



Morgan Lewis

**ADVANCED TOPICS IN  
HEDGE FUND PRACTICES  
CONFERENCE**

**Manager and Investor Perspectives  
WEBINAR SERIES**

**Track 2: Trends and Market Developments**

Thursday, May 12, 2022

[www.morganlewis.com/2022hedgefundconference](http://www.morganlewis.com/2022hedgefundconference)

# Emerging Developments and Opportunities in the Hedge Fund Marketplace

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**Morgan Lewis**

# Some Current Trends

- Market Volatility
- ESG
- Digital Assets
- Credit Funds
- Sanctions
- Capital Raising
- Investment Management M&A
- Funds of One and SMAs
- Co-Investments/Hybrid
- Privacy and Cybersecurity

# Where are We in 2022 with Respect to Private Credit Funds?

1

Many of the short-term funds launched circa 2020 are in, or are turning to, harvest mode

4

Making adjustments for higher interest rates and inflation

2

Some dislocation strategies saw the initial opportunity close or at least diminish

5

Applying lessons learned in the 2020 wave of private-credit fund launches

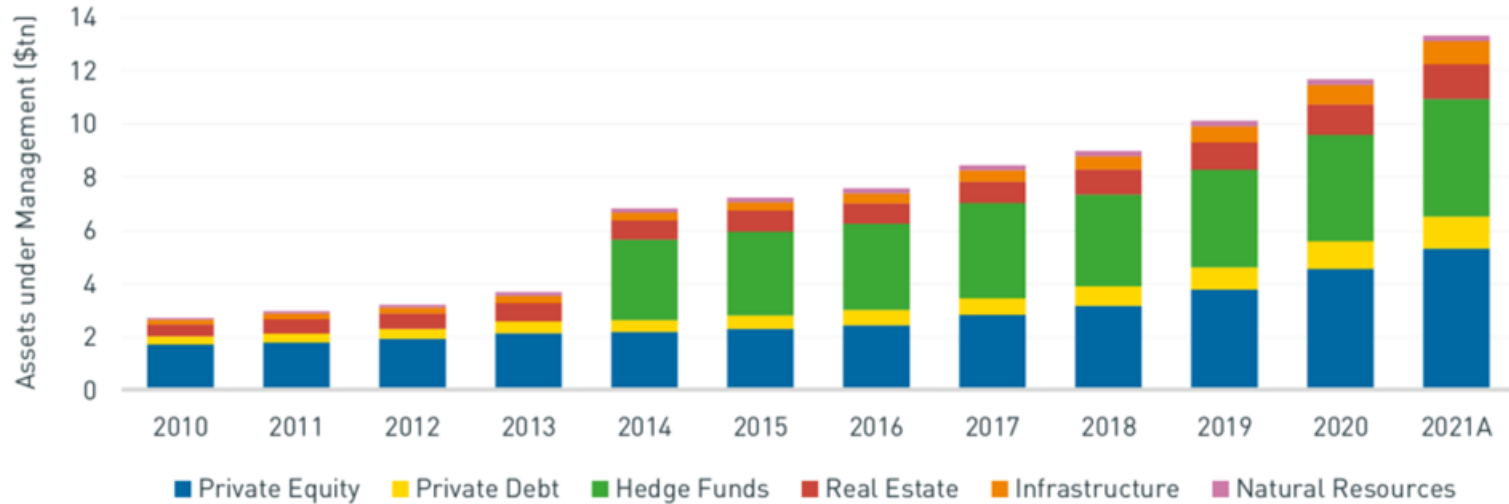
3

Opportunities expanding into areas such as real estate (including REO), mortgage servicing rights, distressed, digital assets and others

6

Planning to take advantage of continued growth

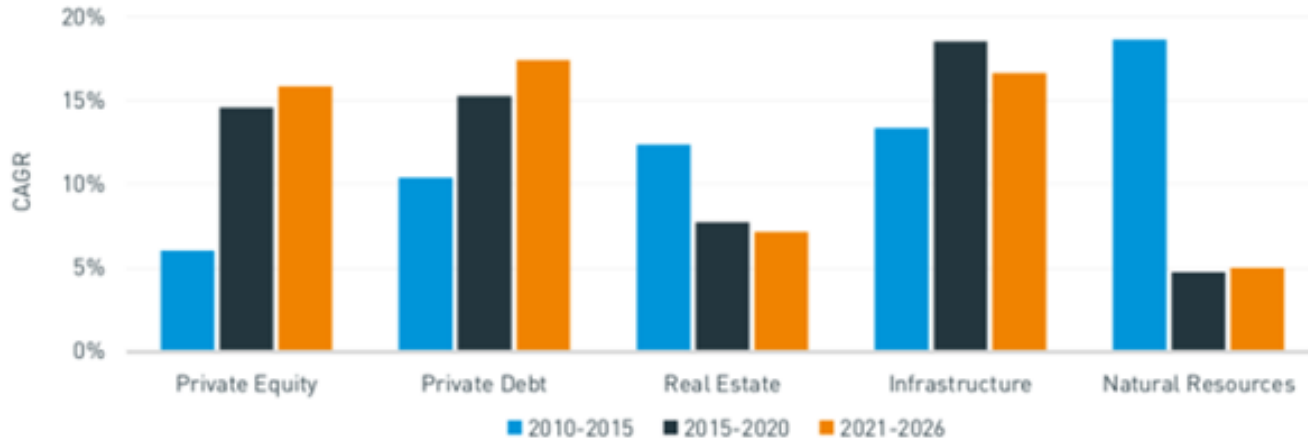
**Fig. 1.1: Alternative Assets under Management, 2010 - 2021A\***



Source: Preqin

\*2021 figure is annualized based on data to March 2021

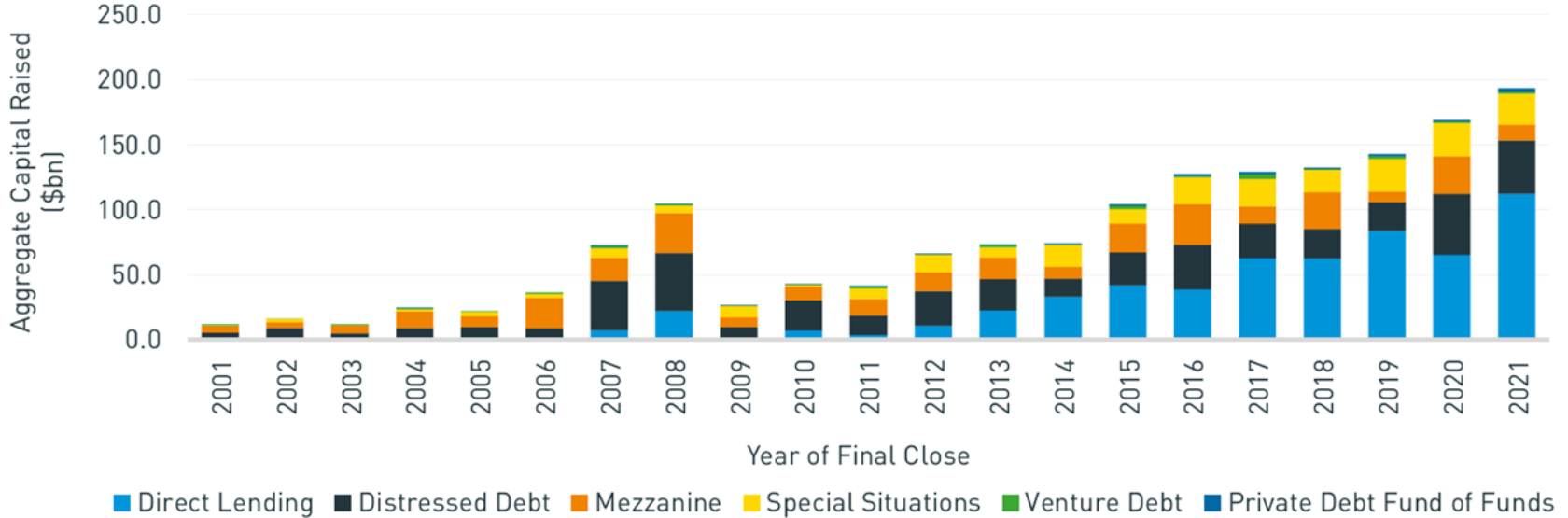
Fig. 1.26: Historic and Forecast Assets under Management CAGR by Asset Class, 2010 - 2026F\*



