

In Unique Deal, Morgan Lewis Merges With Singapore's Stamford Law

Posted by Brian Baxter and Anna Zhang

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Having just absorbed the bulk of Bingham McCutchen, a first-of-its-kind merger now awaits Morgan, Lewis & Bockius, which is poised to announce a union Monday with Singapore's Stamford Law Corp.

The combination will make Morgan Lewis the largest global firm in Singapore and the only one with the capacity to practice local law across a range of practice areas. Stamford, an 80-lawyer firm based in Singapore's Ocean Financial Centre, will adopt the name Morgan Lewis Stamford once the union becomes official on April 1.

The deal between Morgan Lewis and Stamford is somewhat akin to Mayer Brown JSM, the entity formed via the Am Law 100 firm's 2008 merger with Hong Kong's Johnson Stokes & Master.

Suet-Fern Lee, a senior director and founding member of Stamford, says that the merger between her firm and Morgan Lewis is a "trailblazing" transaction for Singapore's legal services industry, pointing out that there are regulations against the pure acquisition of a Singapore firm, but that there are no such prohibitions against the "internationalization" of such a firm.

When asked why no other local firm has tried to do such a deal before, Lee has a simple answer: "We had not thought of it." She notes that Stamford utilized existing rules and asked for no special treatment.

"I did not realize the possibility until I undertook a very meticulous study of the regulations," adds Lee. "Probably everyone including myself had not appreciated that this was an available option within the existing regime."

Morgan Lewis Stamford will become Morgan Lewis' headquarters in Asia and all of its partners and associates will have the same roles at the 2,000-lawyer combined entity, which will now have 29 offices around the world. Morgan Lewis, which also operates an office in Tokyo separate from the rest of its Asia practice, shuttered its previous offices in Singapore and nearby Jakarta back in 2000 in the aftermath of the Asian financial crisis, but firm leader Jami McKeon says that times have changed in the region, with Singapore now rivaling Hong Kong as a key financial services center.

"Singapore has increasingly become a destination for our clients in Asia," says McKeon, who officially took over as chairwoman of Morgan Lewis on Oct. 1. "It has a strong commercial court



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system, a growing hub for international arbitration and a low cultural barrier of entry—everyone speaks English."

McKeon says talks with Stamford began late last year, right around the same time Morgan Lewis was in negotiations to take on more than 750 lawyers and staff from Bingham McCutchen, as the latter began to unravel. Morgan Lewis did not work with a consultant, McKeon says, but was introduced by a third party she won't name to Stamford's Lee, who besides her role at the firm is considered a leading dealmaker in Southeast Asia. (Lee is the eldest daughter of a well-known economist and wife of Lee Hsien Yang, a high-profile Singaporean business executive with family ties to the country's political elite.)

Lee says that Stamford had been approached at various times by global firms seeking out some type of local collaboration, perhaps because of its small size that would easily allow it to be folded into a larger suitor. She was aware of Morgan Lewis' discussions with Bingham McCutchen, but says they were an incentive, not a deterrent, to proceeding in tie-up talks with the firm.

"We know that Morgan Lewis has a strong reputation for thorough integration," Lee says. "We knew that if they did the deal with Bingham, it would be because it would make a lot of sense and would be accretive, both strategically and financially, for Morgan Lewis."

When discussions between Morgan Lewis and Stamford began last September, Lee adds, it didn't take long to realize the two were a strong match in terms of culture, values and priorities, and she developed a good rapport with McKeon. Stamford was also driven

by a need to service clients expanding their regional and global horizons, says Lee, noting Singapore's role as an important center for corporate work but also as an increasingly popular venue for arbitrating international disputes. (The Singapore International Commercial Court launched in January.)

"For Morgan Lewis, I think about 55 percent of their revenue [is] derived from disputes work," says Lee, describing Stamford's decision to couple up with the firm over other suitors. "It was an easy decision ... it was also the right thing for our firm. [This deal] will create opportunities for training and exposure for our lawyers that only a top-tier international firm can offer."

McKeon praises Stamford's strong disputes, energy, private funds and tax practices, which she says will help Morgan Lewis forge stronger ties to clients in China, Indonesia, India and Japan. Besides its Tokyo base—one that only some Bingham McCutchen partners chose to join—Morgan Lewis also has offices in Beijing and two outposts in Kazakhstan.

The tie-up with Stamford means Morgan Lewis won't have to apply to Singaporean authorities to become a Qualifying Foreign Law Practice (QFLP), a sought-after designation that allows foreign firms to practice locally if they meet certain hiring and revenue targets. Singapore has issued 10 QFLP licenses to Allen & Overy, Clifford Chance, Gibson, Dunn & Crutcher, Herbert Smith Freehills, Jones Day, Latham & Watkins, Linklaters, Norton Rose Fulbright, Sidley Austin and White & Case. (White & Case will have a hearing in April on the renewal of its QFLP, while Herbert Smith Freehills, which gave up its QFLP last year, formed an alliance in February with three-lawyer shop Prolegis.)

Foreign firms can also gain access to the Singapore market through either a joint law venture (JLV) or formal law alliance (FLA). The latter two are similar and involve a foreign firm entering into a cooperation agreement with a Singapore firm. JLVs and FLAs allow litigation as long as lawyers with Singapore firms handle it, but a QFLP does not permit foreign lawyers to appear in hearings before regulatory bodies or tribunals in Singapore. (Criminal, constitutional, administrative and family law in Singapore remain "ring-fenced," and thus beyond the purview of foreign lawyers.)

Morgan Lewis Stamford won't be a FLA, JLV or QFLP. Lee says

the combined firm will have the ability to advise on any aspect of Singapore law, with no restrictions on appearing in court, and at the same time be able to provide U.S. or English legal counsel from lawyers from other offices with the appropriate qualifications. "Naturally, all Singapore law work, including litigation, will continue to be undertaken only by qualified Singapore lawyers," she adds.

Morgan Lewis and Stamford have already secured approval from a separate Singaporean regulatory body to change the name of the combined firm locally to Morgan Lewis Stamford. In January, sibling publication *The Asian Lawyer* reported on a \$1.8 million deal struck by Stamford to outsource its corporate secretarial files to Zico Holdings. The move was designed to free up Stamford's lawyers for more high-end legal services work, which they will now do in an integrated platform at Morgan Lewis.

"No [Swiss] vereins for us—all Stamford partners will be Morgan Lewis partners," says McKeon, who has guided Morgan Lewis through many an integration and prefers the one-partnership firm model. Stamford's Lee acknowledges that mergers are easier when both legacy firms have "broadly consistent levels of profitability," which can be a challenge for smaller domestic firms combining with global legal giants.

Stamford is the sixth-largest firm in Singapore, and while Lee says it could have been bigger, the partnership "consciously decided" not to measure success by size. Singapore firms don't release their financials, but Lee notes that the fact all of its partners are being admitted into Morgan Lewis' partnership speaks for its ability to handle full financial integration with an international firm.

"Our focus has been the quality of work and the quality of the client," she says. "And we have been fortunate that has also helped our profitability."

Morgan Lewis, which has reshuffled several leadership positions following its absorption of 226 Bingham McCutchen partners late last year, has tapped Lee to serve as managing partner of its new Singapore office.

Morgan Lewis hopes to expand throughout Asia, and while no new openings in the region are imminent, the Philadelphia-based firm continues to grow closer to home. Just last week, Morgan Lewis lured eight lawyers in Dallas from K&L Gates, according to sibling publication *Texas Lawyer*.

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