

Grand designs

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Members of Chadbourne & Parke LLP's Latin American group tell Rosie Cresswell how they plan to overtake their rivals in the region

Two years ago, Allen Miller and Talbert Navia, co-heads of Chadbourne & Parke LLP's Latin American practice group, set out a bold strategy with which they intend to create a team capable of outshining all of their US rivals in the region.

First up, they needed to grow. The team has duly doubled in size in the past 18 months and now counts a core group of 10 partners and 20 associates, covering M&A, private equity, corporate, capital markets and disputes work.

Of the partners, Miller and Navia co-head the group out of New York, both providing an M&A and private equity focus. They are joined by capital markets duo Marc Rossell and Carlos Albarracín, and Oliver Armas, co-head of the firm's international dispute resolution group, while arbitration lawyer Ignacio Suárez Anzorena works out of Washington, DC. Then in Mexico, Luis Enrique Graham does commercial arbitration and bankruptcy work alongside Boris Otto and José Antonio Chávez, who cover corporate, capital markets and structured finance work. The tenth partner is Chris Cardona in London, who lends an insurance focus to the disputes team. The wider group also has partners from other areas contributing regularly, particularly in project finance, private equity, product liability and renewable energy. For example, counsel Clara Krivoy, president of the Venezuelan American Association, is also a noteworthy contributor.

Such rapid growth is mainly down to Chadbourne absorbing the bulk of Thacher Proffitt & Wood LLP's Latin American practice in 2008 (they took 18 lawyers), a few months before Thacher Proffitt hit the wall. Not only did this raise Chadbourne's profile in New York and hand it an established office in Mexico City, it also welcomed key names into the partnership: Rossell and Armas came first, and were quickly followed by Otto, Graham and Chávez. Albarracín's promotion within the firm, and the more recent hiring of Suárez from Clifford Chance LLP, has seen the partnership increase by seven.

The expansion serves two purposes. First, the seven newer partners represent the group's next generation - they are mostly in their late 30s or early 40s. "We wanted to bring in young talent to develop the practice," explains Miller. Secondly the team knew it had to build its strengths in the region's key sectors - something that won Armas's approval for one. "The firm's opportunist strategy of increasing manpower to provide services is a perfect platform in my view," he says.



Allen Miller

Building profile

When Armas and Rossell were in talks with Chadbourne about moving on from Thacher Proffitt last year, Miller told Armas, "We want to be the pre-eminent US firm in Latin America by understanding the markets, the region, and each country's individual issues at macro and micro level."

Miller and Navia, who are more than confident of their ability to reach this goal, consider it a natural progression from their presence in the region to date. The pair co-founded Chadbourne's practice in 1995, having worked for many years in the region prior to that. The group has since evolved alongside the development of Latin American economies, from the wave of privatisation in the 1990s, to the more recent capital markets and M&A activity.

"We fast anticipated the markets and we evolved," Navia explains. "We started in the Southern Cone and Brazil, and pushed into Mexico. Our focus started heavily on the company side, and then banks and underwriters approached us too."

In the early days the team capitalised on Chadbourne's project finance work elsewhere in the world, bringing industry knowledge into Brazil to work on the first pipeline between the country and Bolivia. More recently, the group realised they needed a stronger capital markets team - hence Rossell's appointment and Albarracín's promotion. The two have

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proved their ability to land major deals - in July, they advised Barclays Capital and JP Morgan as joint managers of Colombian state-owned oil company Ecopetrol's first international debt offering, worth US\$1.5 billion.

Private equity is another part of Chadbourne's recent Latin American initiatives. "There is a lot of private equity in corporate buyouts and energy. We have been advising funds this year - it's a source of capital in a downturn," says Navia, who took a sabbatical from 1999 to 2003 to start up some private funds. The team, together with private equity partners Morton Grosz and Scott Naidech, lead on fund formation in the region - they have done all three of Argentine private equity group Southern Cross's funds, for example.

But the most high-profile stage of Chadbourne's recent evolution has been the expansion of its disputes resolution practice in the region, in acknowledgement of the explosion of such work. Until last year, Chadbourne was easily outshone in the highly competitive and rapidly growing field of international arbitration by some faster-moving rivals. But the Thatcher Proffitt hirings, followed more recently by Suárez's appointment, have allowed Chadbourne to quickly build up a bilingual team that boasts some impressive names. Armas, the head, has a commercial arbitration focus, as does Graham in Mexico City, while Argentine Suárez brings investor-state muscle and experience on both sides of the table, having worked for Argentina's government before moving to private practice, where he advised the state on international arbitrations it faced. Then there is Cardona's insurance focus from London.