Source: Preqin

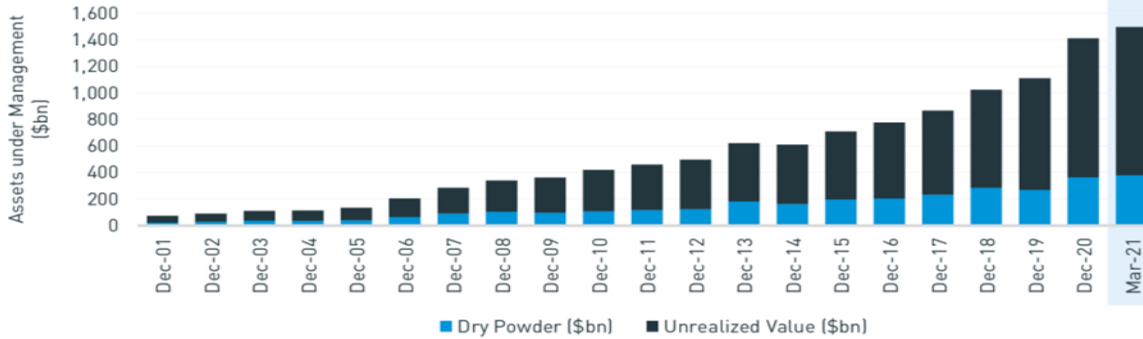
\*2021 figure is annualized based on data to March. 2022-2026 are Preqin's forecasted figures.

**Fig. 1.9: Aggregate Capital Raised by Private Debt Funds Closed by Type, 2001 - 2021**



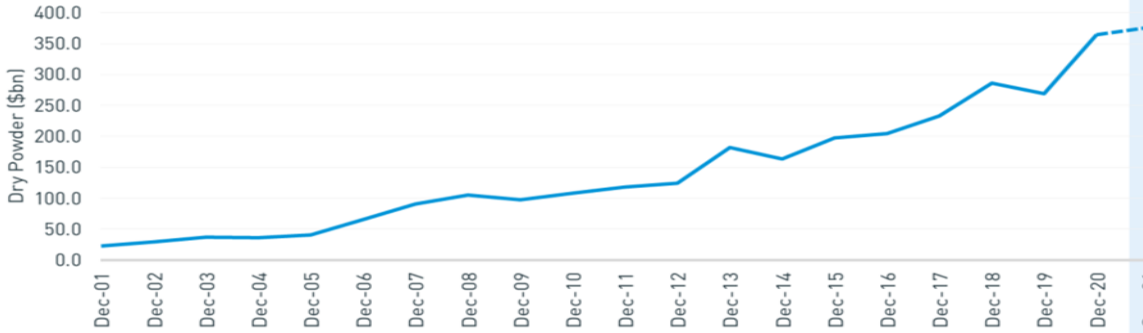
Source: Preqin Pro

**Fig. 1.2: Private Debt Assets under Management, 2001 - 2021**



Source: Preqin Pro

**Fig. 1.3: Private Debt Dry Powder, 2001 - 2021**



Source: Preqin Pro





**\$2.69<sup>tn</sup>**

Projected global private debt AUM by 2026



**\$193<sup>bn</sup>**

Total capital raised by the 202 private debt funds closed during 2021



**689**

Number of private debt funds in market as of Q3 2021. These funds are collectively targeting \$290bn



**708**

Number of private debt-backed deals completed to Q3 2021



**4.8%**

Net annualized IRR of private debt funds over the three years ending March 2021



**91%**

Proportion of surveyed investors that intend to maintain or increase allocations to private debt over the long term

# Trends (or lessons learned)

- **Structuring**

- Open-end vs closed-end structures: short-term (2-7 year) closed-end format becomes common
- Need for speed: segregated portfolio-type entities and programmatic series of funds
  - Rise of the contingent dislocation funds (trigger funds)
  - Rollover funds
- Non-US jurisdictions: prominence of Luxembourg (and Ireland and Cayman Islands)
- Effectively connected income issues driving structures (direct and other lending)
- Captured loan-servicing providers or other servicers and appropriate licensing
- ESG relevant to private credit too
- Multi-strategy within private credit realm

- **Terms**

- Other sources of fees (servicing, loan origination, consulting)
- Thoughts on fee offsets
- Recycling
- Hybrids are . . . complicated
  - Subscriptions based on net asset value vs interest charge for subsequent investors
  - Performance allocation vs carried interest (beware phantom income)
  - Management fee based on net asset value, contributions or commitments (a note on leverage)
  - Addressing yield

# Placement Agreements



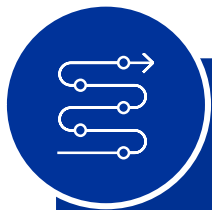
- Registered Broker-Dealers
- Different Types of Distribution Arrangements
  - Independent placement agents
  - Platform providers
  - RIAs
- Economics
  - Can vary significantly from 20% on all revenue (old model) to a % of management fees
  - Sunset for payment of fees
  - Post-termination tail
  - Retainer/expenses

# Placement Agreements



- Covered Prospects: Seek to attach specific list (and carve-outs) or limit scope
- Exclusivity: Both the placement agent and the management company
- Parties to Agreement and responsibility for liabilities
- Non-solicitation of Investors
- Control the Relationship
  - Foreign jurisdictions
  - Use of sales material
  - Compliance with laws
  - Rule 506(b)

# Placement Agreements



- Other contractual provisions
  - Capacity
  - 10(b)-5 representation
  - 506(d) Bad Actors
  - AML

# Distribution Considerations – Separately Managed Accounts



- We have observed an increase in the use of separately managed accounts (SMAs) throughout the United States, Europe, Latin America, and Asia as an alternative to commingled vehicles.
- The clients are driving this trend.
- This is mostly true for large institutional investors, but we have observed this on the individual client level as well.
- SMAs allow flexibility in designing investment portfolios and avoid the cost of fund formation, regulation, and operation.
- Each account should be of significant size in order to achieve adequate diversification.
- Additional rules may apply to SMAs entered into by regulated entities such as insurance companies and pension funds.

