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Global 20: Latham & Watkins

By **Kelly Rizzetta**

Law360, New York (July 17, 2012, 7:46 PM ET) -- Never let it be said that Latham & Watkins LLP rests on its laurels. After a six-year period of intense growth that saw the megafirm launch 13 offices on three continents, Latham spent the last 12 months mining its carefully constructed global framework for blockbuster multijurisdictional work that earned the firm splashy headlines and a spot on Law360's Global 20 list.

Latham thrives on the type of sprawling, complicated cross-border deals that few firms have the breadth or depth to handle, which probably explains its knack for breaking new ground in just about every market it enters. The firm opened its first international outpost in London in 1990, and since then, Latham has swelled to encompass 31 offices spread across 14 countries on three continents. Nearly one-third of its professionals are based outside the United States.

In the last 12 months alone, Latham — a two-time Global 20 honoree — has racked up an impressive list of "firsts," guiding clients through the first major corporate debt restructuring in Saudi Arabia, the formation of Nigeria's first sovereign wealth fund and financing the first gigawatt-scale wind energy facility in the United States. Latham also advised on one of the first major leveraged finance transactions in Turkey to combine elements of project and acquisition finance, the first use of a bond offering to supply a Latin American company's exit financing and the world's first coal seam gas project financing.

Those deals played out across four continents, involving multiple offices and dozens of attorneys, with an estimated $12 billion at stake — and they represent just a handful of Latham's global credentials.

The key to Latham's success in these and other matters boils down to an almost paradoxical concept: simplicity.

With few adjustments, the firm has been following the same model it perfected when it began to expand westward from its home base in Los Angeles during the last third of the 20th century. Latham places supreme importance on quality control, making sure lawyers from Singapore to Silicon Valley meet a set of uniform standards and uphold core values that foster cross-border cooperation.

"There is a qualitative bar all our lawyers need to hurdle that is embedded in our DNA as a law firm," New York-based partner and firm vice chairman David A. Gordon told Law360 recently.

Andrew C. Moyle, a member of the Latham & Watkins Executive Committee, describes Latham's guiding philosophy as a "one-firm approach," which he told Law360 was the essence of this firm and its success. Partners are rewarded not only for bringing in new business, but also for sharing clients, which produces "quality across the board from lawyers who are incentivized to engage with one another," Moyle said.

"It doesn't matter where they sit," Gordon said of Latham's 2,100-plus attorneys. "It's the same model in every market we've entered. Structurally, we've designed ourselves as an institution. It doesn't matter which office you are located in."

That culture of teamwork permeates every aspect of the firm, from the pay structure to the fact that Latham refuses to elevate any of its branches above the others with designations like "home office" or "global headquarters." The one-firm philosophy is even evident in the way Latham offices keep their books.

"We have one balance sheet," Moyle said, noting Latham eschews office-by-office accounting because the firm feels it could "impede global growth."

And growth has been the name of the game for Latham and its BigLaw competitors for the last half a century.

Latham joined the party a little later than some of its peers, growing carefully from a powerful regional California firm to a global power player.

The hallmark of Latham's thoughtful growth pattern has been careful planning, driven by a desire to enter at the top of a new market. While most of Latham's new offices start small in terms of personnel, the are backed by closely vetted staffing decisions and copious market research that allows them to quickly establish a big name for themselves.

"In determining our growth and opportunities in new markets, we use an initiatives committee — a group of partners ... from a range of backgrounds in various offices, countries and expertise — as a think tank [tasked with] looking at macroeconomic issues," Moyle said. "When deciding whether to move into a new market, a number of factors have to be taken into consideration. You can't just grow for the sake of growing."

The firm encountered its first big expansion test in 1985, when it waded into the notoriously rough waters of the New York legal scene.

"There are a lot of carcasses on the road left over from firms who have moved into New York, but we were fortunate," Gordon said. "We were doing some great things in L.A. in high yields bonds, in private equity ... for some key clients, so the move into New York was a move that we knew, qualitatively, would likely work, because we were doing well what was being done in the New York market."

