

Four Am Law 100 Firms Take Star Turns on WME's IMG Buy

Posted by **Brian Baxter**
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At least four Am Law 100 firms have grabbed lead roles on the sale of global sports talent, media and marketing giant IMG Worldwide to rival William Morris Endeavor Entertainment and private equity backer Silver Lake Partners.

While the terms of the deal announced Wednesday were not disclosed, multiple reports pegged its value at north of \$2 billion, with Bloomberg putting the winning bid at \$2.4 billion. WME and Silver Lake landed IMG by besting several rival bidders in an auction set up by current owner Forstmann Little & Co., the private equity firm now liquidating its portfolio following the November 2011 death of cofounder Theodore Forstmann.

"Today marks the successful culmination of the bold global strategy devised by Ted Forstmann for IMG over many years," said a statement by Akin Gump Strauss Hauer & Feld litigation partner Mark MacDougall. The Am Law Daily reported last year on how MacDougall—who The American Lawyer once dubbed "The Cleaner" for his skills in reputation management—and Akin Gump had snagged the lead role of winding down Forstmann's private equity empire thanks in part to the billionaire's friendship with name partner Robert Strauss.

"We would like to thank the board of directors, the leadership team and all of the employees of IMG for all that they have done to bring us to this day," added MacDougall, who was named to IMG's board by Forstmann in 2011 as the private equity pioneer sought to preserve a succession plan he had for the company while battling terminal brain cancer. "We are confident that [IMG] will continue to flourish and grow under the leadership of Silver Lake and WME."

J. Kenneth Menges Jr.—cohead of Akin Gump's corporate practice and managing partner of the firm's Dallas office—has been working with MacDougall to

liquidate Forstmann Little's remaining assets, which, with the IMG sale, now includes only the 24 Hour Fitness health club chain.

"While it's not unusual for longtime clients to resolve themselves, this deal was particularly interesting because of IMG's sex appeal," Menges says. "We had well over 100 interested parties when this process began, and [financial advisers Evercore and JPMorgan Chase] did a great job of whittling down the winners."

The other bidders vying to acquire IMG included a consortium of ICM Partners and private equity giant The Carlyle Group, as well as CVC Capital Partners and Chernin Entertainment, a media investment company owned by former News Corp. executive Peter Chernin. KKR dropped out of the bidding in November. (Sources say Gibson, Dunn & Crutcher counseled CVC Capital on its offer, while Debevoise & Plimpton advised ICM/Carlyle.)

Other Akin Gump lawyers advising IMG on the proposed sale to WME include corporate partner Robert Dockery, corporate counsel Nancy Sarmiento, employee benefits counsel Michael Gerald and associates Matthew Bivona, Julie Feldman and Andrew Tran. Constance Robinson, head of the antitrust practice at Kilpatrick Townsend & Stockton, is serving as regulatory counsel to IMG and Forstmann Little. Menges praises longtime IMG general counsel John Raleigh as an "indispensable" member a deal team that also included the agency's vice president of legal Jackie Simpson and associate counsel Manu Nathan.

IMG's in-house and outside lawyers were tasked with finding a new home for the Cleveland-based company founded in 1960 after late lawyer and sports agent Mark McCormack made a handshake deal with golf legend Arnold Palmer.

A Yale Law School graduate who saw that professional athletes could make big money via endorsement deals and sponsorships, McCormack was crowned “The Most Powerful Man In Sports” by Sports Illustrated in 1990. And in the years since he signed Palmer as a client, McCormack, who died in 2003, helped build the company now known as IMG into a global powerhouse with offices in London, Miami, Nashville and New York.

New York-based Forstmann Little paid roughly \$750 million to acquire IMG in 2004. Three years later, the private equity firm added Atlanta-based Collegiate Licensing Company to its portfolio in a deal that has paid dividends for IMG. Kirkland & Ellis and King & Spalding took the lead on the Collegiate Licensing acquisition, according to sibling publication the Daily Report. CLC is now the foundation of IMG College, which Forbes notes is one of the agency's crown jewels.

Despite losing some of its luster in the wake of Forstmann's death—several high-profile agents and athletes, including Tiger Woods, have parted ways with the agency in recent years—IMG clearly still possesses more than enough star power for Beverly Hills-based WME.

While IMG has traditionally boasted an impressive roster of sports star clients, WME's presence in that arena is more limited. The sports-related work handled by WME has mostly involved off-field endorsement deals. The Hollywood Reporter notes that by picking up IMG, WME can offer potential clients one-stop shopping for their contract needs, while bolstering its ranks against rival Creative Artists Agency. (CAA launched its own sports-focused unit in 2006 and soon began poaching talent from IMG, prompting litigation between both firms, according to our previous reports.)

The combined IMG-WME will be led by WME co-CEOs Ari Emanuel and Patrick Whitesell. Emanuel, the inspiration for the fictional Ari Gold character in HBO's *Entourage*, is also the brother of noted bioethicist Ezekiel Emanuel and current Chicago mayor and former White House chief of staff Rahm Emanuel.

For counsel on its landmark deal, which still requires the approval of regulators in the U.S. and abroad, WME has turned to a team of outside lawyers led by Paul, Weiss, Rifkind, Wharton & Garrison corporate partner Justin Hamill, corporate chair and M&A cohead Robert Schumer, tax cochair Jeffrey Samuels and associate Brian Lavin. (WME's general counsel and head of business

affairs is Thomas McGuire Jr., who oversees an in-house staff of roughly 18 lawyers.)

Hamill, considered one of Hollywood's top dealmakers, was an associate at Paul Weiss in 2009 when the firm advised predecessor entity Endeavor on its merger with the William Morris Agency in a deal that created WME, according to our previous reports. Paul Weiss subsequently represented WME on its acquisition of a minority stake in advertising agency Droga5 this summer and handled WME's sale of a 31 percent stake to Menlo Park, Calif.-based Silver Lake last year.

Silver Lake's investment in WME came a year after private equity rival TPG Capital took a 35 percent stake in CAA. That transaction yielded roles for Wachtell, Lipton, Rosen & Katz, Cleary Gottlieb Steen & Hamilton and Loeb & Loeb, according to our previous reports.

Simpson Thacher & Bartlett represented Silver Lake on its investment in WME and the firm is once again counseling the private equity shop on its purchase of IMG. Earlier this year, the firm advised Silver Lake on its nearly \$25 billion acquisition of personal computer giant Dell Inc., which was finally approved this fall. Silver Lake's in-house legal department is lead by chief legal officer Karen King, general counsel Andrew Schader and chief compliance officer David Smolen.

As for Simpson, corporate partners Richard Capelouto and Jennifer Hobbs—who made *The American Lawyer's* 45 Under 45 list in 2011—are leading a team working on Wednesday's deal that includes tax partner Katharine Moir, executive compensation partner Tristan Brown, antitrust partner Peter Thomas, environmental senior counsel Michael Isby, IP counsel Joshua Walker and associates Thomas Asmar, Atif Azher, Christopher Bell, Sara Clingan, Ellen Frye, Jinna Kwak, Michelle Lyon, Scott Mathias, Jacob Mayers, Noah Metz, Alexis Orenstein, Conor Reidy and Cara Walsh.

The Raine Group, a New York-based boutique merchant bank that specializes in media and entertainment investments, is serving as a financial adviser to Silver Lake and WME on its acquisition of IMG. Raine cofounders Joseph Ravitch and Jeff Sine once worked at Cleary and Sullivan & Cromwell, respectively, and earlier this year *The Am Law Daily* reported on how Raine's ties to Paul Weiss and WME had led it to do another deal with the creators of animated sitcom *South Park*.