# Distribution Considerations – Separately Managed Accounts



- SMAs provide benefits of flexibility for the clients, but they may be more resource-consuming for the managers because of the bespoke nature of the SMAs.
- Also, with SMAs the managers lose the benefits of scale and pooling
- The SMAs' assets are housed typically within a special purpose vehicle in order to shield the client from liability, loss of confidentiality, taxes, and other concerns.
- Many jurisdictions will require some form of registration for the manager or sub-adviser, but this would not be required for a fund offering.
- For example, under the Investment Advisers Act a non-US adviser offering SMAs to US clients would likely have to register as an investment adviser with the SEC, whereas a non-US private fund manager would not have to register with the SEC in order to offer private-fund investments into the United States.

# Distribution Considerations – Funds



- Managers offering fund investments rather than SMAs may find that they can raise and manage capital in greater volume and with less cost than through offering SMAs. However, most jurisdictions in which private funds are marketed have elaborate rules governing the ability of a fund to offer its interests in that jurisdiction. Fund managers must be careful to survey the offering restrictions in each target jurisdiction. The use of legends in the PPMs may help to establish the basis on which the interests will be offered in that jurisdiction, but the use of legends themselves does not provide an exemption from local registration.
- Many countries such as Japan, Switzerland, and Singapore and the city of Hong Kong have explicit rules establishing the number of offers and/or sales of unregistered funds that may be made in the jurisdiction and the method of the offering.



# Distribution Considerations – Funds



- Other countries, particularly in Latin America and the Middle East, have no significant limitations on the ability of a fund to offer its shares in that jurisdiction as long as the offers are not made publicly.
- There are fewer and fewer such jurisdictions, however.
- Placing shares privately in Europe can be challenging both for local managers and non-EU managers. There is a crazy quilt of difficult-to-reconcile local private-placement rules. Local approval requirements often cannot be satisfied by non-EU private funds. The funds must then resort to alternatives such indirect sales to offshore accounts or so-called reverse-solicitation and passive or unsolicited sales.
- In all events, funds and managers should be encouraged to consult local counsel regarding offering restrictions.

# Overview of Regulatory Considerations for Raising Capital Internationally



- Registration/Authorization
  - Investment adviser
  - Broker-dealer
  - Fund
- Investments Registration
- Tax on Doing Business
- Withholding Tax on Investments
- Tax Treaties
- AML
- Contract issues
  - Third Party Beneficiary Clauses
  - Formalities for Authorization
  - Arbitration
- Language Issues
- Limitation of Liability
- Use of Solicitors
- Local Office Requirements
- Privacy
- Payment Services
- Consumer Regulation
- Substantive Regulation of Investment Activity
  - Approach to Conflicts
  - Soft Dollars
  - Commission Sharing Arrangements
  - Best Execution

# Investment Trends Sector Spotlight

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# Energy

## Speaker



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**Morgan Lewis**

# Global Energy Trends



**Ukraine Conflict** impact on oil and gas supply, demand, and pricing; policy changes



**Cybersecurity** — natural gas pipelines, railroads, and marine vessels carrying fossil fuels



**Renewable energy** shows promise to accelerate in 2022 as concern for ESG, climate change, and demand for clean energy sources grows



**“Greening up”** of oil and gas companies; opportunities to adopt clean energy models to support growth in a net-zero future



Preparation for and impact of **weather-related events** and patterns

# Energy Market Outlook

1

## Renewables

Projected to account for 80% - 90% of power generation globally by 2050

2

## Power

Consumption expected to triple by 2050

3

## Sustainable Fuels

Investments in sustainable fuels are gaining momentum—\$40 billion to \$50 billion of investment expected by 2025

4

## Natural Gas

Gas demand is projected to grow by 10% in the next decade

5

## Hydrogen

Hydrogen supply is projected to shift from nearly 100% gray hydrogen to 60% clean production by 2035

6

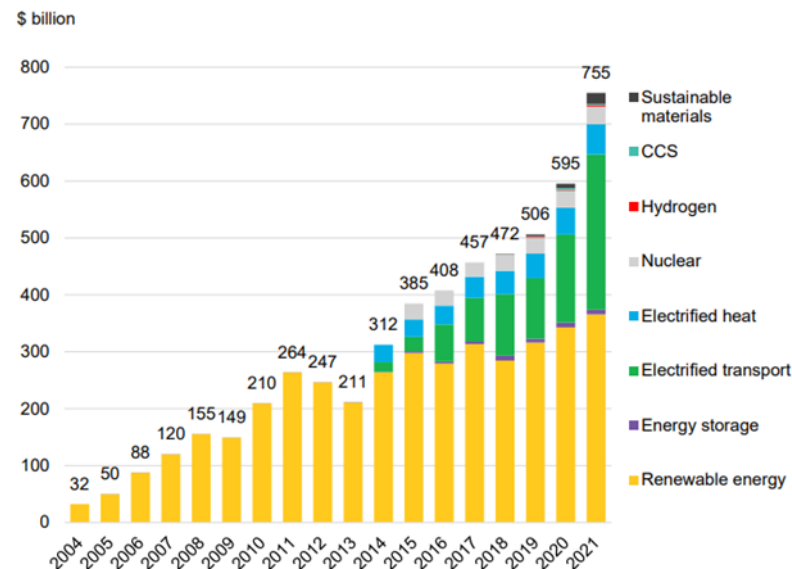
## CCUS

~80% of CCUS uptake projected to be deployed in cement, iron and steel, and H<sub>2</sub> production by 2050

# Energy Investment Landscape

- Market volatility driven by geopolitical tensions and rebound in energy demand
- Total investments across energy sectors projected to grow in 2022
  - Investments projected to be increasingly skewed toward non fossil and decarbonization technologies (returns remain uncertain)
  - Energy companies remain under pressure from ESG investing trends
  - Investments in energy supply and production expected to double by 2035 to reach ~\$1.5 trillion
  - To get on track for net zero, investment must triple by 2025, then double by 2030
  - Energy industry saw most net buying from hedge funds in early 2022 compared to other groups of stocks
  - Opportunities to capitalize on higher commodity prices

## Global Investment in Energy Transition by Sector



## Oil and Gas M&A

- Policy Uncertainty – Green energy investments over traditional energy
- Positioning Portfolios – Optimize portfolios to meet ESG demands
- Focus on Security and Resiliency – Cyberattacks and cybersecurity

## Investor Focus

- Better returns from upstream companies
- Dividends, buybacks, and shareholder value
- Capital expenditures and maintaining free cash flow

Source: PWC, Energy Deals 2022 Outlook



# Technology

## Speakers



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# Trends in AI , Technology

1. Artificial Intelligence (AI) and Machine Learning
2. Robotic Process Automation (RPA)
3. Edge Computing
4. Quantum Computing
5. Virtual Reality and Augmented Reality
6. Blockchain
7. Internet of Things (IoT)
8. 5G
9. Cybersecurity

# Market Impacts



AI Market will grow to \$190 billion industry by 2025, \$57 billion in 2022.



