The Latin American Lawyer ENG

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Many investors would shy away from investing in Venezuela, but there are some that see opportunities in the South American country – Holland & Knight is gearing up to offer them support

STRENGTHENING THE LATIN AMERICAN LEGAL COMMUNITY

This issue marks the beginning of a new era for The Latin American Lawyer magazine. The aim of this new publication is to 'change the game' with regard to coverage of the Latin American legal markets.

In response to reader demand, the magazine will now be published more frequently – on a bi-monthly basis – and it will be available in a digital format. This means you will be able to download each issue free of charge and stay up-to-date with the latest news and analysis from the Latin American legal profession from across the region.

The newly designed magazine will breathe new life into what is our fundamental passion: high quality, insightful journalism. It will also use a more innovative method of storytelling to convey ideas regarding the major developments impacting on lawyers in Latin America.

We aim to strengthen the existing relationships in the Latin American legal sector by placing closer attention to the people who, together, are making the profession thrive. The concept of the Latin American 'legal community' will be at the core of all we do.

Our editorial policy is to cover all the views, perspectives and opinions we hear and, in doing so, ensure we provide the most comprehensive coverage of the Latin American legal market available. Together with you, our readers, we are confident we will create a legacy of which we can all be proud.

We are very excited to be embarking on this new era and we are sure you will enjoy the results. Thank you all for your tremendous support.

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Chief Editor
ben.cook@iberianlegalgroup.com
Deputy Editor
adam.critchley@iberianlegalgroup.com
in collaboration with
juan.fernandez@iberianlegalgroup.com

Group Editor-in-Chief
nicola.dimolfetta@lcpublishinggroup.it

Managing Editor of Iberian and LatAm publications
Ilaria.laquinta@lcpublishinggroup.it

Contributor
anthony.paonita@inhousecommunityus.com

Group Art director
hicham@lcpublishinggroup.it • kreita.com
collaboration from LC Italy
samantha.pietrovito@lcpublishinggroup.it

Managing Director
aldo.scaringella@iberianlegalgroup.com

Regional Director Iberia & Latin America
maricruz.taboada@iberianlawyer.com

Group Coo
emanuele.borganti@lcpublishinggroup.it

Group Communication and Business Development Director
helene.thiery@lcpublishinggroup.it

Group Sales Director
diana.rio@lcpublishinggroup.it

Brazil Sales Account
carlos.montagnini@lcpublishinggroup.it

Commercial Director
elizabeth.desevo@iberianlegalgroup.com

Administration Officer
carlos.donaire@iberianlegalgroup.com

Editor
Iberian Legal Group SL
Calle Lagasca 138 - 28006 Madrid
Tel. +34 91 563 3691 - info@iberianlawyer.com
www.iberianlawyer.com - thelatinamericanlawyer.com

Editorial policy
The Latin American Lawyer provides information on the Latin American legal profession for domestic and international law firms and general counsel. The magazine is funded by subscribers and advertisers, as well as sponsoring law firms that provide interviews and Profiles within the Special Reports.
A number of articles that appear in this publication have previously been published in The Latin American Lawyer's sister title Iberian Lawyer.

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INTERNATIONAL ARBITRATION

Herbert Smith Freehills promotes Florencia Villaggi to of counsel

Herbert Smith Freehills has promoted lawyer **Florencia Villaggi** to of counsel.

Villaggi, who specialises in international arbitration, is part of the firm's Latin America Group, though she is based in London.

Prior to joining Herbert Smith Freehills, Villaggi worked as an associate in the Argentinian law firms Pérez Alati, Grondona, Benitez, Arntsen & Martinez de Hoz, and Díaz Bobillo, Richard & Sigwald.

Herbert Smith Freehills's Latin America Group is led from the firm's Madrid and New York offices.

COMPLIANCE AND FINANCIAL SERVICES

Mexican law firm Creel hires NAFTA renegotiator as partner

Mexican law firm Creel, García-Cuéllar, Aiza y Enríquez has hired **Narciso Campos Cuevas**, a former chief of staff at Mexico's finance ministry, as a partner. He will join the firm's compliance and financial services practices.
He will advise clients – including financial intermediaries – on regulatory matters.
Campos was formerly chief of staff to the Mexican foreign minister during the re-negotiation of the North American Free Trade Agreement (NAFTA) with the US and Canada. Prior to that, he served as head of the banking, securities and savings unit of Mexico's finance ministry.

BRAZIL

Carolina Machado joins Brazil's De Paula Dias

Brazilian law firm De Paula Dias has recruited **Carolina Machado** as of counsel.

Machado specialises in international arbitration in the energy and construction sectors.

Machado, who is based in São Paulo, is admitted to practice law both in Brazil and in New York.

She has advised clients located in Latin America, the US, Europe and Asia.

CORPORATE LAW

DLA Piper promotes partners in Brazil and Peru

DLA Piper has promoted two lawyers to partner, one in Brazil and one in Peru.

Janilú Badiola (pictured), who specialises in corporate law, was promoted to partner in the company's Lima office, while Vinicius Pereira, who focuses on litigation and regulatory law, is the firm's newest partner in the Rio de Janeiro office.

Meanwhile, corporate lawyer Jorge Gallo has been promoted to partner in the São Paulo office.
The promotions are three of 77 new partners that have been appointed by the firm in 20 countries.

GLOBAL M&A

White & Case's Houston office recruits two Orrick, Herrington & Sutcliffe partners

Bill Parish Rodrigo Domínguez

White & Case has announced the hire of two partners in its Houston office, **Bill Parish** and **Rodrigo Domínguez**, who both join from Orrick, Herrington & Sutcliffe.

The two M&A lawyers will join White & Case's global M&A practice and will work closely with its Latin America interest group and global oil and gas practice.

"Rodrigo and Bill are both excellent M&A lawyers who bring extensive energy and infrastructure experience to our rapidly growing Houston office," according to John Reiss, global head of White & Case's global M&A practice. "They also bring extensive experience in the Latin America region, which has become an increasingly busy market for M&A and a strategic priority of the firm," he added.

DISTRESSED M&A

Felsberg promotes M&A lawyer Renato Olivério Brandão to partner

Felsberg Advogados has promoted lawyer **Renato Olivério Brandão** to partner.

Brandão specialises in distressed M&A deals.

Brandão specialises in the sale of equity interests, shares and business units.

Brandão joined Felsberg Advogados in April 2015. Following the promotion of Brandão, the firm now has a total of 25 partners.

ARBITRATION

Allende & Ferrante promotes Emilio Fontana to partner

Argentinian law firm Allende & Ferrante has promoted **Emilio Fontana** to partner.

Fontana areas of expertise include arbitration, civil and commercial litigation, succession and family estate reorganisation, insolvency and restructuring, as well as bankruptcy.

He has been with the firm since 2014. He was previously a lawyer at Ernesto Galante Abogados.

CONSUMER, RETAIL AND ENTERTAINMENT

Berton Moreno + Ojam adds new partner

Buenos Aires-based law firm Berton Moreno + Ojam has recruited **María Luisa Santa María** as a partner.

Santa María was previously a lawyer at Argentinian law firm G. Breuer.

Her areas of expertise include industrial property rights, the development and management of trademark portfolios, and the negotiation of licences and assignment agreements.

She also has experience in administrative law, both in the private and public sectors.

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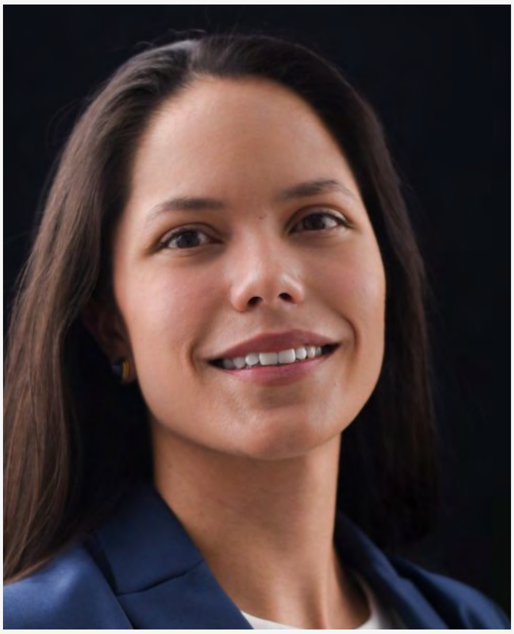
REAL ESTATE

EY Law hires real estate lawyer in Costa Rica



EY Law has strengthened its Costa Rica team with the recruitment of real estate and hospitality lawyer **Andrea Sandoval** as a manager.

Sandoval was previously an associate at Dentons Muñoz, where she spent just over one year.

Sandoval's expertise includes real estate transactions, due diligence, the financing and structuring of projects, and mergers and acquisitions.

"The integration of Andrea highlights the firm's efforts in the regional strengthening of different practice areas through high quality experts that can offer our clients the best service, but most importantly serve as strategic partners of the business through an integrated and value-added service," Hernán Pacheco, managing partner of EY Law, said.

Isabella Gandini

Carolina Arciniegas

COLOMBIA

Holland & Knight recruits three senior counsels in Bogotá

Isabella Gandini, **Carolina Arciniegas**, and **Inés Elvira Vesga** have joined Holland & Knight's Bogotá office as senior counsel.

Gandini joins Holland & Knight from Norton Rose Fulbright, where she was head of the labour and employment practice. Vesga also joins from Norton Rose Fulbright Colombia, where she headed the oil and gas practice.

Arciniegas, who specialises in corporate, financial, capital markets and banking law – was previously an in-house lawyer at pharmaceutical company GlaxoSmithKline.

ENERGY & INFRASTRUCTURE

JURY

Aarón R Vilchis
Legal Responsible
Cox Energy, Mexico

Alejandro Fernández
Head of Legal
Cotemar, Mexico

Cristobal Mariscal
Compliance Director
Peñoles, Mexico

Daniel Muñoz
General Counsel Mexico and Central America -Legal and Corporate Affairs
Enel Green Power

Francisco Puebla
Contract Manager
ENGIE Solar, Mexico

Jaime Coutiño
Gerente Legal de Infraestructura
GIA+A, Mexico

Jorge Sierra Galindo
Legal Advisor
PEMEX, Mexico

Juan Ignacio Saura
Country Manager Mexico
Técnicas Reunidas

Juan Pablo Garcia
Gerente Legal
Aspiros SAS, Colombia

Luis Alberto Cárdenas Diaz
Director Jurídico Negocio
Banco Sabadell, Mexico

Moisés Hernandez
Senior Legal Counsel
TransCanada, Mexico

Rogelio Valles
General Counsel
Enel Green Power, Mexico

Sarah Alvarez
Deputy General Counsel
Banco Mercantil del Norte, Mexico

The Latin American LAWYER Awards

ENERGY BOOST

Energy lawyers in Latin America are in demand. The region's energy markets are attracting substantial foreign investment and generating a steady flow of M&A. One of the main reasons for this is that countries are keen to increase their generation capacity and hydrocarbons production by holding power auctions. Meanwhile, energy companies are also divesting assets to focus on their core business – this has led to an increase in cross-border transactions involving multiple jurisdictions and, as a result, clients need law firms with lawyers based in jurisdictions outside Latin America.

The largest deal of the first quarter of the year took place in Brazil, with French company Engie boosting its presence in South America with the acquisition of a 90 per cent stake in local gas distribution company Transportadora Associada de Gás, in a transaction valued at around $8.6 billion – Jones Day was instructed by Engie. Meanwhile, in another notable transaction, AES Chivor was advised by Philippi Prietocarrizosa Ferrero DU & Uría on the $15 million acquisition of a wind farm portfolio in Colombia, a country that is trying to steer away from its dependency on hydroelectric power, given its vulnerability to both drought and floods.

Elsewhere, White & Case advised on the first reserve-based loan in Mexico's upstream sector, providing a capital injection to fledgling oil company Cárdenas Mora, the local subsidiary of Egypt's Cheiron Petroleum. Elsewhere in Mexico, White & Case advised financiers on a $640 million loan to Techgen for a 900-megawatt combined cycle plant, which is part of Mexico's drive to increase electricity generation capacity with the help of the private sector.

ENGIE INSTRUCTS JONES DAY ON $8.6BN PURCHASE OF STAKE IN BRAZILIAN GAS DISTRIBUTOR

Jones Day is advising French utility company Engie on the purchase of a 90 per cent stake in Transportadora Associada de Gás, the largest natural gas transmission network owner in Brazil.

Engie, which is acquiring the stake from Brazilian state oil company Petrobras for approximately $8.6 billion, is part of a consortium that also includes Caisse de dépôt et placement du Québec. Petrobras will maintain a 10 per cent equity stake in TAG.

The transaction is expected to close before the end of the first half of 2019.

The Jones Day team advising Engie is led by partner Marcello Hallake, who is based in São Paulo, and S. Wade Angus, who is a member of the firm's New York and São Paulo M&A team.

Practice area
Energy
The deal
Engie's acquisition of a 90 per cent stake in Transportadora Associada de Gás
Firm
Jones Day
Partners
Marcello Hallake, S. Wade Angus
Value
$8.6 billion


Colwind wind farm, Colombia

PPU ADVISES AES CHIVOR ON COLOMBIA WIND FARM PORTFOLIO ACQUISITION

The Bogotá office of Philippi Prietocarrizosa Ferrero DU & Uría (PPU) has advised Colombian company AES Chivor on its acquisition of a wind farm portfolio with a capacity of 549 megawatts.

The portfolio was acquired from Colwind.

The deal was valued at $15 million. The portfolio, called Jemeiwaa Ka'I, comprises five wind farms that will be built in Colombia's La Guajira department.

PPU in Bogotá acted as lead counsel to AES Chivor. The PPU team included partner Nicolás Tirado and associates Laura Grisales and Santiago Stein.