"Disputes get played out on many fronts," says Armas, who is presently advising Argentine pension funds as holdout bondholders from the country's 2005 restructuring are attempting to grab US-based cash, in the wake of Argentina's move to nationalise its pension sector. "Whether it be national court litigation in Latin America, the US or Europe, we have the ability to bring Chadbourne's deep litigation bench into that arena and handle big cases. Our work in cross-border commercial disputes played out in international arbitration can grow and thrive here."

Chadbourne wants the dispute team working in unison with the rest of the group. "It used to be that the disputes team was disconnected to the transactional team, but Latin America has suffered so many cycles that we need to work together," explains Miller. So corporate lawyers work with Armas's team to build in clear arbitration clauses. "They are sensitive to this issue in light of boom and bust, so don't view me as an outsider," explains Armas.



Talbert Navia

Understanding the region

It is this concentration on Latin America's boom and bust cycles that underlies the firm's wider strategy to differentiate from its international competitors by understanding the region. "When the markets were down we stayed there with our clients," says Navia of the past. Miller considers "breadth in practice" as key to a downturn. "We are not a silo focusing on Latin America; capital markets, M&A, private equity, project finance, arbitration, litigation and product liability are all very deep." Armas agrees: "Unlike some US firms that focus mostly on capital markets in the region, Chadbourne knows that there are endless opportunities for firms by staying put."

But all international firms serious about the region would cite an appreciation of Latin America's nuances as critical, and some of Chadbourne's rivals are presumably far more attuned to them simply by having worked there for longer - Cleary Gottlieb Steen & Hamilton LLP, Shearman & Sterling LLP and Sullivan & Cromwell LLP have all been in the region for decades. That's not to say quick penetration is not possible. Skadden, Arps, Slate, Meagher & Flom LLP and Simpson Thacher & Bartlett LLP have bagged appreciable market share with speed and Chadbourne does look capable of following that same path. Navia says the firm's wider strategy for emerging markets helps make up some ground. More than a third of the firm's lawyers are based in emerging markets and 50 per cent of all lawyers do considerable emerging market work. "That made it easier for us to penetrate the region," he explains. "We apply energy industry knowledge of

other markets applicable to Latin America, for example, and add the cultural elements over time.”

Understanding a region does not only come from knowing its past, of course - the future of its major companies is also key. The Chadbourne team is seeking out non-US based work as Latin American companies grow more powerful in their own right, and believes work without any obvious US link to be a focus for the future. Navia and Miller advised Argentina-based Horamar Group in the establishment of a US\$300 million logistics joint venture with Greek shipping company Navios, with operations in Uruguay and Paraguay. “We worked on it because the deal was in New York law, not because it had a US nexus,” says Miller. Last year Albarracín advised Colombia’s largest fuel distributor, Organización Terpel, in its US\$250 million acquisition of the Chilean petrol distribution business of Repsol YPF.

Working on such intra-regional deals requires another level of the much-vaunted understanding, and Navia thinks the team has made great inroads into Colombia’s market, for example. “We were well positioned when Colombia’s market opened,” he says. Navia has a long history in Colombia, and Albarracín has since taken up that mantle. The team has recently worked on the financing of the country’s biggest utilities company, Empresa de Energía de Bogotá, among others.

That a third of the team’s US-based partners are admitted to practise law in Argentina and began their careers there works to its advantage. Like Suárez, Albarracín is Argentine, and was previously a partner at local firm Allende & Brea.

Of course, acquiring Thacher Proffitt’s Mexico City office gave Chadbourne instant penetration of the Mexican market. Among that office’s strengths are structured finance, in the shape of Boris Otto, who heads the office, and José Antonio Chavez, while Luis Enrique Graham, former president of the Mexican Bar Association, strengthens the wider disputes team. Ricardo Ramírez meanwhile heads the firm’s international trade practice for Latin America out of Mexico and has been appointed to the WTO’s dispute settlement appellate body.