Forrester predicts that AI, ML, and automation will create 9% of new US jobs by 2025.

Jobs include robot monitors, data scientists, automation professionals, and content curators.



McKinsey finds less than 5% of jobs can be fully automated.

But 60% of jobs can be partially automated.



The Global Quantum Computing market is predicted to be \$2.5 billion by 2029.

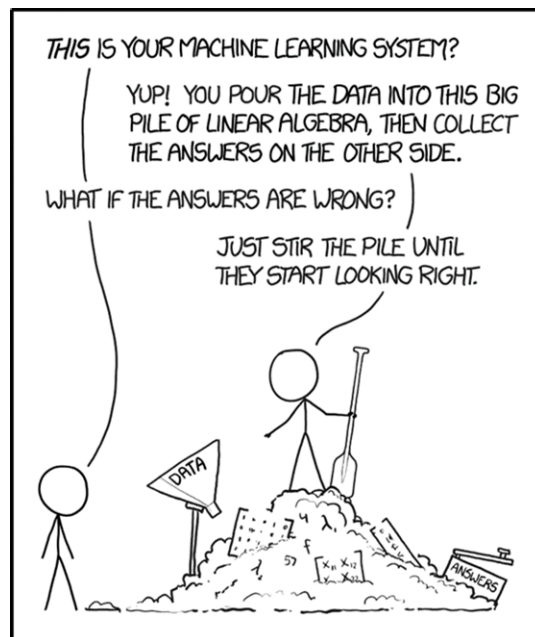
For optimization problems, quantum computing can be faster than regular computing.



14 million VR and AR devices were sold in 2019. The market is expected to exceed \$200 billion in 2022.

# How Does AI Work?

- AI works by combining large amounts of data with fast, iterative processing and intelligent algorithms, allowing the software to learn automatically from patterns or features in the data
- Not “AGI”
- Based on data and training
- Many different varieties
- Value of training data may exceed the software



# Types of AI

Algorithm and Data-driven

Computer Vision

NLP

Neural Networks

Machine Learning

Supervised Learning

Unsupervised Learning

Reinforcement Learning

Deep Learning

# AI Companies

## Cloud Providers

- AWS
- Google Cloud
- IBM Cloud
- MFST Azure

## Robotics and Hardware

- Tesla
- Pony.ai
- Nvidia
- Amazon
- Apple

## SaaS Model

- Sift
- Salesforce
- HyperScience

## Healthcare

- Flatiron Health
- Watson

## Research

- OpenAi
- Deepmind

# AI-Focused Hedge Funds

- **AI Pure Play Funds** – Based entirely on ML/AI algorithms
  - Aidiya Holdings, Cerebellum Capital, Numerai, etc.
- **Traditional Quant Funds** – Use computer-driven models to uncover trading strategies/themes that human quants feed into trading systems
  - Man AHL, Two Sigma, Citadel, Bridgewater, D.E. Shaw

# Problems and Risks with AI for Hedge Funds

- **Regulatory Issues**

- How does it work?
  - Appropriate system design documentation that sets out the scope and design of algorithms
  - robust algorithm testing
  - appropriate processes for managing any changes to an algorithm
  - control, monitor and keep records describing any changes made to the algorithm over time
- Less auditable/less predictable
- Data governance – more data means more security is needed
  - Pseudonymization of PII data
  - Firewalls for any connected servers
  - Least privilege – limiting access rights of internal users

- **Data Quality**

- **Out of Control Agents** – software can respond faster than humans can react

- Knight Capital 2012
  - Over the course of ~45 minutes, an automated trading agent with a misconfigured software upgrade submitted millions of orders in the equity markets without realizing that the orders had already been fulfilled.
  - Over four million transactions executed as a result, leading to billions of dollars of net long and short positions.
  - Knight Capital lost ~\$460 million (>\$10 million/minute)



# Applicable Laws

- Regulated Industries (Banking, Financial Services, Healthcare, etc.)
- Data Protection and Privacy, GDPR/HIPAA
- Consumer Protection Laws
  - Fair credit reporting
  - Equal opportunity
  - Fair trade practices
- Anti-Discrimination
- Anti-Competition Laws
- IP and Copyright Laws
- Trade Secrets Act
- Local Laws (e.g., Facial Recognition Restrictions)
- CFIUS
- Export Controls

# The Metaverse: What is it?

- Difficult to define “metaverse” since it is being built. We are at the beginning of a multi-decade buildout.
- Is it a virtual world? A common digital space where people can gather, share experiences, and engage socially without having to be in the same physical space.
  - Second Life – 2003
  - World of Warcraft – 2004
  - Minecraft – 2011
  - Fortnite – 2017
  - Decentraland – 2020



# The Metaverse: What is it?

- In general, “METAVERSE” refers to a broad shift in how we interact with technology. Quasi-successor of the internet.
- Virtual Reality – persistent virtual worlds that exist even when you are not visiting
- Some sort of new Digital Economy in which users can create, buy, and sell virtual goods



# Metaverse Companies

Meta is building a VR Social Platform



Microsoft appears to be building Virtual Meeting Rooms/Realistic Workspaces



Roblox is facilitating user-generated Video Games



Others are offering game worlds with NFTs attached (Decentraland)



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# Metaverse Opportunities

**Near Term:** Those companies that can supply internet, software, and smartphone companies with the ingredients they need to develop VR/AR devices

- AR glasses that are wearable, fashionable, and functional will require a new generation of chips, batteries, and optics

**Longer Term:** Services that can be accessed by VR/AR devices and the software that will shape the metaverse

- Companies poised to play a key role in “building” the metaverse and/or designing and creating virtual worlds
- Digital payment platforms (Axie Infinity, The Sandbox, Decentraland – see also Grayscale Decentraland Trust)
- Infrastructure – connectivity technologies

# Life Sciences

## Speaker

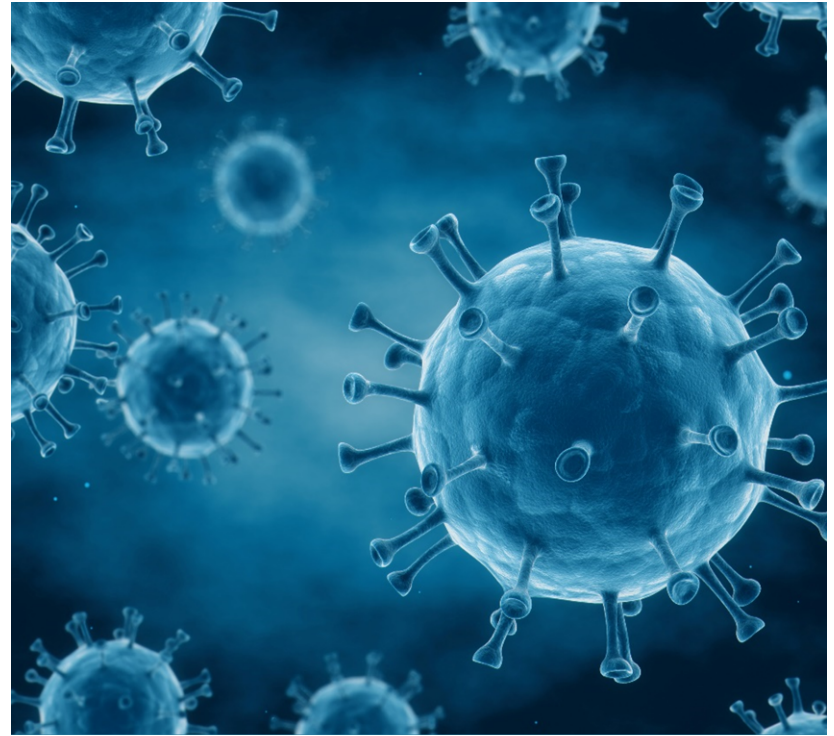


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# Life Sciences Trends and Developments – Regulatory