Practice area
Energy
The matter
AES Chivor's acquisition of a Colombian wind farm portfolio from Colwind.
Firm
Philippi Prietocarrizosa Ferrero DU & Uría's
Partner
Nicolás Tirado.
Value
$15 million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WHITE & CASE ADVISES ON FIRST RESERVE-BASED LOAN IN MEXICO'S UPSTREAM SECTOR

White & Case advised a syndicate of lenders on a loan provided to Mexico's Petrolera Cárdenas Mora, a wholly owned subsidiary of Egypt-based Cheiron Petroleum Corporation.
It is the first reserve-based lending transaction in the upstream oil and gas sector in Mexico.
Cheiron Petroleum Corporation is an exploration and production company focused on the development of oil and gas fields. It is developing the onshore Cárdenas and Mora fields in conjunction with Mexico's state oil firm Pemex.

The syndicate of lenders was led by Natixis. The loan proceeds will be used to refinance the existing acquisition bridge facility as well as pay remaining acquisition costs related to the Cárdenas and Mora fields, located in Tabasco state.
The White & Case team included partners Tom Bartlett, Sabrena Silver and Juan Ruenes, counsel Eduardo Barrachina, and associates Fern Han, Juan Pablo Ortiz, Bettina de Catalogne and Tom Wilkinson.

Practice area
Corporate finance
The matter
A loan to Petrolera Cárdenas Mora, the first reserve-based lending transaction in the upstream oil and gas sector in Mexico.
Firm
White & Case
Partner
Tom Bartlett, Juan Ruenes and Sabrena Silver


Tom Bartlett


Vic de Santis

BANKING SYNDICATE INSTRUCTS WHITE & CASE ON MEXICO POWER STATION FINANCING

White & Case advised a group of banks on the $640 million financing of a combined cycle electric power plant located in the northern Mexican state of Nuevo León.

The recipient of the financing for the 900 megawatt power plane was Techgen.

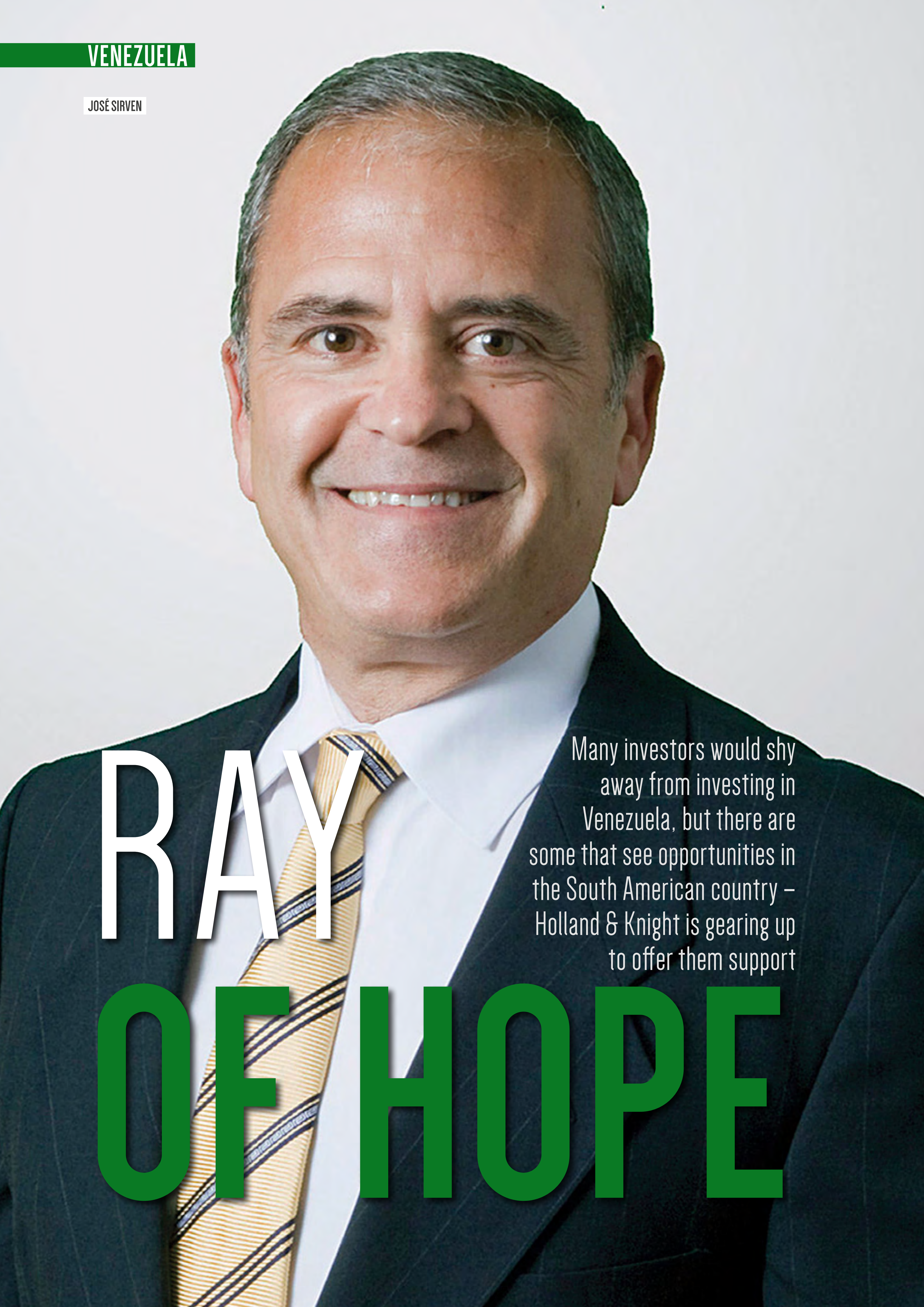
The banking syndicate included Natixis, New York Branch, Citibank, Crédit Agricole Corporate and Investment Bank, HSBC México and Grupo Financiero HSBC. The plant is supported by power purchase agreements from private offtakers.

The White & Case team included partners Vic DeSantis, Carlos Viana and Juan Ruenes, counsels Anna Andreeva and Pedro Morales, and associates Lauran Guijarro, Juan Carlos Llorens, Peter Ott, Emily Holland, Jonathan Black and Maria Vanegas.

Practice area
Project finance
The matter
A loan to finance construction of a 900-megawatt combined cycle power station
Firm
White & Case
Partners
Vic DeSantis, Carlos Viana and Juan Ruenes
Value
$640 million


A3T power plant, Mexico

JOSÉ SIRVEN



RAY OF HOPE

Many investors would shy away from investing in Venezuela, but there are some that see opportunities in the South American country – Holland & Knight is gearing up to offer them support

> WE ARE BEGINNING TO GET EXPRESSIONS OF INTEREST FROM MANY CLIENTS FOR A RETURN TO WHAT WAS ONCE A THRIVING MARKET

Despite the fact that Venezuela has been wracked by economic and political turmoil, some investors still see a country that offers potential. And any investor that wants to take what many would see as the very bold step of ploughing their money into the South American country will need a lawyer. In an effort to capitalise on this burgeoning market for legal services, law firm Holland & Knight announced in February it had formed a Venezuela focus team. The team includes a group of 20 partners who are advising clients on their interests in the country. And the early signs are that Holland & Knight's strategy could pay off. "We are beginning to get expressions of interest from many clients for a return to what was once a thriving market," says Miami-based managing partner **José Sirven**, co-chair of the firm's Venezuela focus team. "Many of our clients hope that there will be positive changes."

> IT'S A VERY FLUID SITUATION, AND IT'S A CAUSE FOR CONCERN FOR A LOT OF CLIENTS BECAUSE IT'S NOT ENTIRELY CLEAR WHAT CAN AND CANNOT BE DONE

So what are Holland & Knight's credentials and do they represent a good bet for clients that are looking to find business in Caracas? Well, the firm has significant experience of advising clients on trade and sanctions matters, as well as having expertise in the areas of corporate and tax, energy and natural resources, real estate and hospitality, and international disputes. Added to this is the fact that the law firm has had a strategic alliance with Venezuelan law firm Tinoco Travieso Planchart & Nuñez for more than 20 years. As a result, the firm is confident it has the expertise to help clients avoid potential pitfalls. "We're close to the issues and in some ways, while we are not on the ground there, our strategic partners are, and that has been a real driver for us," Sirven says.

FORCED OUT

Holland & Knight and Tinoco Travieso Planchart & Nuñez have jointly represented dozens of clients on Venezuela-related matters, including entry into the Venezuelan market, mergers and acquisitions, issues relating to exiting the country, dealing with expropriation, as well as litigation and arbitration involving the current government. Holland & Knight's strategy has been to ensure it can offer clients access to lawyers that have experience 'on the ground' in the troubled country. "Essentially we thought it was important to bring together lawyers from a number of different disciplines and specialties with past experience in Venezuela so that we are ready to help our clients with market entry or re-entry," Sirven explains. "Many of our clients were in Venezuela but were forced out, but they would view that market very positively if things change."

Holland & Knight's lawyers often find themselves deluged with requests from clients for advice on sanctions. "The vast majority of our work involves sanctions work," says Sirven. "We do a lot of work for financial institutions who are struggling

98%

Proportion of Venezuela's exports accounted for by crude oil

with how to deal with the daily changes to the sanctions scheme here in the US (with respect to Venezuelan assets), and so a lot of our advice is banking-related, whether we are representing banking institutions, or logistics and transportation companies, some of whom are operating vessels and are concerned that the way they are doing business with Venezuela could be in violation of some of the sanctions that exist."

WORRY FOR CLIENTS

This is indeed a worry for clients, in large part due to the unpredictability of the situation. "It's difficult because it changes every day," Sirven says. "The US government is applying added pressure by expanding the sanctions programme, and we have lawyers in Miami and Washington DC who are spending a great deal of their time helping our clients understand it all, including whether they can do business there, ship goods from A to B, or whether they can make bank deposits to a particular client." In this environment, the only constant is change and this causes anxiety for clients. "It's a very fluid situation, and it's a cause for concern for a lot of clients because it's not entirely clear what can and cannot be done," Sirven explains.

The oil and gas industry, in particular, has been particularly unsettled by the strife in the country. "Oil and gas is greatly affected because if you're involved in that sector in Venezuela then there is likely a connection to state oil company PDVSA," says Sirven. So what's the problem with PDVSA? The US imposed sanctions on PDVSA in January, freezing all the company's property and other interests in the US and prohibiting US persons and companies from engaging in transactions without prior authorisation from the Office of Foreign Assets Control (OFAC). This has caused a major headache for oil industry clients and, despite the fact that Holland and Knight has lawyers with considerable expertise in the area of sanctions, it's a challenging case to deal with. "It's a very complex and fluid situation and our clients have to deal with this on a daily basis," Sirven says.

STILL OPTIMISTIC

Yet, despite this, there is still a sense of hope among some investors. Sirven claims that there remains optimism among clients that business opportunities will once again emerge in Venezuela. "We definitely see a high degree of long-term optimism," he argues. When Juan Guaidó [who is recognised as the Venezuelan president by a number of foreign governments] first emerged there was a feeling that things would change pretty quickly, but some of that optimism has tempered a little as regime change wasn't immediate," Sirven adds, in reference to the head of the opposition declaring himself interim president in January, in defiance of the regime of Nicolás Maduro, the 'other' Venezuelan president, whose legitimacy is in dispute.

HOLLAND & KNIGHT'S LATIN AMERICAN PRACTICE

The practice has more than 175 lawyers, which, the firm says, makes it one of the largest among US law firms. The firm also says: "Holland & Knight is one of the few US firms with an office in Colombia, Venezuela's neighbour and a country where many of its top natural resources professionals currently reside in exile."

373,000%

Venezuela's annual inflation rate

However, Sirven insists that "there is optimism that things will change". He adds: "The hope is that once things do change, the structural changes that would be required, starting with government, will fall into place, and foreign investment would increase dramatically." Yet, some investors are ready to invest now. "There are some outliers who have a higher risk tolerance and who think that they might be willing to make certain investments now because the cost of entry is lower, for obvious reasons, but our experience with our clients is that they are optimistic, but watching closely for change to occur before they take any big steps," explains Sirven.

Any post-Maduro government is likely to make significant efforts to encourage foreign investment, particularly in the oil and gas sector in an effort to get the country's hydrocarbons output back up to previous levels. It is also likely that it would seek to secure foreign aid from countries such as the US to try and jump start the economy as soon as possible.

Venezuela's recovery is also vitally important for neighbouring countries such as Colombia, due to the high number of Venezuelan people fleeing their country and creating issues with immigration in other Latin American states. Another issue is the potential prospect of possible military intervention in an effort to topple Maduro, but Sirven says this is not a concern of clients – many dismiss the idea of military intervention, particularly from the US, as a figment of Maduro's imagination and a propaganda tool to fuel support for his regime. For investors with a large appetite for risk, the opportunities are there.

> "THE HOPE IS THAT ONCE THINGS DO CHANGE, THE STRUCTURAL CHANGES THAT WOULD BE REQUIRED, STARTING WITH GOVERNMENT, WILL FALL INTO PLACE, AND FOREIGN INVESTMENT WOULD INCREASE DRAMATICALLY"

MAISTO E ASSOCIATI

INTRODUCTION

As from calendar year 2017, Italy has introduced a special forfait tax regime for individuals who transfer their tax residence to Italy. In a nutshell, such regime provides for the payment of a substitute tax of 100,000 Euro per year *in lieu* of ordinary taxation on (almost) all foreign-source income and gains.

