

Tax Group of the Year: Morgan Lewis & Bockius

By **Matthew Nesto**

Law360 (February 7, 2018, 6:01 PM EST) -- Morgan Lewis & Bockius LLP's growth strategy paid off big in 2017, evident in its blistering \$1.5 billion win for Amazon in a case against the Internal Revenue Service that went back more than a decade and marked one of the largest transfer pricing disputes ever litigated, landing the firm a spot among Law360's Tax Practice Groups of the Year.

For the Amazon case, the dispute centered around a cost-sharing arrangement the Seattle-based company had entered into in 2005 and 2006 with Amazon Europe Holding Technologies in Luxembourg, in exchange for the right to use certain intangible assets. The U.S. Tax Court found in March 2017 that the IRS had been "unreasonable" in assessing \$234 million for buy-in payments made to the European affiliate that it deemed had not been done at arm's length.

While other firms may have a higher headcount, tax practice lead Barton Bassett says the depth of knowledge the 85 lawyers on his team bring to the table is hard to beat.

"We are a full service global tax practice" Bassett said. "If you're a Fortune 500 company, we have a broad team that leverages our breadth of experience and can handle any important tax matter."

In addition to its work for Amazon, Morgan Lewis was also lead counsel for Coca Cola's \$139 million reinstatement of Mexican tax credits. Morgan Lewis launched its opening salvo in the case at the tax court in June and worked out a settlement by December. The case is related to a much larger \$3.3 billion transfer pricing case the global beverage company that is set to go to trial over in March.

Noted tax law expert John Magee, who came to Morgan Lewis in 2014, said the firm's impact and leadership can be attributed to several things.

"We work in every industry you can think of and are really team oriented," Magee said, "including teaming with client resources as well. It's not a situation where we just grab the case and take it away."

Magee, who headed the Amazon case with deputy tax lead Sanford Stark, said he frequently advises young lawyers that they should try to be a tax lawyer who litigates, not a just a litigator.



“Victory is always nice, but the agony of defeat is more poignant,” Magee said, adding his belief that having a technical background and full understanding of a client’s value chain were keys to success.

Aside from big wins in court, Morgan Lewis also had a hand in many different transactions last year, including its role as lead tax counsel in Dr Pepper Snapple Group’s \$1.7 billion acquisition of Bai Brands that closed in January 2017.

In addition, the firm cites its work as lead counsel to Apollo Global Management and Twinkies-maker Hostess Brands in Gores Holding's \$2.3 billion acquisition of Hostess, calling the November 2016 transaction “exceedingly complicated due to the bifurcated post-bankruptcy ownership, as well as structuring a mixed cash and stock acquisition as tax-free and the negotiation of a tax receivables agreement.”

Magee and Bassett both touted the firm’s growing tax exempt organizations group. In particular, Morgan Lewis says it served as both tax counsel and legal adviser to Strada Education Network on issues including tax and corporate structuring, as well as investment and governance issues. It also helped to resolve a class action against the company over student loans.

“Tax exempt organizations is a very important marketplace dealing with very complex issues,” Magee said. “It’s really one of the crown jewels of the practice.”

Another area Morgan Lewis covers is research and development tax credits, which it says is led by tax partner Alex Sadler, a nationally recognized leader in R&D credit controversy and litigation as well as an author of a leading treatise on the subject. The firm cites work for companies such as Steel Dynamics, which involves substantial sums and important and novel legal issues that have not been litigated to date.

--Additional Reporting by Vidya Kauri. Editing by Emily Kokoll.