While the attraction of bringing in Armas and Rossell into the New York office is immediately evident, some might question the desirability, or indeed sense, of a relatively new office in Mexico, given the country’s bleak economic outlook and the difficulties the US legal profession is facing at home. Miller does not see it that way, viewing the Mexico office from a long-term perspective that reinforces the strategy of breadth in practice in a cyclical region. “At the moment there is a lot of disputes work there and we have a big disputes practice, but we are not focused on one discipline in Mexico, which is important for emerging markets,” he says.

The office has certainly provided Chadbourne with four key names, but whether or not the firm will have a demonstrable impact on the local market remains to be seen. Miller cites the rise in bankruptcy work in Mexico as a focus for growth, particularly in light of the country’s 2000 reform to its bankruptcy law. “We are a US-based law firm with bankruptcy litigation capabilities and knowledge of Mexico’s new laws,” says Navia, who worked on a transaction with a bank taking bankruptcy law risks in Mexico into account. “The team was led by Mexican bankruptcy lawyers who steered seamlessly through US law when putting together a structure on Mexico’s new law, when there were very few precedents.”

Miller does not see Mexico as a stand-alone office. For example, he is keen to stress that Graham’s work is not restricted to Mexico: “We have a regional disputes team. Luis Enrique is a top-flight international arbitration lawyer, who just happens to be in Mexico.” He adds that the office also works on finance and restructuring with Mexican and US law components.

Integrating the Mexico office into the wider practice was made easier by having Thacher Proffitt lawyers there and in New York, they say, but there have clearly been some growing pains. While no partners have left the office since Chadbourne took it on, a number of its junior lawyers have moved on and the office is two-thirds of its size when it was taken over. Former energy and infrastructure counsel Derek Woodhouse left to start his own firm, accompanied by a few lawyers, but Miller says this was on amicable terms. “We would refer work to him.”

Notable by its absence

To an extent Chadbourne’s presence in Mexico City highlights its absence in São Paulo, which is arguably where they really need to be right now if they are serious about becoming the most pre-eminent Latin American practice group. That they are not there already could cause some to question Navia’s confidence in their ability to anticipate trends.

“Brazil is definitely an area we need to develop,” recognises Navia. Chadbourne has applied for a licence to practise as a foreign law firm, which they expect will be processed in the next few months. But it is notable that they are behind the rush beginning in 2007 that saw Mayer Brown LLP, Proskauer Rose LLP, Skadden Arps, Simpson Thacher and Allen & Overy LLP join the handful of international firms with offices there already - White & Case LLP, Clifford Chance LLP, Linklaters and Shearman & Sterling LLP among them. Of course not all international firms with strong Latin American practices feel the need for an office in São Paulo. Cleary Gottlieb for one manages perfectly well without, maintaining excellent relationships there with clients and firms.

Either way, Miller isn’t worried about getting a Brazilian office off the ground or being behind. “We work closely with

local firms and have a long history in Brazil. The transition won't be difficult for us," he says. The firm clearly has good connections in Brazil - Vale hired Chadbourne's antitrust team when it went global with the acquisition of Inco in 2006, and the Latin American practice group helped a Brazilian toll road company win a project in Colorado. Former New York Governor George Pataki, now counsel at the firm, is also active there (he sits on the board of Cosan), having built up a Brazilian contacts book while governor, as part of his role was to develop New York's international relations in the renewable energy market.

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Oliver Armas

Where next?

Two years into their project, where do Navia and Miller see themselves? In arbitration work they consider Cleary Gottlieb as their most direct competitor, while they pitch themselves against White & Case and Simpson Thacher for corporate work. But they stress that comparisons vary between markets: "The way the market has evolved in different countries means you see certain firms standing out more than others," says Miller. Where they stand in Colombia, for example, Shearman & Sterling would be a significant competitor.

It will be interesting to see where their plan takes them next. Presumably Brazil will be a key focus once the office is open. The team is also anticipating a new emerging market - Cuba. "We're advising groups in talks with Cuba and US private equity funds for Cuba under US law guidelines," says Navia. "Furthermore we have Cuban Americans at the firm interested in such expansion." These include Armas, whose family comes from Cuba. "We see opportunity there, in line with our approach to emerging markets," he notes.

From a wider perspective, Armas predicts a growth in cross-border restructurings. "We will also see a growth in cross-border government investigations," he says. "The UK's Financial Services Authority and other European agencies are monitoring activities on a global basis more, as well and you are seeing greater cooperation from local agencies."

If Miller and Navia's strategy is anything to go by, the team will already be keenly watching this area.