CONDITIONS

In order to be eligible for the regime, an individual must move his/her tax residence to Italy without having been resident therein for the previous nine out of ten years. For Italian income tax purposes, an individual is considered resident if at least one of the following conditions is fulfilled for most part of the calendar year: (i) registration within the Registry of the resident population; or (ii) habitual abode in Italy; or (iii) centre of one's main business and interests in Italy.

INCOME TAX

The regime is available for a maximum of 15 years. During the period of validity, no income tax (other than the 100,000 Euro tax) is due on foreign-sourced income and gains, with the sole exception of capital gains on substantial shareholdings (basically those realized in any 12-month period which represent more than 20% of the voting rights in unlisted companies, or 2% if listed) realized during the first 5 years of effect of regime. The *rationale* behind this exception is to avoid so called "tax holidays", whereby the transfer of residence is exclusively finalized (and limited) to the realization of latent capital gains: it follows that, where the specific circumstances of a particular case demonstrate that the above mentioned tax avoidance effects will not take place, taxpayers can obtain a ruling on the non-application of such carve-out to their specific cases.

GENUINE ENTITIES AND THEIR RESIDENCE

In case of taxpayers who are directors/key-shareholders of one or more foreign entities, the Italian tax authorities have expressly clarified that the transfer of such key-men to Italy under the regime does not impact on (nor *per se* attracts to Italy) the tax residence of the controlled/managed entities (which thus maintain their tax residence abroad), with the consequence that any income deriving therefrom falls within the scope of application of the regime with no further income taxation in Italy.

CASH BOXES

Mutatis mutandis, in case of entities lacking of any substance and not carrying out any business activity (e.g. bare trusts, private foundations, cash boxes), taxpayers can ask the tax authorities to confirm that such vehicles should be disregarded for Italian tax purposes (i.e. treated as non-existent): if confirmed, this implies that any income deriving from their underlying assets is seen as directly attributed to the relevant taxpayer and thus, if foreign-sourced, covered by the 100,000 Euro flat tax.

ADDITIONAL BENEFITS

In addition to the flat 100,000 Euro taxation of foreign-sourced income and gains, the forfait tax regime provides for further benefits, such as the exemption from wealth taxes and inheritance/gift taxes on foreign assets as well as the exemption from reporting obligations on foreign assets and income: the regime is thus appealing also from a privacy perspective.

FAMILY MEMBERS

The regime can be extended also to one or more qualifying family members, provided that they also fulfill the 9 out of 10 years non-residence condition, against the payment of a further annual tax of 25,000€ (rather than 100,000€) per each family member benefitting from the regime.

TREATY APPLICATION

Finally, as far as double taxation conventions on income and capital based on the OECD Model are concerned, Italian tax authorities have expressly taken the view that Italy regards persons who are resident under this regime as resident for treaty purposes. Though important, treaty application is a bilateral exercise and much is left to the other countries, especially the source country who must apply relief clauses. In this respect, it is shall however be noted that a number of elements (based on the OECD Commentary to the Model and treaty practice) seem to lead to the conclusion that treaties would remain applicable.

SOME NUMBERS

The regime, in force as from January 2017, is proving very appealing for individuals whose income is exclusively or mostly sourced outside of Italy and already quite a large number of applicants (about 400 until the end of 2018) have come forward.

Our contacts

Piazza F. Meda, 5 20121 Milan t +39 02.776931 f +39 02.77693300	Piazza d'Aracoeli, 1 00186 Rome t +39 06.45441410 f +39 06.45441411	2, Throgmorton Avenue London EC2N 2DG t. +44 (0)20.73740299 f +44 (0)20.73740129	www.maisto.it info@maisto.it in Maisto e Associati

A BRIGHTER FUTURE

M&A activity in Latin America dipped last year, partly due to significant change in the political landscape – however, widespread privatisation programmes, along with anticipated activity in the energy and infrastructure sectors, means transactional lawyers' workflow looks set to increase

The year 2018 was a disappointing one for M&A lawyers in Latin America. Transactional activity declined compared to the previous year, as data shows – figures from Mergermarket reveal that the total number of deals declined by 8 per cent compared to 2017 (dropping from a total of 654 transactions to 600). Meanwhile, the total deal value dropped by 25 per cent to $72.6 billion, down from $97.1 billion in 2017.

The decline in deal-making can be partly attributed to the significant amount of political uncertainty in the region in the last year. There were six presidential elections in Latin America in 2018, including two in the most populous nations, Brazil and Mexico. The question now is: what impact will Latin America's new leaders have on M&A activity in the region? Given this context, *The Latin American Lawyer* explores recent trends in deal-making in Brazil, Mexico, Chile, Colombia and Peru and assesses where the biggest opportunities will be for M&A lawyers in the future:

BRAZIL

Brazil experienced the largest number of M&A deals in Latin America during the period 1 January 2017 to 31 October 2018, according to a report by Deloitte. In total, there were 974 deals involving assets in Brazil during the period – the deals had a total value of $93 billion. Mexico had the second largest number of M&A deals, with 307 acquisitions (with a total value of $14 billion) involving assets in the country. Third was Chile with 221 deals with a total value of $20 billion.

$40.1BN

Total value of **M&A deals in Brazil in 2018**

Source: Mergermarket

ALEXANDRE BERTOLDI

THERE IS A GOOD OPPORTUNITY FOR SHORT-TERM APPRECIATION IF THE COUNTRY'S ECONOMY GETS BACK ON TRACK

Alexandre Bertoldi

"This was a surprising year not only for us, but for the [Brazilian] market as a whole," according to **Alexandre Bertoldi**, managing partner of Pinheiro Neto Advogados in Brazil. "When the prospects of a potential economic recovery, and even the end of a recession, came onto the horizon, the more aggressive players started coming to the fore," he says.

One of the main reasons why Brazilian M&A deals are appealing is that most assets were priced in the context of an economic recession, though the economy is now starting to grow again. As a result, assets are being offered to foreign investors at attractive prices and consumption is on the rise. "There is a good opportunity for short-term appreciation if the country's economy gets back on track," Bertoldi says. The number of deals that took place during the 2017-18 period is an indication of the country's economic strength in the context of the wider region, even if it has been a period of elections and political turmoil.

There was significant M&A activity in Brazil's healthcare and domestic consumer industries, according to Bertoldi. "These segments are dependent on the domestic market," he says. If there is pent-up demand, reflecting an improvement in economic conditions, however slight, the result is very positive [for new investments]." However, according to TozziniFreire Advogados partner **Marcela Waksman Ejninsman**, M&A deals took place in a wide range of industry sectors. "The most significant volume of transactions in 2018 were seen in the finance, insurance, information technology, health

MARCELA WAKSMAN EJNINSMAN

THE MOST SIGNIFICANT VOLUME OF TRANSACTIONS IN 2018 WERE SEEN IN THE FINANCE, INSURANCE, INFORMATION TECHNOLOGY, HEALTH AND BEAUTY INDUSTRIES

Marcela Waksman Ejninsman

$15.3BN

Total value of **Brazil-based Suzano Papel e Celulose's acquisition of Fibria Celulose, the Latin America's biggest deal by value in 2018**

and beauty industries," she says. "There was, and there still is, a suppressed demand for investment in these sectors, fuelled by changes in the political and legislative landscape over the past two years."

M&A activity in Brazil is likely to grow given the privatisation-driven agenda of Brazil's new government. "The social security overhaul will be a clear indicator of what we can expect in the years to come," according to Bertoldi. "If it is successful, the Brazilian government will be signalling to the market that other liberalising reforms are possible." He adds: "A sharp increase in M&A deals and capital market transactions is expected."
State-owned companies such as Lotex, Casa da Moeda do Brasil and Eletrobras – in addition to more than 20 airports and dozens of railways and highways – are included in the country's privatisation programme.
A sale of Eletrobras, which could potentially be one of the largest deals, would be valued at around $3 billion, although legal obstacles could prevent a quick sale. Last year, Pinheiro Neto advised Energia on the acquisition of two subsidiaries of Eletrobras, and Bertoldi says there could be similar opportunities for law firms

in future. "If the Brazilian government manages to move ahead with one-third of its privatisation plans, this will be an overwhelming opportunity for law firms," he says. However, Bertoldi also warns of challenges ahead – these relate to stringent rules in the public sector, as well as the risk of delays caused by court orders.

MEXICO

With regard to M&A deals over the last two year period, Mexico has not only been the second most attractive destination for investment, but Mexican businesses have also been the third largest investor/acquirer in Latin America in terms of deal volume – Mexican investors completed 166 deals (with a total value of $9 billion) during the period covered by the Deloitte research. According to **Ignacio Pesqueira**, partner at Mexican firm Galicia Abogados, the energy sector has attracted significant M&A investment. Galicia Abogados advised Actis, a leading investor in emerging markets, on the acquisition of InterGen's portfolio in Mexico, which included large energy and natural gas assets, for $1.26 billion. "Energy projects allow an opportunity for large-scale investors to deploy significant amounts of capital with a good balance between risk and return, and the energy sector has shown early signs of maturity that allows for players who invested early to look for cash-out opportunities," Pesqueira says. "Meanwhile, local private equity funds will continue to look for opportunities, which will provide additional business for


IGNACIO PESQUEIRA

ENERGY PROJECTS ALLOW AN OPPORTUNITY FOR LARGE-SCALE INVESTORS TO DEPLOY SIGNIFICANT AMOUNTS OF CAPITAL WITH A GOOD BALANCE BETWEEN RISK AND RETURN

Ignacio Pesqueira

M&A lawyers in the short to medium term."
However, the challenge for lawyers is the need for market specialisation when advising on energy deals, Pesqueira says. "The regulatory framework for such projects is specialised and demands industry focus, which is why M&A lawyers need to work closely together with sector-specific lawyers," he explains. "This is not a natural combination and not many firms have the talents on both fronts, which imposes challenges and limitations across the board."
There is concern among law firms about how much appetite investors will have for risk in future. Pesqueira says: "Mexico is entering times of significant uncertainty, which is a major limitation for investors since risk variables seem to be on the rise." Legal and economic uncertainty, concerns about the sovereignty of judicial authorities, and issues such as low wages have hindered law firms' ability to tap into Mexico's potential to attract investment.

CHILE

Philippi Prietocarrizosa Ferrero DU & Uría partner **Federico Grebe** says energy, consumer financing, banking, agro-business, forestry assets and the salmon industry accounted for most of the 221 M&A deals (worth $20 billion) that closed in Chile during the 2017-18 period. Economic growth in Chile is expected to continue, buoyed by international copper demand and a general feeling of increasing business confidence under the leadership of President Sebastián Piñera. His


FEDERICO GREBE

government has introduced a draft tax reform that could make the Chilean tax code simpler and fairer, according to Deloitte.
The demand for Chilean copper in China has been growing rapidly and prices have increased resulting in a "new interest in M&A transactions in the sector", according to Grebe. He believes Chile will see a similar level of transactional activity

this year "but, in terms of size, 2018 was a year of large transactions, which we do not believe will repeat itself in 2019". Grebe adds that mid-sized M&A deals and antitrust matters represent the top opportunities for law firms.

COLOMBIA

There were 147 deals (with a total value of $6 billion) in Colombia during the period covered by the Deloitte report, which made it the fifth most popular Latin American country for investment during the period. However, foreign direct investment in 2018 was 14 per cent lower than the previous year, according to the country's central bank. "M&A activity in Colombia has been led by the financial and insurance sectors, followed by healthcare and retail," according to **Lina Uribe García**, partner at Gómez-Pinzón Abogados. "In 2018, we also perceived a reactivation of deals in energy, particularly renewables, and oil & gas." As in most growing Latin American markets, foreign investors were the number one acquirer of Colombian targets in the last year. "Local and international private equity funds were also very active in the M&A arena, acquiring or exiting local assets," Uribe García says. "The increasing sophistication of Colombian private equity regulations has boosted the incorporation of local funds and the arrival of foreign funds over the last decade." She adds that law firms foresee an increasing appetite for Colombian assets among foreign investors, given the relatively high liquidity of the country's financial sector, intense competition among regional players to acquire strategic assets, and a mature investment banking market for M&A. In one recent deal, Uribe García acted as local counsel to Avianca in the negotiation of a joint venture with United Airlines and Copa Airlines, which will allow the airlines to share revenue. The firm also advised Exxon Mobil on the sale of its lubricants and fuels business in Colombia to Compañía de Petróleos de Chile (COPEC). "In 2019, we expect to see M&A activity in energy, real estate and infrastructure, as well as retail and healthcare, and there are reasonable expectations of an increase in M&A deals involving infrastructure projects", she says.

THE INCREASING SOPHISTICATION OF COLOMBIAN PRIVATE EQUITY REGULATIONS HAS BOOSTED THE INCORPORATION OF LOCAL FUNDS AND THE ARRIVAL OF FOREIGN FUNDS

Lina Uribe García

$72.6BN

Total values of **M&A deals in Latin America in 2018**

Source: Mergermarket

PERU

Despite having the highest GDP growth rate among countries in the region and stable inflation, Peru is yet to see its M&A market take-off in line with other Latin American nations. The reason is largely related to the political climate. "Since 2017, corruption scandals in public contracts have been exposed, and the Lava Jato investigation in Brazil created a lot of noise among investors", explains **Jose Antonio Payet Puccio**, partner at Payet, Rey, Cauvi, Pérez Abogados in Lima.

$23BN

Total value of **deals in the industrial & chemicals sector in Latin America in 2018**

Source: Mergermarket

The political turmoil affected the Peruvian M&A market in the last couple of years in that it impacted foreign investors' assessment of the associated political risk. Payet says: "The most significant deals are local-to-local. Sectors that are typically attractive to local investors, and in which we expect growth in the coming year, include retail, industrial and market segments such as pharmacies and gas stations. We expect more deals and diversification in the near future."

