

Rising Star: Morgan Lewis' Sarah L. Brodie

By Theresa Schliep

Law360 (June 24, 2021, 4:03 PM EDT) -- Sarah L. Brodie of Morgan Lewis & Bockius LLP helped steer Disney's agreement to take over Hulu — a deal valuing the streaming giant at least \$27.5 billion — earning her a spot among the tax lawyers under 40 honored by Law360 as Rising Stars.

THE BIGGEST DEAL OF HER CAREER:

While a lot of the work Brodie does isn't public, she says that the Disney-Hulu transaction presented challenging Subchapter K issues. Brodie, who focuses on partnership tax, was the lead tax lawyer on the Morgan Lewis team that represented The Walt Disney Co., which agreed to purchase NBCUniversal's interest in Hulu as soon as 2024.

Brodie has worked with Disney since the beginning of her law career, when she worked with Bingham McCutchen LLP as a tax associate, which later merged with Morgan Lewis. Disney has been "incrementally gobbling up" more pieces of Hulu, and this transaction was the latest part of that process.

"It's been really interesting to get to experience the evolution of that business," Brodie said.

That transaction values Hulu at a minimum of \$27.5 billion and allows Disney to assume full control of Hulu. The partnership aspects of the transaction, the economic angles of the deal and the interaction between the two were particularly interesting, Brodie said.

"The Subchapter K issues in there were quite interesting. But the economic deal was a little unusual in that in addition to purchasing a big part of the partnership, Disney also agreed to purchase even more of it in the future," Brodie said.

WHY SHE'S A TAX ATTORNEY:

Brodie can't remember exactly why she wanted to get into law. But



Sarah L. Brodie
Morgan Lewis

Age: 35
Home base: Washington, D.C.
Position: Partner
Law school: New York University
School of Law
First job after law school:
Bingham McCutchen LLP tax
associate

she attended New York University School of Law, and took a tax course her first year there. The problem-solving potential in tax law was attractive to her, she said.

"It's almost like working within a natural system where if income does one thing, basis has to naturally do a corresponding thing. It's really fun to work within a coherent puzzle that is also a combination of a natural system and something that was obviously built by humans," Brodie said.

The economics of partnership tax, such as that of the Hulu deal, are particularly fascinating, Brodie said. Partnership tax attorneys are often "immersed in the nitty gritty of the economics" because of the way Subchapter K works.

"If you want to be respected under Subchapter K, your economics have to do pretty specific things," she said.

WHAT MOTIVATES HER:

The daily problem-solving that is a huge part of life for tax attorneys is motivating, Brodie said. Providing practical, actionable advice to clients is especially satisfying, she said.

Brodie also noted that she's been mentored by her colleagues and by one in particular who has taken an interest in her career.

"I would not be where I am without a huge amount of support from the people I work with," she said.

Her ability to pass along some of her knowledge and nurture the next generation of talent has proven especially motivating, Brodie said.

"Now that I'm getting more senior I try to really remember to pay that forward with the people who are starting with us right now," she said.

HER PROUDEST MOMENT AS AN ATTORNEY:

One of Brodie's proudest moments was the work she did early in her career, when she was an intern for the Internal Revenue Service. She contributed to the agency's efforts on a foreign tax credit dispute with Hewlett-Packard Co., conducting research on a debt equity issue in the case.

Brodie said she ended up reading hundreds of cases on debt equity in her research for the agency.

"I ended up finding still perfectly good law, but very old cases from the 1940s that were on point and on our issue and were really supportive of the IRS' case," Brodie said. "That research helped my IRS colleagues build their brief in that case."

Brodie left the IRS for private practice while the case was pending. But it was eventually decided in the IRS' favor on the debt equity issue, a decision affirmed by the Ninth Circuit.

Brodie is also looking forward to the release of a new edition of a partnership treatise she helped write in the next couple of years, she said.

"When that new, big hardcover book hits peoples' desks, I'm going to be very proud," she said.

HOW SHE THINKS TAX WILL CHANGE IN THE NEXT 10 YEARS:

Tax might face significant changes in the short term and the long term, Brodie said. The likelihood that the IRS will see funding boosts in the near future will be good for business, Brodie said, but will likely change the industry for attorneys and other practitioners.

"It's been unfair that the IRS has more and more responsibility put on it when its resources have not expanded commensurably," Brodie said. "The IRS being revitalized is going to up the government's game and tax practitioners are going to have to be even more on their toes with respect to transactions they do, litigation they do, everything."

And Subchapter K in particular might see more changes in the coming years, with lawmakers subjecting partnerships to increased scrutiny and proposing legislation to fix what they see as potentials for abuse within Subchapter K, she said.

The long-term outlook for tax also depends on whether interest rates will remain low as they have over the past decade, according to Brodie. Governments might see an increased need for more revenue and could look to different types of taxes to supplement their coffers.

"In the longer term, it depends if we're coming to the end of the low interest rate world we've been living in," Brodie said. "If we are, the government is going to need a lot more revenue. In that world it's going to be harder to not adopt new types of taxes."

— *As told to Theresa Schliep*

Law360's Rising Stars are attorneys under 40 whose legal accomplishments belie their age. A team of Law360 editors selected the 2021 Rising Stars winners after reviewing more than 1,400 submissions. Attorneys had to be under 40 as of April 30, 2021, to be eligible for this year's award. This interview has been edited and condensed.