corp.'s \$15.8 billion sale to Thermo Fisher Scientific Inc., which closed in February, Integrys Energy Group's pending \$9.1 billion acquisition by Wisconsin Energy Corp., announced in June, and Intermune's \$8.9 billion acquisition by Roche Holdings AG, which closed in September.

As far as the group's plans for the future, Gordon said it will continue focusing on developing long-term relationships with clients and providing expert advice on corporate transactions.

"We've been asked regularly to do tax work for non-firm clients," Angelilli said. "We regularly decline because we think of our advice as really premium advice."

--Editing by Christine Chun.

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