JURY

Alberto Martín
General Counsel and Secretary of the Board,
CELISTICS

Amparo de Villar Membrillo
Gerente de auditoría interna y compliance,
RENFE

Ana de Nárdiz
Legal Director & Local Compliance Officer & Data Protection Coordinator,
ZEISS Sales & Service Company Iberia

Ana Martí Jarne
General Counsel & IP,
Medichem, S.A.

Ana Valdivieso
Vice President & Associate General Counsel, Southern Europe & France,
Hewlett-Packard Española

Ariadna Grañena
Iberia Legal and Tax Director ,
Reckitt Benckiser

Arturo Lucas Esteban
Director Legal Department,
Laboratorios Servier, S.L.

Asier Crespo
Head of Legal,
Microsoft

Beatriz Gutiérrez Palomar
Head of Legal Spain and Portugal. Corporate Counsel Southern Europe,
Johnson Controls

Diana Kraft
General Counsel,
Amadeus IT Group

Carlos Balmisa García-Serrano
Internal Control Director,
CNMC

Carlos Ulecia Palacios
Secretary of the Board,
NH Hotels

Charo Fernández Ramos
General Counsel,
Generali

Clara Cerdán Molina
General Counsel and Secretary of the Board,
Ferroglobe

Clara Vega
Head of Legal and Secretary of the Board,
TIREA

Eduardo Muñoz
General Counsel,
Grupo Supersol

Eduardo Pérez
Head of Legal y compliance,
MAKRO Autoservicio Mayorista, S.A.

Eric Maciá
Global Legal Mid-Senior Manager,
Minsait

Esteban Buldu
Deputy General Counsel,
CAMPER

Eva Argilés
General Counsel,
Applus+

Germán González Avecilla
Chief Ethics and compliance officer and Chief DPO,
Siemens Gamesa

Inés Núñez de la Parte
Company Secretary & General Counsel,
Tubos Reunidos, S.A.

Iñigo Cisneros
General Counsel,
MEDIAPRO

Isaac Millán Fernández
General Counsel and compliance,
Grupo Hospitalario Quirón

Javier Cabezudo Pueyo
General Counsel South Europe & Africa and Lead Counsel for M&A,
Gamesa Corporación Tecnológica, S.A.

Javier Folguera
Vicesecretario & General Counsel,
HISPASAT

Javier Serrada Quiza
Legal Department Director,
Acciona Windpower S.A.

Joaquin Aguirre González
Head of corporate legal services,
Naturgy

Joaquín Amaya Galván
Head of Legal,
GRUPO PRASA

Joaquin Guallar López
Head of Legal,
Grupo Catalana Occidente

Jorge Velasco Fernández
Legal Manager,
Axpo Iberia SLU

José Hidalgo
Head of Legal,
DOMTAR

José Carlos Tejada
General Counsel Spain & Portugal,
NATIXIS Sucursal España

Juan Venegas
Corporate General Counsel,
Adveo

Juan Velázquez Saiz
Europe General Counsel,
Orange Spain

Julia García Navarro
Secretary of the Board,
Transfesa

Luis Elias
General Counsel,
Grupo Planeta de Agostini

Maica Crespo
Head of Legal,
Cobega SA

Mar Oña
General Counsel & Secretary of the Board,
Tendam

Marina Bugallal
EMEA General Counsel,
NEC

Mario de la Fuente Téllez
Head of Governance, Risk & Compliance,
TIREA

María Cermeño Rodríguez
Head of Legal Services,
Telefónica España

Mª Luz Caparroso Arroyo
Head of Legal and compliance,
Fonditel (Grupo Telefónica)

Marta De la Fuente Chiscano
General Counsel,
Dentsu Aegis Network

Marta García
Head of Legal,
Campofrío Food Group

Miguel Garrido de las Heras
Head of Legal and corporate department,
Telxius

Mireia Castro Román
Head of Legal,
Novartis Oncology Spain

Mónica López-Monís
Group Chief Compliance Officer,
Banco Santander

Moises Ramírez
General Counsel,
GSK

Natalia Bodalo Lozano
Head of Legal exploration & Production,
CEPSA

Oliver Ribera Gil
Head of Legal,
Desigual

Patricia Miranda Villar
Head of the Corporate Legal Department,
Cintra

Pablo Bolinchesi
General Counsel Spain & Portugal and Secretary of the Board of Directors,
FCA Group

Pilar Marchán
Chief Counsel Western Europe,
Mondelez International

Sergio Velázquez Vioque
General Counsel and secretary of the board ,
Sepides (Grupo Sepi)

Silvia Madrid
Head of Legal & Compliance,
Unicredit

Teresa González Ercoreca
CCDO Legal Services | Head of Multinationals,
Telefonica

LEARNING THE GAME

The Latin American fintech sector is booming, but law firms must fully understand the nature of the business if they hope to win new clients in the industry

Traditional banks are in danger. The emergence of the financial technology industry – known as 'fintech' – means that the banking sector will never be the same again. In Latin America, fintech start-ups are emerging at a rapid rate – but there is considerable doubt about how they will be regulated, and this represents a significant opportunity for the region's law firms. But first law firms need to ensure they properly understand the industry before they can win fintech companies as clients.

So, how big is the Latin American fintech sector? The largest fintech market is in Brazil where there are 377 start-ups, according to Spanish and Latin American fintech organisation Finnovista. The second biggest fintech market in the region is in Mexico where are 334 start-ups. However, the fintech industry is growing rapidly across Latin America – with Argentina leading the way with a 56 per cent increase in the number of fintech companies launching in 2018. Meanwhile, Colombia experienced a 52 per cent increase in fintech start-ups, with Brazil experiencing a 48 per cent rise.

Amid such rapid growth in the industry, law firms that are able to fully understand the differences between new technology businesses


SERGIO BARBOZA

LAW FIRMS MUST UNDERSTAND THE BUSINESS PROPERLY, UNDERSTAND THE PRODUCT OR SERVICE OFFERED BY THEIR CLIENTS, AND THEN DEVELOP A STRATEGY FOR PROVIDING ADVICE

Roberto Borrás Polanía, Garrigues

and traditional financial services companies will be able to access a wealth of opportunities. Fintech companies are changing the game. What defines such companies is their ability to evolve quickly and introduce new innovations that are disrupting the banking and finance industry, according to **Roberto Borrás Polanía**, partner at Garrigues in Colombia. "That's why in this regard, law firms must understand the business properly, understand the product or service offered by their clients, and then develop a strategy for providing comprehensive legal advice," he says.

LAW FIRMS' BIGGEST OPPORTUNITES

The ability to accurately evaluate fintech businesses and then help them meet the relevant regulatory requirements is a huge opportunity for lawyers. **Ernesto Cavelier**, partner at Posse Herrera Ruiz in Colombia, says understanding these new business models and services and "making them fit into the existing regulatory framework" is where law firms' biggest opportunities lie.

Generally, there is a shortage of suitable legal frameworks for fintech companies. The good news for law firms is that this is a scenario that means there are many opportunities for lawyers, according to **Sergio Barboza**, partner at DLA Piper in Lima. "In this sense, the major opportunities are related to helping clients understand and structure their products, and applying the current regulations," he says.

The major opportunities for law firms fall into two main categories, says Madrid-based DLA Piper partner **Ricardo Plasencia**. "Firstly, assisting a fintech company in describing the business model to the regulator and in their application for a licence, and secondly, where there is uncertainty as to whether such business may be considered a regulated business or not." However, there are complications. One of these is that no two fintech companies are the same, according to **Borrás Polanía**, partner at Garrigues in Bogotá. "Some are basic ventures that generate a specific innovation, while others, whose portfolio of innovation and development is broader, are more complex," he says.


SERGIO BARBOZA

THE MAJOR OPPORTUNITIES ARE RELATED TO HELPING CLIENTS UNDERSTAND AND STRUCTURE THEIR PRODUCTS

Sergio Barboza, DLA Piper

ERNESTO CAVELIER

DEMAND FOR LEGAL SERVICES RISING

Fintechs have emerged as a result of constant technological innovation, especially in the area of digital media. They offer niche services, and, as a result, their legal requirements are very different compared to a traditional financial services company, according to **Fabio Braga**, partner at Demerest Advogados in Brazil. “Most of the legal matters [concerning fintech] are related to financing the venture and setting up a solid structure for receiving funds from third party investors, and ensuring the operation runs smoothly,” he explains. The fact that fintechs are highly specialised means there is increased demand for lawyers that have an in-depth knowledge of the industry, says **Luciano Pérez**, a partner at Nader, Hayaux & Goebel in Mexico City. “Their [Fintech’s] originality and dynamism is creating demand for specialised legal services,” he adds.

However, this high level of specialisation creates a problem for lawyers. They need to quickly get up to speed regarding the technical aspects of the innovative services offered by their clients, and not only understand the value they add, but also the challenges that the fintech entrepreneur faces when developing their business, says Polanía. “It’s not enough just to talk about it,” he explains. “A real immersion in the industry is needed to get to know the range, possibilities and risks of the innovations.”

It’s also important that lawyers adapt to the outlook and approach of the entrepreneurs involved. Law firms must learn to deal with young and talented professionals who are used to working under a cost-efficient structure, according to **Jaime de Larraechea**, partner at Garrigues in Chile. “Fintech companies want very close, day-to-day advice from law firms, with low fees, given by lawyers with both hard and, particularly, soft skills,” he says.

ADJUSTING FEES

Consequently, law firms have to adjust their fees given that many new start-ups are operating on low budgets. Fee structures must be adapted in recognition of both the start-up nature of the

$4BN

Value of Brazilian fintech company Nubank, the largest Latin American fintech company

FINTECH COMPANIES WANT VERY CLOSE, DAY-TO-DAY ADVICE FROM LAW FIRMS, WITH LOW FEES

Jaime de Larraechea, Garrigues

LATIN AMERICAN COUNTRIES EXPERIENCING THE BIGGEST INCREASE IN THE NUMBER OF FINTECH START-UPS IN THE LAST YEAR

Argentina	56%
Colombia	52%
Brazil	48%

LATIN AMERICAN COUNTRIES WITH THE LARGEST AMOUNT OF FINTECH START-UPS

Brazil	377
Mexico	334
Colombia	124

businesses and the development stage of each venture in question, according to **Thai de Gobbi**, partner at Machado Mayer in Brazil. "Big law firms are still adapting the way they charge their legal fees to the reality of fintech clients, and maybe this is the biggest challenge," he adds. However, law firms can play a key role in the development of a fintech business, says **Adrian López**, partner at Nader, Hayaux & Goebel in Mexico City. "In many ways, advising a fintech company entails contributing to the institutionalisation of the company," he explains.

> MOST OF THE LEGAL MATTERS RELATE TO FINANCING THE VENTURE AND SETTING UP STRUCTURES FOR RECEIVING FUNDS FROM THIRD PARTY INVESTORS
>
> Luciano Pérez, Hayaux & Goebel

But fintech companies face significant challenges. These include the implementation of the relevant guidelines and policies required to ensure best practices, while also offering innovative and practical services at low cost. As a result, the fintech sector will be relying heavily on lawyers for advice. "This is not only because the industry is growing, but because many countries are still working on fintech regulations," says De Larraechea. "Fintech companies will face regulatory, financial and tax changes that will challenge them." With fintech companies facing many obstacles to their success, demand for lawyers with in-depth expertise in the sector is sure to be high.

FERNANDO V. BEGUIRISTÁIN MURUZÁBAL

GETTING THE BEST SERVICE

Acciona Energía is looking for legal service providers in many Latin American countries, but it likes to foster competition between the law firms it uses to ensure high levels of service

Acciona Energía needs lawyers right across Latin America. The Spain-based renewable energy company is involved in a wide array of energy and infrastructure projects in both the public and private sectors in Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Mexico and Peru. That's a lot of potential legal work for law firms across the region, especially as Acciona often requires lawyers with in-depth local knowledge of their respective markets.

However, a quick warning for any law firm that is instructed by Acciona Energia: Don't get comfortable. As the company's chief legal adviser for South America, **Fernando V. Beguiristáin Muruzábal**, explains, the company is keen to ensure there is competition between its legal service providers in order to guarantee it gets the best service.

Acciona Energía operates in an industry that is heavily regulated and therefore the company's lawyers need to be extremely adaptable. "We are working in a sector that is very regulated and we are therefore subject to constant regulatory changes," says Beguiristáin, who is based in Santaigo, Chile. "It's largely the same in all jurisdictions, and therefore we are accustomed to such changes, which require us to be informed, constantly updated and able to adapt."

"WE WORK WITH LOCAL FIRMS BECAUSE THEY OFTEN HAVE A BETTER UNDERSTANDING OF DOING BUSINESS IN A COUNTRY"

LOCAL IDIOSYNCRASIES

Due to the fact Acciona Energía operates in so many countries, it often requires law firms with in-depth knowledge of the local markets. In Beguiristáin's view, law firms in Chile are of a high standard. As a result, the company will often instruct a local firm rather than a bigger, global firm. "Large and medium-sized firms such as Morales & Besa, Arteaga & Gorziglia and Carey are local, but they have great weight and provide a very high-quality service," he says. "But of course we do also work with global firms, which often work at a local level by acquiring local law firms."

However, Beguiristáin says that it would be misguided for clients to think that, when working with a global firm, they will receive the same service in Chile as they would from a law firm's New York headquarters, for example. "

Every law office is a world in itself," he says. "We work with local firms because they often have a better understanding of doing business in a country, as well as the idiosyncrasies of the local market."

Many clients prefer to judge a law firm on the lawyers themselves rather than its brand. In Beguiristáin's view, a law firm is "only as good as its partners and associates". He adds: "You could work with a big firm, in New York or London, but come across a lawyer who was not appropriate ," he says.