- **PDUFA VII** developments that will affect the life sciences industry... and the US Food and Drug Administration (FDA)
  - Additional resources for FDA over next five-year cycle (Oct. 1, 2022)
    - **\$\$** for 300+ new hires—200 hires in 2023; 80 in 2024
    - Many new hires directed to CBER to handle review of novel **cell and gene therapy products**
  - Greater use of strategies for faster trials and drug approvals
    - Greater emphasis on use of Real World Data, and less emphasis on controlled data
    - Greater use of adaptive design in clinical trials to speed up testing, reduce test-patient populations
    - More opportunities sooner in development process to interact with FDA
    - Investment in FDA IT infrastructure to handle large data files and access them quickly



# Life Sciences Trends and Developments – Regulatory

- Greater scrutiny of use of accelerated pathways for drug approvals
  - Concern that “accelerated” drugs are barely effective, and risk outweighs benefit
  - Consume large amount of FDA resources for review
  - Little ability to control postapproval clinical trials to confirm efficacy or to remove from market





# Life Sciences Trends and Developments – Regulatory



- **Aduhelm afterburn**
  - FDA Approval  $\neq$  reimbursement
  - CMS will dictate the data to justify coverage and reimbursement
  - CMS will not be swayed by patient advocacy groups
  - CMS can upend entire drug-development process and anticipated valuation of asset

# Healthcare

## Speaker



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# DOJ Enforcement Via False Claims Act

- The Civil False Claims Act is the government's primary weapon against government program fraud. In 2021, \$5.6 billion was recovered in settlements and judgments, \$5.0 billion from the health industry alone. Treble damages and mandatory penalties add up to significant monetary exposure that can be catastrophic.
- Driven by private citizen whistleblower suits filed under seal also originate administrative, criminal and State AG investigations at the same time of the civil FCA investigation. Virtually anyone can be a whistleblower, including competitors.
- With significant growth in health industry deals, increasing media attention to healthcare entity ownership and impact on quality of care. Congressional interest as well. March 2021 H/W/M Committee hearing on PE investment in healthcare.
- Significant uptick in civil and criminal investigations on the heels of transactions. Subpoenas routinely seek due diligence files.
- Nuances aside, FCA provides for broad exposure for business practices that cause the submission of a false claim or record resulting in payment **OR** avoids or conceals an obligation to pay money to the USA, defined as an established duty by regulation, contract or the retention of an overpayment. Virtually no scenario directly or indirectly involving federal program business is off-limits for exposure. Regulatory non-compliance is a major target.

# Focus on Private Equity Exposure

- DOJ and whistleblowers are focused on private equity or investment owners of entities, especially healthcare entities, for exposure. It is where the bucks are but also who are the beneficiaries of the fraud scheme and where the power is to fix problems. In recent cases, the portfolio company and the investment company have paid separate settlements.
- Concerns in health industry that PE investment contributes to poor patient care or harmful practices: Riordan Lewis & Haden (RLH) (a diabetic care entity) and a global private equity firm (off label promotion for drug-device product for pediatric patients). The RLH settlement was \$21 million related to the portfolio company kickback scheme.
- Mixed messages in industry: quick and dirty due diligence that does not find issues or finds issues but handles by indemnity and escrow provisions pressure for owner participation on boards and in operations of entity to extent problems. This participation can be tagged to PE or investment firm.
- A private equity and alternative assets investment firm held most of board seats, received info on non-compliant operations during due diligence, knew of Medicaid requirements. Court found that the firm had the power to fix regulatory violations causing false claims and did not do so. \$19.5 million settlement with Mass AG.
- Anchor Holdings had a \$1.8 million settlement but health entity paid \$13.5 million related to false billing for electroencephalography testing and kickbacks. Anchor was a minority investor but had a MSA with portfolio company.

# Steps to Protect Investment and Reduce Exposure Risk



## **Strengthen Due Diligence Effort to Identify Risks.**

Some risks may be pens down. If have info of regulatory non-compliance, own risk post-transaction.

## **Assess necessary degree of involvement.**

If healthcare, expectation of greater involvement.

**If involved on board, hiring and incentivizing executives, own the compliance agenda as well as the finance agenda.**

**Consider effective compliance evaluation shortly after transaction, including composition of compliance program.** Area of mixed talent.

**Consider targeted audits after transaction to identify and correct risk issues.** DOJ may give successors/new owners some runway, how much is not clear.

**In considering compliance issues, look beyond fraud and abuse to other practices that can cause government scrutiny (FDA, FTC).**

# Automotive

## Speakers



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# Growth Overview

- Over the last ten years, sales of plug-in electric vehicle sales have steadily increased, with nearly 327,000 EVs sold in US markets in 2019 alone – an increase of nearly 1900% from sales in 2011.
- 2020 – 257,872
- 2021 – 487,460 – 608,000

	2021	2020	Y-O-Y
EVs	487,460	257,872	89.0%
HEVs / PHEVs	969,407	525,605	84.4%
Total Electrified	1,456,867	783,477	85.9%
Total Market	15,061,885	14,568,364	3.4%
% Electrified	9.7%	5.4%	79.9%

# BiL EV Provisions

## Federal EV-Related Funding:

- \$7.5 billion to build a national network for EV charging to accelerate the adoption of EVs
- \$5 billion for zero-emission buses (including EV school buses)
- \$2.5 billion for zero-emission ferries.
- Up to \$200 million for RD&D of second life applications for EV batteries
- \$140 million for a rare earth demonstration facility and refinery that will help supply materials for lithium-ion batteries

25-Member Working Group to provide federal guidance and strategy for the development, adoption, and integration of EVs

Revisions to PURPA Re: State Integration of EVs

EIA Data Collection

\*\*Formation of Joint Office of Energy and Transportation



# Relevant BiL EV Provisions

## EV Infrastructure Funding

- The BIL includes a total of up to \$7.5 billion in dedicated funding to help make EV chargers publicly accessible. That \$7.5 billion is comprised of two programs:
  - A \$5 billion formula program known as the National Electric Vehicle Infrastructure Formula Program (NEVI)
  - A \$2.5 billion discretionary grant program for charging and fueling

