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Asset Management Group Of The Year: Schulte Roth & Zabel

By **Adrian Cruz**

Law360 (February 22, 2019, 3:04 PM EST) -- Schulte Roth & Zabel LLP served as lead counsel for Trian Fund Management in a successful proxy victory resulting in its CEO's appointment to Procter & Gamble's board of directors, earning it a spot as one of Law360's 2018 Asset Management Groups of the Year.

Schulte Roth focuses on the financial services sector with a specialized focus on funds, representing many of the world's largest hedge funds. The firm said some of its clients have included Trian, Blackstone Group and Centerbridge. The firm's more than 350 attorneys are mostly located in New York City, with smaller offices in London and Washington, D.C. According to the firm's website, 95 attorneys work in investment management and 67 work in its litigation group.

"We do everything for these clients, including fund formation, deals, financing, trusts and estates and employment issues," said Stephanie Breslow, co-head of Schulte Roth's investment management group. "Most of the other firms you'll talk to are just doing this as part of a broad-based practice. We're not going to represent some toy manufacturer over defects, we're not going to do a class action about a drug going wrong. We have our own flavor."

Litigation group co-heads Michael Swartz and Peter White attribute Schulte Roth's success to its years of experience in the financial services field. It has worked with hedge funds since its founding in 1969, they said, putting it ahead of its peers who entered at a later stage.

"We were there at the beginning, before hedge funds were household names," Swartz said. "We developed the expertise before people learned about it, so we had a huge head start in this business before anybody else and we've just grown and expanded this over time."

Schulte Roth served as lead counsel for Trian Fund Management in December 2017, when CEO Nelson Peltz successfully was elected to Procter & Gamble's board of directors in the most expensive proxy contest in history, according to the firm. P&G was the largest company ever to be involved in a proxy contest, and spent more than $100 million in an attempt to block Peltz's appointment, the firm said.

When the initial results were released in October that year, Procter & Gamble announced Peltz had failed to secure a seat on the board. Because the result of the vote was so narrow, Schulte Roth attorneys were able to spend three weeks working with Trian to review the votes, and P&G eventually agreed to name Peltz as a board member.

Swartz said that as a result of the events that occurred in that proxy contest, the U.S. Securities and Exchange Commission is analyzing whether the vote review process is in need of reform.

"The experience was so surprising because when people put their votes in, they automatically assume they've been counted correctly," he said. "There were so many steps in the process that people didn't know about. There were large stockholders who voted a certain way every year but the inspector of election never recognized their votes and they had no way of knowing it."

The firm also served as lead counsel for venBio Select Advisor in a proxy contest seeking majority control of biopharmaceutical company Immunomedics, which ended with venBio successfully getting four directors seated on the company's board. Along with the usual challenges that arise from a proxy contest, this particular undertaking had an unusually high amount of litigation over various issues.

A week before the annual stockholders' meeting, Swartz said, Immunomedics announced it had made a deal with another company to license out its only profitable product, a potential cure for breast cancer. VenBio saw that transaction as an attempt to block the takeover as the annual meeting was also postponed.

VenBio filed a suit against Immunomedics, and Schulte Roth helped the company succeed in blocking the meeting date change and getting the transaction annulled, clearing the path for the takeover completion in February 2018.

"We ended up persuading the Delaware Chancery Court that this sale was really just an attempt at blocking our guys from winning the election," Swartz said. "The judge ultimately agreed with us that the deal was rushed, the timing was suspicious and that the process was flawed."

--Editing by Marygrace Murphy.