RUNNING TENDERS

So, in what instances does Acciona's legal department seek to outsource work to a law firm?

Beguiristáin says the company will engage in-house lawyers if the in-house team lacks sufficient resources to take in a case, or if it is a piece of work that requires a very high degree of technical expertise. "We can save time by using an external firm, and it is not always because the issues are necessarily complex, as they can be simple cases, but an external law firm adds value by saving us time, which we can use to take care of other more complex deals to which we really can offer extra added value."

How does Acciona select its external lawyers? The first step is to put the work out to tender. "Part of our criteria is cost, but the choice is also made based on the law firm's prestige, their presence in the country, and whether the firm is an expert in the matter in question, for example electricity regulation, environmental law, M&A or financing," Beguiristáin says.

Law firms that are awarded a piece of work by Acciona can maximise their chances of being given further instructions in future by ensuring that the company has a "positive experience" and creating a "relationship of trust", according to Beguiristáin. However, Acciona also likes to ensure law firms are kept on their toes and compete to win work. Ensuring that the firms Acciona uses have competition has the effect of preventing a firm from "adopting a comfortable position and feeling as if they have a sort of control – that way we guarantee the best service," Beguiristáin says.

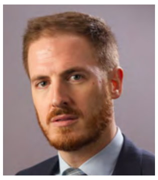
"AN EXTERNAL LAW FIRM ADDS VALUE BY SAVING US TIME, WHICH WE CAN USE TO TAKE CARE OF OTHER MORE COMPLEX DEALS"

COMMON CONCERN

The company's in-house team for South America is based in Chile and covers all of the region, which means it must be up-to-date on developments in each market - it is supported by an in-house team in Spain. The in-house team also requires certain technical knowledge, given the company's engineering and development vocation, in addition to local and international legal knowledge, he explains.

A common concern for many clients is that law firms may often have a purely legal perspective rather than also looking at matters from a commercial point of view. As a result, Beguiristáin says that Acciona's in-house team strives to maintain not only a legal view of the matter in hand, but also adopt a business-focused strategy.
One of the biggest challenges Acciona's legal department faces is that, given the electricity sector is heavily regulated – and undergoing reforms in a number of markets – it has to ensure it remains on top of local legislation, Beguiristáin says.

"We have to study the regulations very closely when markets that were previously not an option for us become attractive investment destinations, and we have to be up-to-date on how the local regulations work, such as transmission and distribution laws, for example."



FERNANDO V. BEGUIRISTÁIN MURUZÁBAL CV

2014-PRESENT
Acciona Energía Chile
Legal Director, Concessions Directorate

2008-2014
Acciona Energía Chile
Lawyer

2007-2008
BBVA
Lawyer

2007
Monero Meyer Marinel-lo Abogados
Lawyer

CLEAN UP TIME

In an effort to attract more international investment, Paraguay is stepping up the fight against crimes such as bribery and money laundering – legal advisers are set to be swamped with requests from clients seeking advice on how to stay on the right side of the law

NESTOR LOIZAGA

If you are involved in bribery in Paraguay, you won't get punished for it. It's a state of affairs that the country's legislators are trying to change. They realise that failing to tackle this problem is deterring businesses from investing in the country. So, in an effort to improve Paraguay's reputation, the country has proposed a new law that will ensure the country will comply with internationally recognised anti-money laundering rules.

This is potentially good news for lawyers who can expect to receive instructions from many clients that are anxious to ensure they comply with the new legislation.

Indeed, lawyers anticipate that Paraguay's proposed new anti-corruption law, which aims to ensure compliance with anti-money laundering standards set out by the inter-governmental Financial Action Task Force (FATF) will generate new sources of work for law firms and their clients, in addition to posing significant challenges.

RISING DEMAND FOR COMPLIANCE ADVICE

The proposed law, which will involve changes to the penal code, will also introduce new offences related to market manipulation and bribery. As a result, the new law could have a major impact on individuals and

$11bn Approximate value of Paraguay's illegal economy which equates to around 40 per cent of the country's GDP)

Source: National University of Asunción and anti-tax evasion organisation Pro Desarrollo

companies operating involved the country's stock market, and the financial sector in general, according to Ferrere Abogados partner **Nestor Loizaga**, who is director of the firm's Paraguay office. "We expect the promulgation of the reforms to increase work for Ferrere, mainly in cases involving compliance," he says. "Many companies will have to adapt to the new legal regime, and that will undoubtedly result in greater demand for compliance services."

Loizaga points out that, under the current laws, bribery is not a punishable offence in Paraguay. "The new law could affect the way many companies operate, while the requirement to communicate data regarding beneficiaries to the authorities will affect how companies report," he says. The new law also proposes rules on transparency for companies with shareholders – shareholders will be required to register their shares by 1 October, and the new law sets out new penalties for failing to do so. In addition, the law sets new rules for the redistribution of confiscated assets.

FINANCING TERRORISM

The anti-corruption law would also increase penalties for the financing of terrorism or indeed the financing of recruitment and indoctrination for terrorism both in Paraguay and abroad. It would also facilitate the freezing of assets of terrorism-related individuals and companies. The new law would also create the Financial Intelligence Ministry, as well as establishing a system for preventing asset laundering. In addition, it would create specialised tribunals for money-laundering, drug trafficking, kidnapping, corruption and organised crime.

MANY COMPANIES WILL HAVE TO ADAPT TO THE NEW LEGAL REGIME, AND THAT WILL UNDOUBTEDLY RESULT IN GREATER DEMAND FOR COMPLIANCE SERVICES

These changes would mean Paraguay would have stricter anti-corruption laws that would be more in line with those in other countries, Loizaga says. "We expect the modifications, if they become law, will have a positive effect on investment and economic growth in Paraguay – the country should be seeking to mitigate money laundering and public sector corruption," he adds.
This could also mean that more volatile investments seeking more flexible legal frameworks may migrate to other countries, Loizaga says. "This would allow Paraguay to climb a rung on its way to the consolidation of the rule of law, as well as towards FATF investment grade with regard to its measures for combating money laundering and terrorism financing."

Rodrigo Fernández de Nestosa, senior attorney at Vouga Abogados' office in the Paraguayan capital, Asunción, says the new law would also prevent Paraguay from being added to FTAF's list of non-cooperative countries again – Paraguay was removed from the list in 2012 – and will bring the country's legislation into line with the Inter-American Anti-Corruption Convention.
Fernández de Nestosa also says that the legislative initiative would force companies to strengthen and reinforce their internal controls, partly through the evaluation of corruption risks. "We believe the implementation of the legislation would generate demand for the review and formulation of procedures, such as codes of conduct and guides for best commercial practices, as well as the development and implementation of anti-corruption programmes."

FIGHTING CORRUPTION

Many clients operating in Latin America find it hard to get experienced anti-corruption lawyers in every jurisdiction in the region, but a group of law firms have joined forces in an effort to provide a solution

Corruption knows no boundaries. As a result, efforts to tackle corruption increasingly have to be multi-jurisdictional in nature. But adopting such a strategy can pose a problem for Latin American firms as they may not have the necessary connections or relationships they need in other jurisdictions. But law firms in the region are taking steps aimed at addressing this issue.

Towards the end of last year, 17 law firms with expertise in compliance and investigation in Latin America launched an initiative aimed at sharing best practice. Led by Brazilian law firm Tozzini & Freire, the Latin America Compliance and Investigation League (LACIL) also offers clients advice on multijurisdictional cases.

With Latin American law firm's compliance and investigation practices developing at a rapid pace, it seemed an opportune time for the launch of LACIL. "The league was established in the context of the increasing development of compliance and investigations practices in Brazil and Latin America," according to **Antenor Madruga**, a partner at Feldens Madruga, one of the 17 firms that are members of the league. He continues: "Our intention with LACIL is to better serve our clients, especially when they need to hire services abroad, and in this way we can use the strategic partnership to refer to lawyers and firms in other countries, guaranteeing quality and expertise in the services provided."

The message LACIL is aiming to get across to clients is that all its member firms in each jurisdiction are able to offer a high level of services. "The idea is to signal to potential clients that these firms have the capacity to deliver quality services in the themes the league is devoted to," says Madruga.

So what is meant by 'investigation' in the context of the initiative? According to Madruga, this refers to research conducted as part of anti-corruption

$2 trillion

Estimated amount paid out in bribes globally each year (in Latin America and the Caribbean, it is estimated that one in three people pays a bribe to access a service each year) compliance programmes that help clients to design preventive and remediation measures – in addition to helping them decide how best to develop defence strategies in specific cases

There should be plenty of potential work for LACIL. Madruga says compliance and investigation work is on the increase in Latin America. "In the case of Brazil, for instance, the implementation of new regulations and the increased activities of police and regulatory authorities in the investigation and oversight of the activities of private companies, especially in their relations with government entities, have led to an increased need for investigation work in the private sector, along with an overall increase in compliance-related work," he explains. Madruga adds that, in a number of Latin American countries, the concept of compliance, and especially the idea of privately conducted internal investigations, is fairly new and at times unregulated.

Jorge Boldt, a partner at Cariola Díez Pérez-Cotapos in Chile, another LACIL member firm, says there has been a significant increase in the number of compliance and anti-corruption cases in Latin America in recent years. "New regulations, more sophisticated protocols, and especially cases with political connotations, has obliged companies and lawyers to focus more on such matters," he says, adding that that are issues that many Latin American countries have in common. "LACIL aims to open a forum for discussion on compliance and investigation, and establish a channel for sharing knowledge, information and best practices."

Boldt explains that the the introduction of a new anti-corruption law in Chile last November, which toughened penalties for such crimes, creates many problems for companies operating in the country that are striving to ensure they are acting in accordance with the high standards of compliance the new law demands. "Our aim is to accompany our clients in this process and help them adapt," he says.

It is essential that law firms collaborate with firms in other jurisdictions when tackling this issue. The majority of compliance investigations carried out by Latin American law firms are cross-border and often involve several jurisdictions, says **Pedro Serrano Espelta**, compliance and anti-corruption partner at Marval, O'Farrell & Mairal in Buenos Aires. "Many compliance and anti-corruption cases

THE LATIN AMERICA COMPLIANCE AND INVESTIGATION LEAGUE (LACIL): THE 17 LAW FIRM MEMBERS

ARGENTINA
Allende & Brea
Beccar Varela
Marval, O'Farrell & Mairal
BOLIVIA/URUGUAY ECUADOR/PARAGUAY
Ferrere
BRAZIL
FeldensMadruga
Maeda, Ayres & Sarubbi
TozziniFreire Advogados
CHILE
Carey
Cariola Díez Pérez-Cotapos
COLOMBIA
Posse Herrera Ruiz
MEXICO
Creel, García-Cuéllar, Aiza y Enríquez
Galicia Abogados
Sánchez Devanny
PARAGUAY
Gross Brown
PERU
Rodrigo, Elías & Medrano Abogados
URUGUAY
Guyer & Regules
VENEZUELA
D'Empaire Reyna Abogados

are international and companies cannot always find counsel of the highest level with experience in compliance and anti-corruption, and LACIL therefore allows law firms to exchange ideas and experiences across the region."

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LEGALCOMMUNITYWEEK

LCPUBLISHINGGROUP

10-14 June 2019
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Director
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Director General
Indicam

FABIO BERTONI
General Counsel
The New Yorker

ISABELLA BDOIAN GONZALEZ
Director Ethics and Compliance
Whirlpool EMEA

NICOLAS BURGENER
Group Chief Legal Officer and Secretary of Board
Audemars Piguet

FABRIZIO CAPUA
President and CEO
Caffè Mauro

GIUSEPPE CASTAGNA
CEO
Banco BPM

GIUSEPPE CATALANO
Company Secretary and Head of Corporate Affairs
Assicurazioni Generali

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Journalist

MOHAMED ELMOGY
General Counsel Egypt
Siemens Technologies S.A.E.