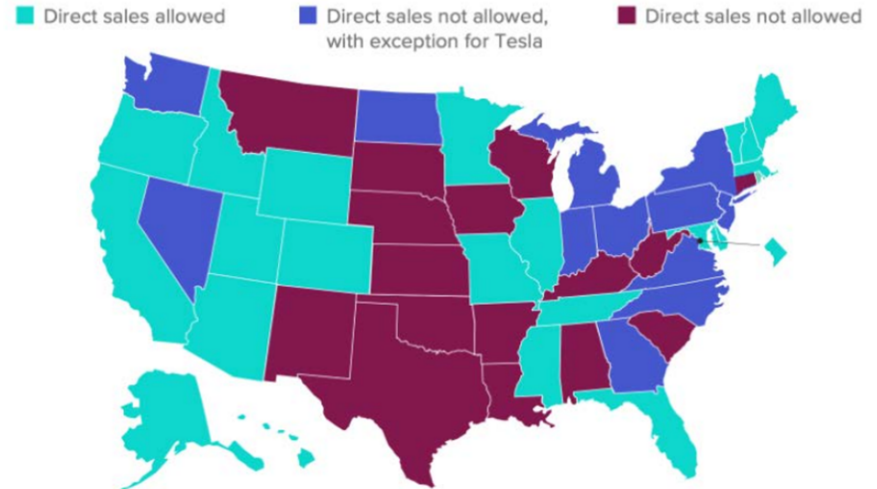
## Battery Supply and End-of Use Funding

- The BIL will invest more than \$7 billion in the batteries supply chain over the next five years. This includes sustainable sourcing and processing of the minerals used in battery production all the way through end-of-life battery collection and retirement. Includes:
  - A \$2.8 billion program for Battery Materials Processing and Battery Manufacturing
  - A \$60 million program for Second Life Application

EV Infrastructure	Battery Supply and End of Use
NEVI – \$5 billion	Processing and Manufacturing – \$2.8 billion
Discretionary Grants – \$2.5 billion	Second Use = 60 million

# Navigating Access to US Vehicle Sales

- Seeing a shift moving away from the traditional dealership model and towards direct-to-consumer sales.
  - 22 states generally permit some form of direct sales.
  - 11 states have a Tesla-only exemption.
  - Numerous state legislatures are considering bills that would allow direct sales by a variety of OEMs or others.



Source: Morning Consult & Atlas EV Hub via Natural Resources Defense Council  
[As EV Startups Enter the Market, They Say Dealerships – and a Decades-Old Legal Structure – Stand in Their Way \(morningconsult.com\)](#)

# Lawyer Biographies

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# Neeraj Arora



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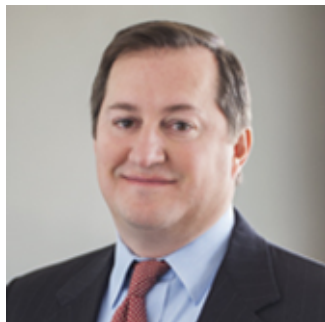
Neeraj Arora represents sponsors, financial institutions, and utilities in connection with the development, acquisition, disposition, and financing of significant infrastructure projects, including conventional (gas and coal) and renewable (energy storage, solar, wind, biomass, and geothermal) power generation projects, transmission lines, and pipelines, and advises clients seeking innovative business opportunities related to climate change. Neeraj partners with clients to successfully execute bank and institutional investor debt financing transactions (including tax equity bridge loans), equity investments and joint ventures, and project mergers and acquisitions, as well as a broad array of project development commercial transactions.

Neeraj has received recognition for his work from, among others, *The Legal 500*, *Chambers USA*, and *Chambers Global*. Clients described him as someone who “has broad and deep experience in energy transactions and is very business-minded.”

Neeraj also regularly advises clients on procurement contracts for electric infrastructure projects, for which he has negotiated on both the utility and the developer side for a number of significant projects with an aggregate value in excess of US \$4 billion. He negotiates procurement contracts spanning conventional and renewable generation projects, as well as energy storage projects for which he has provided counsel on power purchase agreements (PPAs), construction agreements, build-own-transfer agreements, equipment supply agreements, and long-term services agreements.

Neeraj serves as a co-leader of the firm's internationally recognized global energy industry team.

# Robert C. Bertin



Rob Bertin has more than 20 years of experience representing clients in patent, trademark, trade secret and copyright litigation throughout the United States, counseling clients on intellectual property (IP) matters and negotiating transactions involving IP. He has represented clients at the center of some of the largest patent portfolio sale and licensing events in the high-tech industry, including the Nortel and Kodak transactions. Rob leverages a technical background to represent large and small companies in a range of industries, including technology, telecommunications, media, financial services, and automotive.

Rob has tried cases in federal district court and before the International Trade Commission. He also has experience in adversarial proceedings at the US Patent and Trademark Office and appeals to the US Court of Appeals for the Federal Circuit and US Supreme Court. He regularly advises clients on IP portfolios; various patent, trademark, copyright, and trade secret issues and strategies; and IP-related aspects of M&A and licensing transactions. Rob's IP practice has been recognized in *Super Lawyers* (2013–2018) and by the American Bar Foundation. He has been active in Bar Associations as a past chair of the patent, trademark, and copyright section of the Bar Association of DC and a past committee chair of the American Bar Association's Section of IP Law.

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Rob's practice encompasses a wide array of technologies, including representing clients with IP issues in wireless telecommunications devices, systems, and services; landline telecommunications devices, systems, and services; computer technology, including software, hardware, Internet, microprocessors, memory, digital signal processors, encryption, data compression, MPEG, object oriented programming, circuit design, and semiconductor technology; electronic commerce, including electronic selling, buying, advertising, billing, auctioning, reservation, and other online businesses; medical devices, including biopsy needles, catheters, flow control devices, balloon technologies, and arterial stents; and various other technologies. He has also represented clients involved in diverse automotive technologies and is an active member of Morgan Lewis's Electric Vehicles working group.

Prior to practicing law, Rob was an electrical engineer with IBM Corporation's Federal Systems Division, where he designed circuits for logic, memory, and microprocessor chips and wrote technical studies regarding satellite systems and radiation-induced failure mechanisms in semiconductor devices. Rob has published papers and has been awarded two US patents for his work in these areas.

# Richard A. Goldman



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Richard A. Goldman represents US and international hedge funds and funds of funds, advising them on a broad range of issues, including fund formation, product structuring, strategic and seed capital arrangements, management company agreements, and all types of regulatory and compliance issues. Rich also represents private equity managers in the formation of their funds and institutional investors in connection with their investments in private funds.

Rich also regularly advises clients on registration as investment advisers with the SEC, structuring portfolio transactions and establishing separate accounts. Rich advises endowments and other institutional investors in connection with structuring and negotiating their investments in private funds.

He is the founder of the Boston Hedge Fund Group, an organization for chief financial officers, chief operating officers, general counsel and other senior legal, accounting, and compliance professionals involved with hedge funds in the greater Boston area. Rich is also a lecturer at Boston University's Morin Center for Banking and Financial Law, teaching a course on hedge funds in the LL.M. program.

Before joining Morgan Lewis, Rich was a partner in the investment management practice of another international law firm, where he was the co-chair of their global investment management practice. He was also the general counsel and chief operating officer for a hedge fund manager. He has been ranked for several years by *Chambers USA* as a leading attorney in the hedge funds industry in Massachusetts, national, and global business law guides, as well as listed in Legal 500 US.