The strategy worked — today, New York is Latham's busiest office, with 345 attorneys. Encouraged by its success, Latham "implemented that concept as we grew internationally," Gordon said.

After London, the firm spread out across Europe and Asia, following clients to major economic and regulatory hubs in Germany, China, Japan, Russia and the United Arab Emirates.

Two years ago, Latham positioned itself to work with emerging economic and energy powerhouses with new offices in Beijing, Houston and Riyadh, Saudi Arabia. Last March, it added a Boston office to complement its booming emerging companies practice in Silicon Valley.

In each locale, Latham's goal is penetration — to meet the market's demand for expertise in particular industries and practice areas. In Houston, that meant bringing in the best and the brightest energy and project finance practitioners; in Riyadh, Latham honed its expertise in Islamic finance, banking, mergers and acquisitions and capital markets.

The work paid off, landing Latham high-profile mandates across the board.

This spring, a Latham team led by London partner Bill Voge represented the export-import banks of the U.S. and China and a slew of international commercial banks in putting together an $8.5 billion financing package for the sprawling, $20 billion Australia Pacific LNG project — the first use of project financing to fund a coal seam gas project.

Latham was at the center of last year's largest European high-yield debt deal, when the firm's German, London and New York offices helped the initial purchasers and book runners navigate a high-yield bond issuance by Germany’s third largest cable company, Kabel BW Erste Beteiligungs GmbH, as it was being sold from Swedish private equity group EQT Funds Management Ltd. to Colorado-based Liberty Global Inc. The $3.19 billion offering set records for both complexity and size, according to Latham.

The firm also oversaw Saudi Arabia's first major corporate debt restructuring — the largest nonsovereign debt restructuring in the region — when it advised kingdom and international banks in the $2 billion restructuring of leading Saudi steel manufacturer Al-Ittefaq Steel Products Co.

But the globe-trotting didn't stop there. Latham advised Nigerian government ministries as they set aside $1 billion for the country's first sovereign wealth fund, walked lenders through the $861 million privatization of Istanbul ferry operator Istanbul Deniz Otobusleri Sanayi ve Ticaret AS, and coordinated 12 commercial banks and two Korean government export credit agencies that provided $1.5 billion for AES Corp.'s 1,200-megawatt Mong Duong 2 coal-fired power plant in Vietnam, the country’s largest private-sector power project.

The one-firm approach is obviously working for Latham.

"The results came out on the page. We saw an uptick in revenue [in 2011], and it was one of the best years we've ever had — which is impressive given the economic climate over the last three years," Moyle said. "It's years like last year and this year that really test the strength of a global platform."

An effective global growth strategy boosted Latham — which, like nearly all firms, took a slight hit during and immediately after the worldwide recession of 2008 — back over the $2 billion mark for annual gross revenue, the same threshold Latham crossed in 2007, when it set a record for being the first firm to do so.

Some firms might get swept up in their own success and start hanging out shingles all over the place, but not Latham.

"We're always opportunistic when it comes to getting the right people," Gordon said, but "we've never found success by simply adding pieces for the sake of adding pieces."

The New York-based partner said the firm is continuing to "look at growth in Asia, and we're relocating some key practitioners within the firm to leverage opportunities in that region."

But for right now, Latham is going to concentrate on its established practices, focusing on the quality standards that have been bringing it success since it branched out from Los Angeles in 1972.

“We're definitely in a fortifying phase, reinforcing what we built,” Moyle said recently. “We feel like we're in the markets where we need to be. We will, of course, take into consideration shifts in the markets, ... but essentially we believe our footprint is the right one. And the big challenge for us going forward is really to explore that footprint."

"We spent the last 10 years laying the foundation, and now, we can really exploit that," he added.

--Editing by Katherine Rautenberg.

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