FABIO FAGIOLI
Group General Counsel
Maire Tecnimont

ISABEL FERNANDES
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Legal Government & Industry Affairs Senior Director and General Counsel & Compliance
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ALEXANDRE MARCOTTE
Group Director Legal – Commercial
AkzoNobel

JONATHAN MARSH
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Total
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ECLA

GIORGIO MARTELLINO
President
AITRA
General Counsel
Avio

ANGELA MELISSARI
Chief Compliance Officer & DPO
MMSPA

PATRICIA MIRANDA VILLAR
Head of Corporate Legal Department
Cintra

SANDRA MORI
Data Privacy Officer (DPO) Europe
Coca-Cola

MARCO REGGIANI
General Counsel
SNAM

FEDERICO RIZZO
General Counsel
Diadora

JOANA ROUCAYROL
Senior Legal Manager
Value Retail

BEATRIZ SAIZ MARTI
Head of Group Significant Litigations Department I
Enel Group

MAHMOUD SHAARAWY
Group Legal Director
Elsewedy Electric

ELISABETH VANAS-METZLER
Deputy Secretary General
Vienna International Arbitral Centre

2019 Edition – Draft Program - last update May 2019

Open with registration *Invitation only*

MONDAY ***10 JUNE***			*Partners*	*Address*
8:45 13:00	Open with registration	Conference: *"Innovation, intelligence and legal tech"** Buffet lunch to follow	Deloitte. Legal; INTESA SANPAOLO	**Excelsior Hotel Gallia** Piazza Duca d'Aosta 9, 20124 Milan
14:30 16:30	Open with registration	Roundtable *"Doing business in Central Eastern Europe: opportunities for Italian investors"* - Refreshments to follow	LED TAXAND	**LED Taxand** Via Dante 16, 20121 Milan
16:00 18:00	Open with registration	Roundtable: *"Workshop on integrated compliance"* Cocktail to follow	CARNELUTTI LAW FIRM; AIIRA	**Studio Legale Associato Carnelutti** Via Principe Amedeo 3, 20121 Milan
From 18:30	Invitation only	Corporate Counsel Cocktail	Gatti Pavesi Bianchi	**Gatti Pavesi Bianchi** Piazza Borromeo 8, 20123 Milan
19:00 20:30	Invitation only	Roundtable on Real Estate – Cocktail to follow	GATTAI, MINOLI, AGOSTINELLI, PARTNERS STUDIO LEGALE	**Gattai Minoli Agostinelli & Partners** Via Principe Amedeo 5, 20121 Milan
TUESDAY ***11 JUNE***				
8:45 13:00	Open with registration	Conference: *"Africa and the Middle East: business opportunities and the role of Italy"** - Buffet lunch to follow	Accuracy; BonelliErede	**Excelsior Hotel Gallia** Piazza Duca d'Aosta 9, 20124 Milan
13:00 15:30	Open with registration	Business lunch and roundtable: *"Are you ready for sharing? The sharing economy from the inside"*	Hogan Lovells	**Museo Nazionale della Scienza e della Tecnologia Leonardo da Vinci** Via Olona 6/bis, 20123 Milan
16:00 18:00	Open with registration	Roundtable: *"Innovation and energy & infrastructure arbitration: face time between arbitral institutions, general counsel, legal experts"* - Cocktail to follow	WATSON FARLEY & WILLIAMS	**The Westin Palace Milan** Piazza della Repubblica 20, 20124 Milan
16:30 18:30	Open with registration	Roundtable: *"Grand Paris: an important European project on infrastructures: models, risks and opportunities"* - Cocktail to follow	CASTALDIPARTNERS 1996	**CastaldiPartners** Via Savona 19, 20144 Milan
17:00 19:00	Open with registration	Roundtable: *"Safeguarding secrets: how employment law can help companies to protect their most valuable assets - trade secrets"* - Cocktail to follow	Ius Laboris Italy Global HR Lawyers Toffoletto De Luca Tamajo	**Toffoletto De Luca Tamajo** Via San Tomaso 6, 20121 Milan
17:15 19:00	Open with registration	Roundtable: *"The online market of Food & Beverage products"* - Cocktail to follow	Pirola Pennuto Zei & Associati	**Pirola Pennuto Zei & Associati** Via Vittor Pisani, 16 20124 Milan
From 18:00	Invitation only	Roundtable followed by starred dinner	axpo	*To be disclosed shortly*
19:00 20:30	Invitation only	Best PE Deal Makers Cocktail	Freshfields Bruckhaus Deringer	**Freshfields Bruckhaus Deringer** Via dei Giardini 7, 20121 Milan
20:00 22:30	Open with registration	Cocktail	LC&P STUDIO DI AVVOCATI	**Lipani Catricalà & Partners** Via Della Posta 8, 20123 Milan

The draft program continues on the next page...

*Technical Sponsor for the events** ArKadia Translations

2019 Edition – Draft Program - last update May 2019

Open with registration · Invitation only

WEDNESDAY **12 JUNE**			*Partners*	*Address*
6:15 8:30	Open with registration	Corporate Run	ArKadia Translations, brandstock, LC Publishing Group, MOPI, unbuonavvocato	**Meeting Point: Canottieri San Cristoforo** Via Alzaia Naviglio Grande 122, 20144 Milan
9:00 11:00	Open with registration	Conference: *"Brexit: what's next for Britain and the EU?"* Closing coffee to follow	DLA Piper	**Dla Piper** Via della Posta 7, 20123 Milan
12:30 14:30	Open with registration	Business lunch: *"The perspective of the circular economy in Italy"*	Pavia e Ansaldo Studio Legale	**Pavia e Ansaldo** Via del Lauro 7, 20121 Milan
17:00 19:00	Invitation only	Roundtable for General Counsel & IP Counsel: *"Maximising the efficiency of your IP portfolio"* - Light Cocktail to follow	brandstock	**Brandstock** Via Foro Buonaparte 12, 20121 Milan
18:00 19:30	Open with registration	Discussion: *"Leadership, 5G and new technology: discussions with Luigi Gubitosi"* - Cocktail to follow	Legance Avvocati Associati	**Legance** Via Broletto 20, 20121 Milan
19:30 23:30	Open with registration	Corporate Music Contest	Rolling Stone, ArKadia Translations, brandstock, LC Publishing Group, unbuonavvocato	**Fabrique** Via Gaudenzio Fantoli 9, 20138 Milan
THURSDAY **13 JUNE**				
8:00 9:30	Open with registration	Breakfast on Finance	Gianni · Origoni Grippo · Cappelli & Partners	**Gianni Origoni Grippo Cappelli & Partners** Piazza Belgioioso 2, 20121 Milan
9:30 13:30	Open with registration	Conference on International M&A* Buffet lunch to follow	Chiomenti	**Excelsior Hotel Gallia** Piazza Duca d'Aosta 9, 20124 Milan
15:00 17:00	Open with registration	Roundtable *"The rules and the data market"* Refreshments to follow	Panetta & Associati Studio Legale	**Centro Congressi Stelline** Corso Magenta 61, 20123 Milan
15:00 17:00	Invitation only	Compliance & Sport Management	lexant Studio Legale	**Aspria Harbour Club Milano** Via Cascina Bellaria 19, 20153 Milan
19:15 23:30	Invitation only	Corporate Awards	Legalcommunity Awards	**WJC Square** Viale Achille Papa 30, 20149 Milan
FRIDAY **14 JUNE**				
10:00 12:00	Open with registration	Roundtable: *"New professionalisms, organization and industrial relations"* - Refreshments to follow	LabLaw Studio Legale Failla Rotondi & Partners	**LabLaw Studio Legale** Corso Europa 22, 20122 Milan

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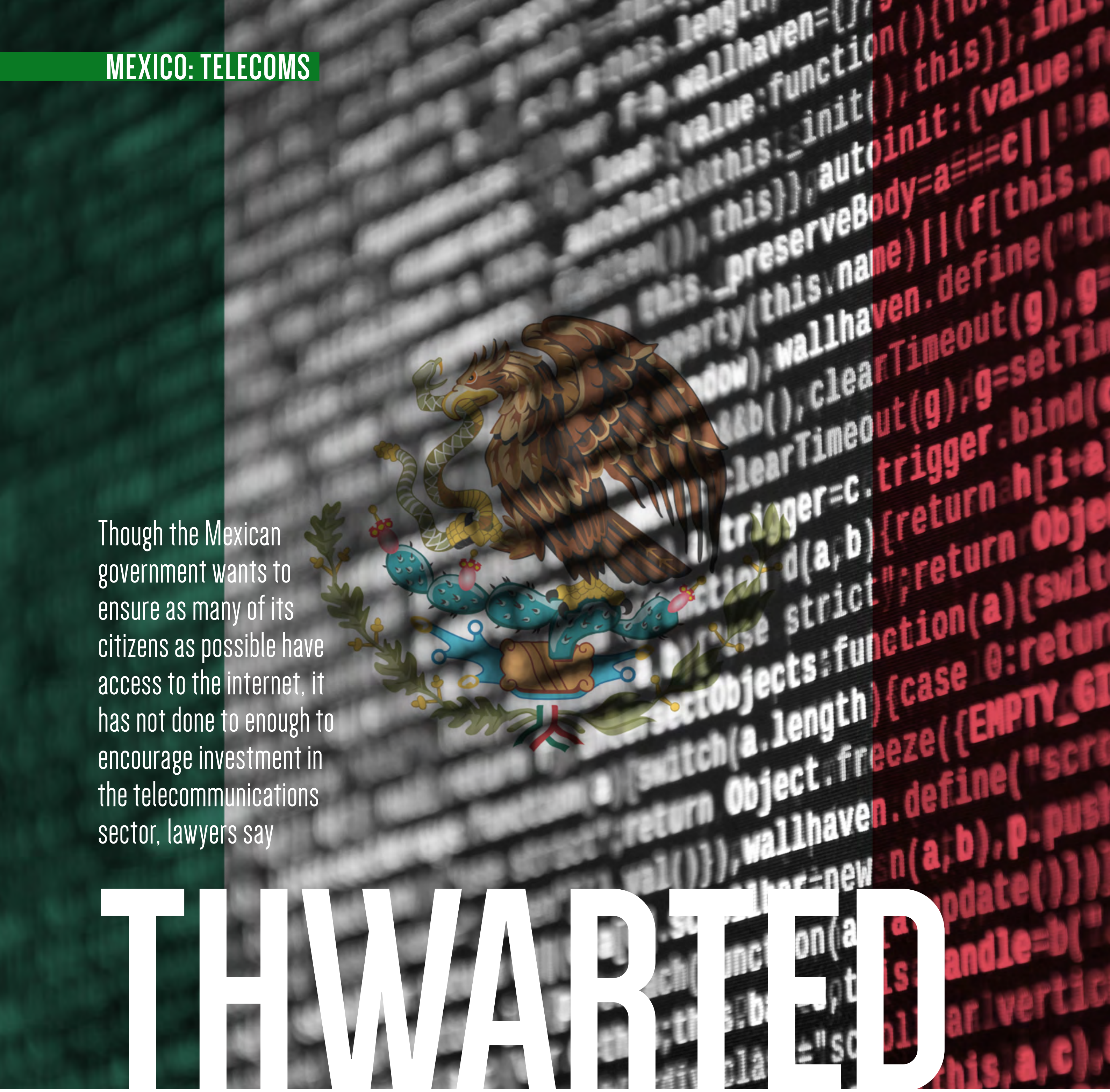

Though the Mexican government wants to ensure as many of its citizens as possible have access to the internet, it has not done to enough to encourage investment in the telecommunications sector, lawyers say

THWARTED AMBITION

It had all looked so promising for law firms in Mexico. The telecommunications and technology sector had been opened up to new investment and lawyers were hopeful that work advising potential investors would come flooding in. But it hasn't quite worked out like that. While the government is talking about bringing internet connectivity to smaller communities, it is, at the same time, preaching austerity. The effect is that the government is failing to incentivise the investment needed to build up the required telecoms infrastructure, lawyers say.

Mexico's 2014 telecommunications and broadcasting reforms opened the sector up to new investment and challenged the hegemony of dominant players, while also creating an autonomous regulatory body, the Federal Telecommunications Institute (IFT), to oversee and regulate competition. However, in 2018, the new government pledged to cut government spending – in response the IFT filed a constitutional challenge, arguing that its 25 per cent budget cut for 2019 would affect its ability to perform its regulatory role.

The sector's growth prospects then suffered another setback. In January this year, President Andrés Manuel López Obrador announced the suspension of a planned tender for a 25,000-kilometre fibre optic trunk network, which would serve as the backbone for a data transportation network providing much-needed broadband services.

MORE MARKET PLAYERS

However, uncertainty often creates opportunities for lawyers, and this appears to be the case with regard to the Mexican telecommunications sector. "Mexico's telecommunications and technology sector has transformed significantly since 2014, and now there are many more companies involved, which brings us many opportunities," according to **Carlos A. Bello Hernández**, partner at BGBG Abogados in Mexico City. "More companies are now able to obtain licences, and there is now a convergence between telecommunications, technology and media, giving our clients more options as the market has expanded."

That said, this is an environment that is also creating headaches for lawyers. "The challenge for us as a law firm will be to provide our clients with the best services, as well as adapting to their needs," Bello says. He adds that clients' biggest concerns now are how the authorities will manage the sector, as the government's criteria does not appear to be conducive to companies'

development. Meanwhile much of the regulation governing the sector is already outdated and requires modification, according to Bello. He explains: "This requires companies to comply with rules that are in some cases unnecessary in order to avoid penalties, and the government must make moves to update the regulatory framework so as to not harm the sector," he says.
Bello adds that growth in the technology, media and telecommunications (TMT) sector has been constant over the last 20 years, and this has created more opportunities for law firms. "Mexico is a country with a large number of inhabitants and with many areas of opportunity in terms of connectivity, and that represents an opportunity for companies," he explains. "As connectivity increases, there is a larger market for apps, technology and hardware, offering opportunities both for multinational companies and small-scale, local start-ups."

Bello continues: "The reform was difficult and it would be complicated to modify it, and we don't expect to see significant modifications in the first half of this [six-year] term, as the new government requires a period of adjustment."

SIGNIFICANT REGULATORY WORK

Luis Rubio, partner at Holland & Knight in Mexico City, says a lot of TMT work now done by his firm concerns regulatory matters. "The reform was a big driver of new investment into the sector, but the IFT lacks teeth in order to enable it to effectively perform its role," he says. "A price war has ensued, and that does not encourage investment in infrastructure, which only represents the bare minimum – we need more infrastructure, which would bring in more clients, but it depends which companies are willing to invest in infrastructure, and whether the rules are clear," he adds.

"

THE CHALLENGE FOR US AS A LAW FIRM WILL BE TO PROVIDE OUR CLIENTS WITH THE BEST SERVICES, AS WELL AS ADAPTING TO THEIR NEEDS.

CARLOS A. BELLO HERNÁNDEZ

18%

MEXICO'S FIXED-LINE TELEDENSITY (DEFINED AS PROPORTION OF INDIVIDUALS THAT HAVE A FIXED-LINE TELEPHONE CONNECTION)

The 2014 reforms were necessary and it was also important to implement them quickly, according to Holland & Knight partner **Octavio Lecona**. "The new government has said that services and connectivity must be brought to off-line communities, emphasising the positive social impact," he says. But there are complications, as highlighted by Rubio. "The government wants to bring internet to everyone, but the problem is budget – nobody is going to do it for free, and if the government is not prepared to finance the programme, there will be no players," he says.