# Andrew J. Gray IV



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Serving as the leader of the firm's semiconductor practice and as a member of the firm's fintech and technology industry teams, Andrew J. Gray IV concentrates his practice on intellectual property litigation and prosecution and on strategic IP counseling. Andrew advises both established companies and startups on AI, machine learning, Blockchain, cryptocurrency, computer, and Internet law issues, financing and transactional matters that involve technology firms, and the sale and licensing of technology. He represents clients in patent, trademark, copyright, and trade secret cases before state and federal trial and appellate courts throughout the United States, before the US Patent and Trademark Office's Patent Trial and Appeal Board, and before the US International Trade Commission.

In addition to IP litigation and counseling, Andrew provides IP portfolio management services for both startup and Fortune 500 firms. He is a member of several bar associations in addition to the International Trademark Association (INTA) and the American Intellectual Property Law Association (AIPLA). Andrew is a Senior Editor of INTA's Trademark Reporter.

Andrew, the host of Morgan Lewis's popular First Cup of Coffee technology program, frequently speaks at institutions around the United States, including Stanford Law School, the Berkeley Center for Law & Technology, the Licensing Executives Society, and the AIPLA. He is also an active member of Morgan Lewis's Electric Vehicles working group.

# Ethan W. Johnson



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Ethan W. Johnson counsels clients on a variety of regulatory and transactional matters, with a focus on hedge fund and private equity fund formation, and guides investment managers through the legal intricacies of international operations. He also advises clients on establishing offices and operations outside the United States, developing and offering financial products and services sold on a global basis, and building global compliance programs.

Ethan's regulatory and transaction practice includes counseling clients on the creation of hedge funds, private equity funds, venture capital funds, real estate funds, Undertakings for Collective Investment in Transferable Securities (UCITS), and US Securities and Exchange Commission (SEC) registered funds. He also advises on the organization and operation of broker-dealers and investment advisers, and on corporate finance projects including public and private offerings of debt and equity securities.

Through Morgan Lewis's US, European, and Asian offices, he advises on the laws of more than 100 non-US jurisdictions, including all major financial centers, most emerging markets, and less-developed nations. He has experience counseling many US-based firms on US and non-US securities and regulatory matters—including joint ventures and investment projects—in Latin America, Europe, and Asia. In cross-border business matters, he helps clients comply with local marketing restrictions, and advises them on local authorizations and exemptive relief. He also works to ensure concurrent compliance with US and local laws.

A frequent author and lecturer, Ethan addresses topics including the regulation of broker-dealers and investment advisers; global distribution of investment funds; private equity real estate funds; investment in emerging markets; and corporate governance. He is an editor of the *Morgan Lewis Hedge Fund Deskbook*, published by Thomson Reuters/West.



# Zeke Johnson



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Zeke Johnson advises alternative investment management clients on fund organization and operation, regulatory and compliance matters, and product offerings. Zeke handles legal matters related to the structuring and managing of the full array of investment structures, including private equity funds, hedge funds, funds of hedge funds, commodity pools and futures funds, hybrid committed capital funds, and managed accounts. He also advises institutional investors in negotiating single investor funds, co-investments, investment management agreements, and other private fund investments.

Zeke's work crosses various alternative asset classes, including private equity and private credit, venture capital, hedge fund, and other liquid strategies, as well as impact and other environmental, social, and governance (ESG) investing. His transactional work includes advising on fund launches and restructurings; formation and registration of investment advisers, commodity trading advisers, and commodity pool operators; negotiation of side letters, single-investor funds, and managed account agreements; general partner- and limited partner-led secondary transactions; co-investment vehicle formation; sales and purchases of investment funds and managers; and US product offerings of non-US managers. Zeke also advises US and non-US investment managers on the Investment Advisers Act, the Commodity Exchange Act, Regulation D and Dodd-Frank compliance issues.

Earlier in his career, Zeke served as general counsel at Black River Asset Management LLC, a large alternative asset manager, where he oversaw legal matters related to more than \$7 billion in assets and managed an international team of lawyers.

# Levi McAllister



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Levi McAllister, head of the firm's Electric Vehicles (EV) Working Group and Energy Commodity Trading and Compliance Working Group, helps energy companies navigate the quickly evolving regulatory and investment environment for both conventional and emerging energy technologies. As more sectors look to creative solutions to mitigate the effects of climate change, Levi guides clients seeking to reduce their carbon footprints and take advantage of new and evolving energy storage and infrastructure assets, while also advising on energy commodity trading and the deployment of EVs and EV infrastructure in US markets. He is a member of the National Native American Bar Association and a frequent public speaker on energy issues.

In the electric power and EV sector, Levi focuses on the operation and market access of battery storage assets, and advises clients in the utility, technology, retail, and automotive industries on all issues relating to EV growth. Levi focuses on EV leasing, network charging infrastructure development, siting and operation, and vehicle-to-grid issues. Levi leverages existing knowledge of the market and developments in the EV sector to best position clients to successfully develop and implement their EV commitments and goals. His work in this emerging sector grows out of the more traditional electric power sector, where Levi provides clients with guidance on market access in Federal Energy Regulatory Commission (FERC)-regulated wholesale energy and capacity markets, market design issues, and the creation and sale of electric generating assets.

In the natural gas and petroleum sectors, Levi handles administrative litigation before FERC for shippers affected by the rates, terms, and conditions of service applicable to transport on natural gas, crude oil, and liquids pipelines. Levi also counsels clients that are negotiating transportation, storage, and commodity purchase and sale agreements in connection with domestic and international transactional matters.

Levi's practice in all sectors reflects significant experience advising clients subject to FERC and Commodity Futures Trading Commission (CFTC) investigations relating to physical and derivative energy commodity trading. He advises clients on lawful organized market trading matters and power, gas, and petrochemical commodity trading strategies. Levi is well versed in the regulatory landscape surrounding carbon trading and has experience developing and analyzing physical and derivative commodity trading strategies designed to respond to carbon pricing regulatory developments. Levi has advocated on behalf of clients in dozens of matters before FERC in non-public and litigated proceedings alleging fraudulent or manipulative conduct in violation of the Federal Power Act and Natural Gas Act, and before the CFTC in non-public and litigated proceedings alleging fraudulent or manipulative futures and derivatives trading in violation of the Commodity Exchange Act. Levi draws on this experience to develop company compliance programs, pursue internal investigations, and develop energy compliance training programs.

# Kathleen McDermott



A former Assistant US Attorney and US Department of Justice (DOJ) Healthcare Fraud Coordinator, Katie McDermott represents healthcare and life sciences clients throughout the United States in federal and state government investigations and litigation matters relating to criminal, civil, and administrative allegations, including violations of the False Claims Act and its whistleblower provisions. Katie also advises Boards of Directors and senior corporate management on corporate compliance matters relating to internal investigations, voluntary government disclosures, consent decrees, and corporate integrity agreements.

In recent months, Katie has been significantly involved in providing regulatory guidance and white collar defense representation for COVID-19 matters, including State Attorney Generals and DOJ subpoenas to healthcare providers on COVID-19 compliance, advice on price gouging and counterfeit supply chain issues, stimulus relief compliance and PREP Act and State immunity issues.