Some argue that there is a lack of clarity from the government on this issue. "The government does not seem to have a business plan," Rubio says. "There needs to be a sustainable plan, otherwise nobody will invest." Consequently, Rubio argues that there is a need to "get back to basics". He continues: "Without infrastructure investment, the technological innovation cannot take place. There are still legal loopholes, and this is what generates work for us, as companies and investors require long-term legal certainty." Meanwhile, Lecona argues that, as the government will not be providing the funds, it will need to rely on the private sector to improve connectivity.

REGULATORY FAILINGS

There is also a view that the IFT has failed in a number of respects. **Sergio Legorreta**, partner at Baker McKenzie in Mexico City, says the IFT is seen as being deficient in a number of senses

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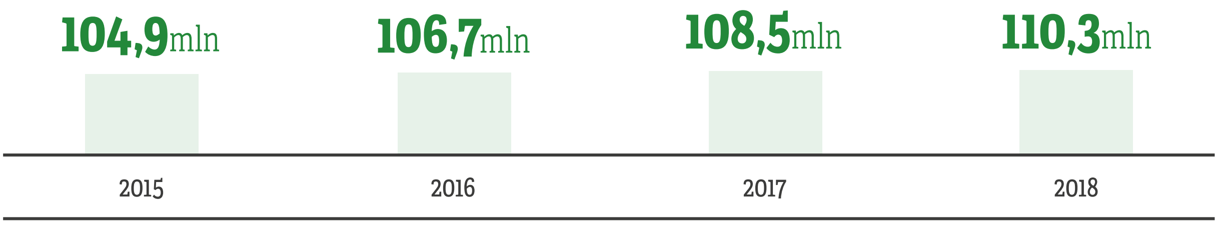
GROWTH OF NUMBER OF CELLPHONE USERS IN MEXICO



Source: Telconomia

> "
>
> THE GOVERNMENT'S PLAN TO INSTALL INTERNET FREE OF CHARGE ACROSS THE COUNTRY IS A LITTLE CONTRADICTORY, AS IT ALSO WANTS TO SEND A MESSAGE OF AUSTERITY.
>
> CARLOS VELA

– it has a lack of autonomy and has not clarified certain regulations which, in investors' eyes, means there is a lack of clarity regarding investment opportunities. "We have a very important challenge as a country in the construction of infrastructure, as there are still some two million people without access to telecommunications," Legorreta says. "However, as they live in small communities, investment in infrastructure to bring those services to those inhabitants is not seen as an attractive business proposition for many carriers."

The government has also failed to provide sufficient incentives to encourage the investment needed to increase smaller communities' access to telecommunications, says Legorreta. "More than a question of regulation, it is an issue of public policies," he adds. **Carlos Vela**, partner at Baker McKenzie in Mexico, says one of the major concerns of his firm's clients is public policy, specifically understanding which department of the government will take charge of the so-called 'digital agenda'. He explains: "What we see now is a tendency on behalf of the new government to reject the work of autonomous institutions such as the IFT. Another client concern is that there is a digital agenda within the transport and communications ministry, as well as one within the office of the Presidency, and it is not clear which one will take the lead on these matters."

> "
>
> THE GOVERNMENT WANTS TO BRING INTERNET TO EVERYONE, BUT THE PROBLEM IS BUDGET – NOBODY IS GOING TO DO IT FOR FREE.
>
> LUIS RUBIO

Such confusion is deterring investors, according to lawyers. Vela says: "The government's plan to install internet free of charge across the country is a little contradictory, as it also wants to send a message of austerity, and it will not award hardware contracts during the first year of government, and it may therefore take longer than planned to implement certain actions."

That said, there are significant opportunities for investment in infrastructure that could generate substantial work for law firms. Yet this is dependent on the government showing some more urgency when it comes to promoting such a programme. Legorreta says "We need to see coordination among the different regulatory bodies, as well as ambition on behalf of the government to encourage investment."

At war with THE 'BIG FOUR'

New data shows PwC was the second best performing law firm in Iberian M&A in 2018, while Deloitte and KPMG were also ranked in the top ten

The presence of the 'Big Four' in the Iberian legal market has always provoked fierce debate. Their supporters say they have tremendous resources that enable them to make massive investments in back office technology, which allows them to provide more efficient services for clients. It is also claimed that this more efficient service delivery enables the 'Big Four' to charge much more competitive fees than their rivals. However, their detractors say they are rarely involved in the biggest M&A transactions, and due to their additional roles as auditors, they face a multitude of conflicts that restrict them from fully penetrating all parts of the market.

But these are opinions. The facts are that the 'Big Four' are becoming an increasingly powerful force in the Iberian M&A market, which was dominated by mid-market deals in the last year, as new data confirms. While Mergermarket statistics show that Garrigues – under the leadership of managing partner **Fernando Vives** – advised on the most Iberian deals in 2018 (the firm was instructed on 96 deals with a total value of $53.8 billion), PwC Legal was the second ranked law firm by deal volume. Of all the leading M&A law firms in Spain, it was PwC Legal, which is headed by managing partner **Joaquin Latorre**, that experienced the most dramatic growth in the last 12 months by deal volume. PwC's M&A practice more than doubled in 2018 – the firm advised on 86 deals (up from 36 the previous year) with a total value of $6.5 billion.

Among the deals on which PwC advised last year was private equity firm L Catterton's €120 million acquisition of Spanish restaurant chain Goiko Grill (which was advised by another 'Big Four' firm, EY). In addition, PwC advised Varde Partners on the acquisition of a 49 per cent stake in WiZink Bank from Banco Santander (which instructed Pérez-Llorca). As an M&A lawyer at one law firm put it, "if you're going to do mainstream work, medium-sized M&A, of course, they [PwC] are very serious competitors to watch in the future". The source added that PwC had undergone dramatic expansion in recent years and was also in the middle of a fierce recruitment drive. Another member of the 'Big Four', Deloitte Legal, was the fifth-ranked law firm in Iberia by deal count, advising on 48 deals with a total value of $5.2 billion. Meanwhile, KPMG Abogados was ranked eighth, advising on 31 deals with a total value of $8.3 billion.

138%

Increase in the number of M&A deals handled by PwC Legal in Iberia in 2018, according to margermarket

PWC LEGAL: RECENT KEY DEALS IN IBERIA

FEBRUARY 2019

Advising **Platina Energy Partners** on the sale of a 30MWp (megawatt peak) solar plant portfolio in Spain to investment manager Q-Energy

JUNE 2018

Advising private equity firm **L Catterton** on the acquisition of Spanish restaurant chain Goiko Grill (which was advised by EY)

APRIL 2018

Advising **Varde Partners** on the acquisition of a 49 per cent stake in WiZink Bank from Banco Santander (which instructed Pérez-Llorca). Financial details undisclosed

With regard to future M&A activity, **Javier Mateos Sánchez**, a director at PwC Legal, says that the real estate sector in particular will continue to offer many opportunities for investors. "Transactions such as the sale of the real estate business of Caixabank, purchase of Testa or the takeover bid on Hispania, have been key deals during 2018," he says. "Another area that has been particularly active has been energy, transport and infrastructure, with transactions such as the sale of 20 per cent of Gas Natural, the takeover bid on EDP and the sales of Acciona Termosolar, Eolia, Redexis and Itínere."

THE WRONG PERCEPTION

The head of PwC Legal's M&A practice in Spain is **Javier Gómez**. He rejects suggestions made by some lawyers at rival firms, who argue that PwC are not at the forefront of M&A deals and are instead providing ancillary advice on tax and due diligence. Gómez, whose previous firms include Garrigues and Stephenson Harwood, says such a perception is wrong. "There have been a great number of transactions in which PwC legal has been involved in 2018 and it was full legal advice on the transaction including due diligence, SPA (sales and purchase agreement) advice and post-deal advice – PwC Spain is one of the largest law firms in Spain very focused on the middle market, and bear in mind that Spanish legal business is mainly focused on middle market transactions."

Though the 'Big Four' performed well, the market leader is Garrigues, which advised on 96 deals – with a total value of $53.8 billion – in 2018. This included providing advice on the multi-billion euro acquisition of Abertis, while other reported deals included advising fast-food businesses Alsea and Zena in relation to the acquisition of Spain's Grupo Vips, which operates

JAVIER GÓMEZ

in more than 450 locations in the country. "Spain is still a hospitality (hotel and services) and real estate (construction) driven economy," Garrigues partner **Álvaro López-Jorrín** says. "These sectors show the largest asset stock for investors."

It was a record year for foreign private equity fund investment in Spain, with €4.35 billion recorded in the first nine months of 2018. While the number of deals was not particularly high, Spain saw a spate of so-called "megadeals", particularly in the energy and real estate sectors. "The major private houses have closed the biggest funds in recent years – Apollo, CVC and KKR and alike," says **Esteban Arza**, managing associate at Linklaters. "They've got tons of money to invest across the globe, but certainly there is a good focus now in Iberia."

Ashurst partner **Jorge Vazquez** says Spain has benefited from a combination of stable domestic conditions and global turmoil. "If you look at the

IBERIA LEAGUE TABLE BY DEAL COUNT 2018

2018 Ranking	2017 Ranking		Firm	2018 Value (US$m)	2018 Deal count	Count change	2017 Deal count
1	1	=	Garrigues	53,812	96	-2	98
2	8	▲	PwC Legal	6556	86	50	36
3	2	▼	Cuatrecasas	15,084	79	-14	93
4	3	▼	Uria Menendez	69,998	50	-14	64
5	4	▼	Deloitte Legal	5,286	48	3	45
6	11	▲	Perez-Llorca	29, 080	38	14	24
7	15	▲	Allen & Overy	56, 451	31	10	21
8	10	▲	KPMG Abogados	8,337	31	2	29
9	9	=	Gomez-Acebo & Pombo	1,352	29	-1	30
10	7	▼	Baker McKenzie	4, 590	25	-11	36

Source: Mergermarket

stock market, it looks like bingo, really," he says. "It's so volatile and difficult to predict – people are looking for ways they can create value, and where."

POLITICAL UNCERTAINTY

Other sectors in which there has been considerable M&A activity in Iberia include infrastructure, finance, pharmaceuticals, retail, transport, food, and tourism, lawyers say. However, with regard to the outlook for the coming year, there is much uncertainty as significant volatility is expected due to Brexit, elections in Spain, interest rates, the US and China.

"I think it will be a decent year in terms of M&A activity," says Hogan Lovell partner **José Balañá**. However, he adds that 2019 will be "nothing compared to 2018, because of these political risks in the pipeline."

Meanwhile, Garrigues partner **Mónica Martín de Vidales** says private equity funds "amazing amounts of dry power may lead to an increase of M&A activity in general". However, she adds that "market volatility, political uncertainty, restrictive trade policies and a weak US dollar may limit foreign investors' appetite for Spain."

That said, the general feeling among lawyers is one of optimism. "We are very positive with regard to 2019 M&A activity," says Allen & Overy partner **Ignacio Hornedo**. "Our work in progress and pipeline in the first quarter is really strong and we anticipate another very solid year ahead."

PWC LEGAL'S MAIN MAN: JOAQUIN LATORRE


JOAQUIN LATORRE

PwC Legal Spain managing partner **Joaquin Latorre** says one of the reasons the firm was so active in the Iberian M&A market was that there was a considerable number of mid-market deals in the last year. "Investment is not only done by private equity funds, though they do a lot, many of our clients are entrepreneurs with whom we have had a long relationship and have helped to develop business strategies," he explains. Latorre, who has been with PwC in Spain for 22 years (after joining the firm from KPMG), says the firm's network of offices has also been key. "We have tax and legal experts in 20 different cities in Spain, where there are a lot of important mid-sized companies and we are in close proximity to these players," he explains. "We have become their 'trusted advisers', we have built a relationship with entrepreneurs and we have invested in order to improve our knowledge of their industry sectors."

PREDICTING THE FUTURE

Lawyers in Iberia are confident their firms will grow in the next 12 months, with increases in fees and profits expected, but overall there are significant doubts about economic prospects

Most law firms in Iberia expect to grow in the coming year due to greater volumes of work, the creation of new service lines, the recruitment of more lawyers and increases in legal fees, according to new research by *Iberian Lawyer*.

There was, overall, a positive outlook among lawyers in Spain and Portugal, despite the fact that there is less confidence regarding economic prospects compared to a year ago.

Iberian Lawyer's annual law firm growth survey showed that almost all (99 per cent) of lawyers in Spain and Portugal thought their firms would grow in the coming year. Three-quarters (74 per cent) of respondents thought growth at their firm would be driven by a greater volume of work. This was slightly down on the result for last year's survey, when 77 per cent of lawyers were anticipating increased workflow.

A total of 45 per cent of lawyers in this year's survey expect their firm to grow as a result of the creation of new service lines. This suggests firms are planning a more innovative approach to the way they serve clients, given that only 36 per cent of lawyers in last year's survey were anticipating the development of new services.

The results of the research also suggest there could be plenty of opportunities for legal recruiters. Almost 39 per cent of survey participants said their firm would grow as a result of recruiting more lawyers, a slight increase on last year's result when only 35 per cent were anticipating more hires.

Lawyers are frequently bemoaning the fact that clients are putting a lot of pressure on fees, but there are reasons for law firms to be more confident that they will be able to charge more for their services in the coming year. One in four respondents (25 per cent) said that fee increases would drive growth at their firm in the next 12 months, this compared to only 16 per cent of participants in last year's survey.

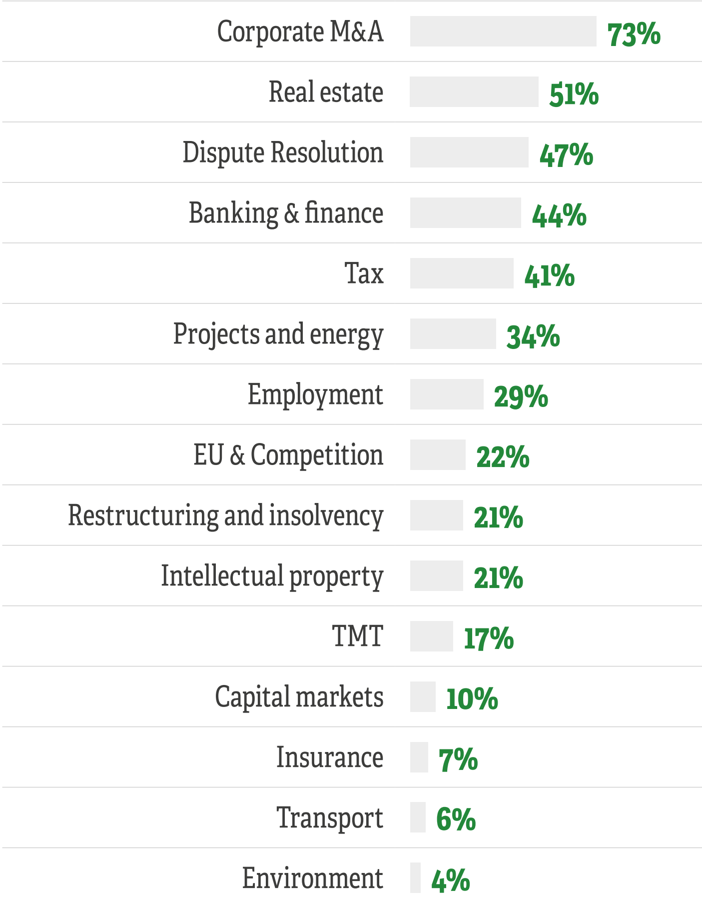
Profits going up?

The vast majority(92 per cent) of lawyers in Spain and Portugal who responded to the survey said they expected their firm's profits to increase in the coming year, they were asked: By how much?

Expected increase in profits	Percentage of respondents providing this answer
1-2%	15%
3-4%	21%
5-6%	26%
7-8%	12%
9-10%	13%
More than 10%	13%

International work will be the main driver of growth at law firms in Spain and Portugal in the next 12 months. The majority of respondents (54 per cent) said most of the growth at their firm would be generated by inbound work from clients outside their jurisdiction. This represented no change on the result in last year's survey. However, only 19 per cent of survey participants said growth at their firm would be a result of a "more positive economic outlook", this represented a massive drop compared to last year's result when 71 per cent of respondents were anticipating better economic prospects.

Lawyers in Spain and Portugal were asked: In which practice areas do you anticipate growth



SPAIN: LAW FIRM PROFITS EXPECTED TO RISE, BUT REAL ESTATE PROSPECTS DIMINISHING

Around half (52 per cent) of lawyers in Spain expect their firm to increase its headcount in the coming year, a slight increase on last year's result of 45 per cent. A total of 55 per cent of those respondents that think their firm will grow its headcount expect the growth to amount to more than 5 per cent. There is also considerable optimism that profits will increase. Two-thirds (67 per cent) of respondents expect their firm's profits to increase in the coming year, compared to 62 per cent in last year's survey. Around 63 per cent of those respondents that anticipate an increase in profits in the coming year expect the increase to be more than 5 per cent.

Survey respondents in Spain expect more dispute resolution, employment, environmental, projects and energy, restructuring and insolvency, tax and transport work than they did a year previously. However, capital markets work is expected to decrease quite dramatically – only 7 per cent of respondents expect this area of work to grow in the coming year, compared to 28 per cent in the previous year's survey.

Worryingly for Spanish law firms, there appears to be less optimism about prospects in the real estate market – traditionally a key generator of work for law firms in Spain – compared to last year. A total of 37 per cent of participants in this year's survey expect an increase in real estate work for their firm, compared to 55 per cent in last year's survey. Lawyers are also anticipating less TMT work than they were one year ago. However, there are

54% Proportion of survey respondents from Spain and Portugal that expect most of the growth at their firm to be driven by inbound work from clients outside their jurisdiction

Lawyers in Spain and Portugal were asked: If you expect your firm to grow, what will drive this growth?

Regulatory changes	28%
A more positive economic outlook	19%
Fee increases	25%
Cost reductions	19%
New service lines	45%
Recruiting more lawyers	39%
Greater volume of work	74%
More clients	64%
Greater political certainty	5%

similar levels of optimism regarding the outlook for corporate/M&A practices and banking work as there were 12 months ago.

Meanwhile, fewer survey respondents in this year's survey expect their firm to open new foreign offices in the coming year. A total of 11 per cent respondents in Spain expect their firm to open a new foreign office in the coming year, compared to 16 per cent who thought the same last year.

Meanwhile, there are more survey respondents who anticipate their law firm merging compared to last year's survey, while there are fewer this year expecting their firm to increase its intake of trainees.

PORTUGAL: LEGAL FEES EXPECTED TO RISE, BUT WORRIES ABOUT ECONOMIC OUTLOOK INCREASE

There is more optimism among lawyers in Portugal that legal fees will increase than there was a year ago. Almost 30 per cent of respondents said they expected higher legal fees to drive growth at their firm, compared to only 15 per cent in last year's research. In addition, lawyers think their firms are more likely to recruit more lawyers – 46 per cent of respondents anticipated this, compared to 34 per cent in the previous year's survey. Of those lawyers expecting their firm to increase its headcount, almost two-thirds (65 per cent) said they thought their firm would increase its headcount by at least 5 per cent.

However, lawyers are much less confident about the economic outlook than they were a year ago (only 31 per cent thought a more positive economic outlook would drive growth at their firm, compared to 87 per cent a year ago), while there is also more uncertainty about the country's political situation.

In what will be disappointing news for recruiters, lawyers in Portugal are generally slightly less confident their firms will make lateral hires in the coming year. However, compared to a year ago, survey respondents are more confident that their firm will increase its intake of trainees.

Compared to last year's survey, lawyers in Portugal are more confident that there will be growth in their real estate, TMT, employment, restructuring and EU and competition practices. However on the downside, there is generally less confidence about the growth prospects of firms' banking and finance, corporate and dispute resolution practices.

However, more lawyers in Portugal are confident that their firm will open a new foreign office in the coming year – 18 per cent of respondents to this year's survey expect the opening of a new foreign office, compared to just 3 per cent in last year's research. International work will be key for Portuguese firms, with more than two-thirds (68 per cent) of respondents saying inbound work from foreign jurisdiction will be the key driver of growth.


CONNIE BRENTON

BRENTON: LEGAL OPS AREN'T ONLY NECESSARY BUT ENJOYABLE

by anthony paonita

They say that success has many fathers. But when it comes to the law department specialty known as legal operations, success has a lot of mothers. Take **Connie Brenton**, for example. She's the "legal ops" chief of NetApp Inc. and one of the founders of the Corporate Legal Operations Consortium (CLOC). The energetic Brenton is a lawyer with an MBA, but, as she says, she's always liked the business end of legal practice. Brenton notes that a lot of legal ops professionals are women and that, contrary to how things worked in the past, they share practices and tips. She says she likes to create groups and procedures, and together with her general counsel **Matthew Fawcett**, they've created what Brenton calls "the legal department of the future." NetApp's department is lean, with 50 lawyers, half of what it was a few years ago, and relies heavily on technology and outside legal service providers for routine jobs.

The Latin American Lawyer talked with Brenton about her job, the future of legal practice and law firms, and why she left CLOC, the organization she helped create.

What was your impetus for getting into legal operations?
I was at the right place at the right time. I also have a propensity to understand and love the business side of almost everything. We had been acquired by Sun, I was working at StorageTech. And Sun back then, a dozen years ago, had built a legal operations team of 26. That was an insanely huge legal ops team, even by today's standards. Because of my interest in the law and business, I was invited to lead that team.
The GC, Mike Dillon, regularly shifted his leaders around. So I give a lot of credit to those 26 colleagues who helped train me.

How many are in your ops team now?
I'm with a team of one. We went from

three technologies to 21 technologies in the last 7 years. And I augment my operations team with an outsourced provider. So I have one full-time employee who works for NetApp. But we have 16 employees from Elevate [legal services provider].

Why do we have legal operations? What motivates it?

Legal never had to run like a business. We would say we didn't know our budget, we'd run a litigation and would say we didn't know what's going to come up, how much it's going to cost. There was no infrastructure in place.

And therefore...?

The legal department is the last frontier. We honestly played the fear message—"We can't run legal as we run everything else. We can't be cost-conscious, because if you start to nickel and dime your law firms, we have this potential threat of losing hundreds of millions of dollars".

But there's got to be more than budget concerns...

Here's the other thing that changed. The role of the general counsel changed. Decades ago, the general counsel was a figurehead. If you couldn't make it as private counsel in a firm, they'd say, ah, you have to go over and be a GC. And then you'd manage outside counsel.

What happened then...?

That all started to shift when the corporations and the CEOs have raised their expectations; that the legal department be run like a business. So then the general counsel came over, started to build their teams, then there was a cost pressure that was infused into the entire industry, that kept it moving forward.

The discipline really has developed.

Seriously, if you read articles about this from 1995, they're very similar to the ones you read now. But now we're seeing real change. Thomson Reuters just published their report on metrics. And there's double-digit growth in the alternative legal services market, year over year.

These are people like...

Axiom, UnitedLex, Elevate, any of your tool providers and consulting companies. And the delivery of legal services has fundamentally changed. So now we don't go to law firms for NDA support, for example. It's overkill. Some of these alternative firms are better than the law firms with NDAs. They do many more of them.

Do you think, with this happening, what's going to happen to the Am Law 200?

Follow the numbers to see where the industry is going. There are lateral moves, and that's new. It used to be shameful to move from one firm to another. There are consolidations, the entering classes are not as big, the number of partners is not as large. The profits per partner, the only metric firms focus on, are affected when you change the denominator. When you have fewer partners, your profits per partner go up. And it's a cycle, because you want to attract laterals. Law firms are not going away. We need their services. But we do not need their services for a good portion of the routine work.

WE CAN'T BE COST-CONSCIOUS, BECAUSE IF YOU START TO NICKEL AND DIME YOUR LAW FIRMS, WE HAVE THIS POTENTIAL THREAT OF LOSING HUNDREDS OF MILLIONS OF DOLLARS.

What kind of people get into legal ops?

One of the other things that changed is the rise of the role of the legal operations manager. That centralizes buying. And the majority of legal ops doing the purchasing are women. And that is a different buying tendency than men.

How?

It's cooperative. We're sharing information with each other. It used to be that you had to buy legal services in a vacuum. No longer. Now if you need a technology or want to rewrite a process, you just throw a note out into the community and the community responds.

What kinds of background do these people have?
It's a mix. Lawyers, finance people, people with business backgrounds, and if you look further into the team, it's the same makeup. We're seeing more lawyers coming into the role because it's a ton of fun. It's different every day and it's growing so quickly.

You're choosing outside counsel. How does that work? Do you have a panel?
We work differently in different places. So you could start with creating a panel where you take it from 200 to 40, or to 10 or 12. It's never really that. If someone tells you they have a panel of 12, they don't.
You want your law firms to understand your business, so you might be willing to pay a bit more for a firm that you've been doing work with for 15 years. So it's not all based on the exact dollars and cents.

I ALSO HAVE A PROPENSITY **TO UNDERSTAND AND LOVE THE BUSINESS SIDE** OF ALMOST EVERYTHING

Cost isn't the main criterion?
What we're all trying to do is to understand how much something should cost. Eighty-seven percent of our fees are fixed. But the reason they're fixed is because I spent years gathering data. We're now very data driven. I know how much something should cost. But it took awhile to gather enough data to answer that question. We have a wizard. Every time we get an hourly rate card, we compare it with the hourly rate we've got with a like firm that we use. We used to compare it to industry, geography, number of years attorney practice. And we benchmark the rates...
Do you ever push back to these firms?
If the rate looks high, we'll just go to the firm next door who's already in our environment. But they continue to raise their rates, and it's an irritant to me.

Every year, despite our having 87 percent on fixed fees, they send over their rate cards, which drives me batty. We have to run this wizard on every one of them.

Really?
We might have 20 timekeepers for one firm. Then we do the comparison and the rate increases are between 20 and 40 percent. I said, you guys I don't get this. They'll say they're only getting a 4 percent increase. And I would run our numbers and they are between 20 and 40.

Why?
A first year associate might be getting $400 an hour and a second year 500/hour. That raise is not seen as a rate increase by the law firms. It took me years to figure that out. Then they'd add the 5 percent. So the first-year associate got 100 plus the 5 percent.

Let's talk about artificial intelligence. Will it eliminate e-discovery jobs?
AI has already been imbedded in the process, so the jobs that exist are stable. AI takes a large data set, and it will take awhile for it to know how to deal with other processes. We're using it, to identify terms within a contract. But you have to have enough contracts in the system to train the system. We thought it would take about 500 contracts to train. No, it's taken 2000.

Can we talk about CLOC? You were a founder.
I started it when I moved to California and the GC wanted benchmarking information. So I started making phone calls to people I knew had the role back then. It was a book club, from 2010 to 2016. And then we decided to create a nonprofit organization, and it went from 40 to over 2000 members. We decided to have an event and we had 500. Then we moved to Vegas and 1500 then 2000 attendees.

It grew, and you left recently...
I love to create. When you get an organization to grow to that size, it takes resources to maintain. And there was more of a desire to go into a maintenance mode and that's not exciting for me. Others raised their hands, and the community is healthy. It was an opportunity to move on.
This is such a cool time to be in the industry. The opportunities are endless.