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Katie is a recipient of the HHS Inspector General's Integrity Award for her work in government healthcare fraud matters and has been recognized as a leading False Claims Act practitioner with both government and defense experience. She has been designated as a Benchmark National Litigation Star in White Collar Enforcement Investigations, a Washington DC Super Lawyer in white collar corporate matters and a Life Sciences Star in Fraud and Abuse by the Legal Media Group.

Katie teaches and publishes regularly on health industry compliance and enforcement developments. She currently serves as an adjunct faculty member at the University of Maryland Francis Cary School of Law where she teaches the healthcare fraud and abuse seminar. Active in bar associations and industry organizations, Katie is presently a member of the Bloomberg Advisory Board for Medical Devices Law and Industry Report, Chair of the Federal Bar Association Health Law Section and a member of the Women's White Collar Defense Association.

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Kathleen Sanzo is the leader of the Morgan Lewis FDA & Healthcare practice and co-chair of the firm's life sciences industry team. Kathleen centers her practice on regulatory and compliance issues connected to FDA regulated products. She leads and counsels clients on all legal and regulatory issues concerning product development and testing, manufacturing and marketing of prescription, OTC drug, biologic and vaccine products, and orphan drugs; food, dietary supplements, and cosmetic product manufacture, approval, marketing, and distribution; food, drug, and device compliance and enforcement matters; and consumer product issues regulated by the US Consumer Product Safety Commission (CPSC) and state enforcement agencies.

Kathleen advises companies on regulatory pathway strategies, appropriate responses to FDA protocols and complete response letters, dispute resolution, responding to Current Good Manufacturing Practice (cGMP) inspections and deficiencies, including 483s and Warning Letters, as well as day-to-day counseling on marketing and promotion launch, social media, and similar communications, including responses to FDA Untitled and Warning Letters; and similar advice and counsel on food, dietary supplements, and cosmetic products, including various notices and registrations to FDA; recalls and other crisis management; and counseling on consumer product standards and testing, Section 15(b) notices and penalty investigations, as well as product recalls.

A frequent author and co-author on publications related to FDA matters, Kathleen regularly speaks on these issues at industry events. Industry and legal groups have praised her work: Legal Media Group Life Sciences named her the "US Regulatory Attorney of the Year," "FDA Pharmaceutical Industry Lawyer of the Year," and a "Life Sciences Star." *Chambers USA* has listed her in "America's Leading Lawyers for Business."

Kathleen serves as vice-chair of the Consumer Product Regulation Committee of the American Bar Association Section of Administrative Law and Regulatory Practice, and is a member of the Food and Drug Law Institute's Medical Products Committee.

She is a board member of INMED Partnerships for Children.

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Daniel S. Savrin is a nationally-recognized litigator at the trial and appellate levels with a broad practice representing clients in high-stakes class actions, government enforcement actions, and other commercial litigation with a focus on antitrust, consumer protection, and civil and criminal government investigation matters. Daniel has appeared before federal and state courts in more than 30 states, and is listed in leading peer review guides, including being ranked as Band 1 for Antitrust by *Chambers USA* where he is described as a “highly regarded practitioner noted for his abilities across civil and criminal antitrust investigations and enforcement proceedings” and as “an expert in consumer protection matters.”

Daniel’s practice focuses on representing primarily consumer facing companies. His clients include, among others, leaders in the automotive, retail, ecommerce, food and beverage, insurance, and healthcare sectors. He is a leader of the firm’s consumer protection defense practice and automotive and mobility industry teams, with a focus on emerging issues in the electric and autonomous vehicle space. Daniel edited *Consumer Protection Law Developments* (Second Edition, 2016), a leading treatise on consumer protection law published by the American Bar Association.

Daniel is often called upon to litigate and try (or resolve) matters that involve parallel proceedings brought by federal agencies, primarily the Federal Trade Commission and the Department of Justice, state Attorneys General and private parties, often in class action settings. He has been recognized as a leading litigator and counselor for his experience in handling and trying civil and criminal matters and for his practical and effective approaches to litigating and resolving disputes with government agencies and among private parties.

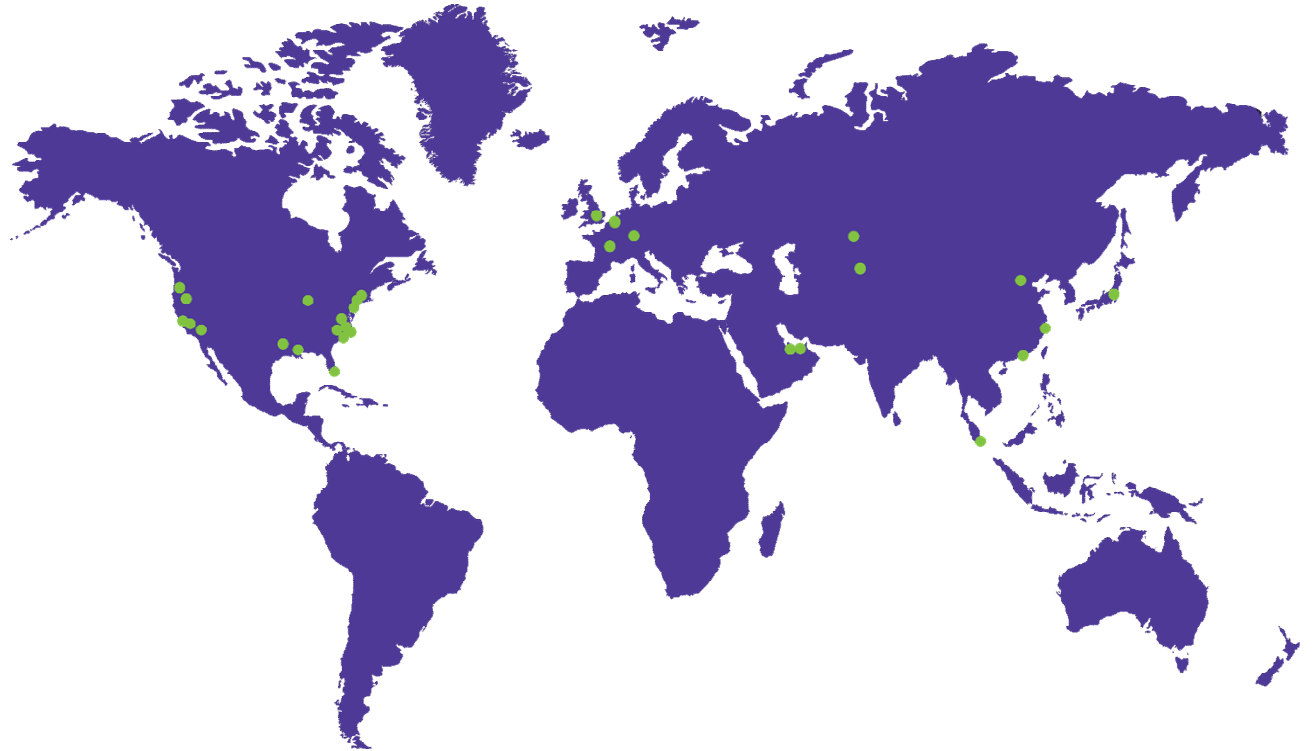
Before joining Morgan Lewis, Daniel was a partner in the antitrust and trade regulation practice at another international law firm.

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