

Rising Star: Sullivan & Cromwell's Ken Li

By Jon Hill

Law360 (June 29, 2023, 2:23 PM EDT) -- Sullivan & Cromwell LLP's Ken Li was in the trenches helping a struggling Credit Suisse sell off its securitized products unit and line up this spring's unprecedented fire-sale takeover by UBS, earning him a place among the banking law practitioners under age 40 honored by Law360 as Rising Stars.

His most interesting deal:

Battered by scandals and expensive losses, Credit Suisse attempted to turn itself around last year with a restructuring intended to make itself less risky, more focused and more profitable. As part of that effort, the Swiss banking giant looked to make what it called a "managed exit" from the securitization business by shedding its capital-intensive securitized products group, or SPG.

To that end, Credit Suisse announced in November that it had reached an agreement to sell off the bulk of the SPG to U.S. private equity powerhouse Apollo Global Management. The deal, when combined with other planned transactions, positioned the bank to slim down its holdings of securitized assets from roughly \$75 billion to \$20 billion.

Li played a key role in guiding Credit Suisse through this transaction as deal counsel, advising the bank on various M&A issues and even leading the negotiation of a long-term ancillary agreement for Apollo to manage the remaining \$20 billion of SPG assets for the bank. Once the transaction closed in February, Apollo spun the divested assets into a newly launched stand-alone credit firm, Atlas SP Partners.

The sale was a centerpiece of Credit Suisse's plans to exit its securitized products business. Li served as deal counsel on multiple transactions as part of this strategy, an experience he described as exceptional in terms of its scale, complexity and stakes.

"There was a great deal of institutional support behind it at CS and a great deal of institutional pressure, as well," Li said. "This business has historically been one of the industry leaders in securitizations in the U.S. and the exit was a core part of the strategy of restructuring CS' investment bank."

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RISING
STAR



Ken Li

Sullivan & Cromwell

Age: 36

Home base: New York

Position: Partner

Law school: Columbia Law School

First job after law school:
Associate at Sullivan & Cromwell

Li said the deal was also "emblematic of the kind of work" he likes to do, in part because it gave him an opportunity to engage with multiple areas of financial services.

The deal "was a bit of a microcosm for the [pressures facing] many of these financial services, from pure-play or even bulge-bracket banks to private-credit providers, like an Apollo," Li said.

"And then there were also asset management and seller-financing components of the deal," he added. "They were all very distinct elements of this one Apollo transaction, but it was interesting to see how they all fit together. It's the kind of thing we do a lot of at S&C."

His most notable deal:

Credit Suisse's other struggles proved too much in the end. After reporting heavy client outflows and its steepest annual financial loss since the 2008 financial crisis, the Swiss bank entered a slide in March that was made no better by the turmoil then flaring up among U.S. regional banks.

With Credit Suisse careening toward collapse by mid-March, government-brokered discussions began about a rescue in the form of an emergency takeover by its Swiss rival, UBS. After a weekend rush to hammer out a deal, it announced late on Sunday, March 19 — just before Asian markets opened — that UBS would acquire Credit Suisse for a fire-sale price of roughly \$3.2 billion.

The transaction was historic, marking the first post-2008 merger between two systemically important banks. It was also a transaction that Sullivan & Cromwell was deeply involved in bringing to fruition as one of the law firms advising Credit Suisse.

Li contributed his expertise as part of a core deal team that Sullivan & Cromwell fielded to guide the transaction, providing M&A and regulatory counsel to the bank alongside distinguished firm veterans like Mitchell Eitel and H. Rodgin Cohen.

They, in turn, were complemented by a host of other Sullivan & Cromwell attorneys brought in to navigate antitrust questions, compensation arrangements, integration planning and all other aspects of the unprecedented deal. They worked in round-the-clock shifts to pull the deal off in just a few days.

"In some ways, it was surprising that it could be done at all," Li said. "For two highly complex, highly regulated institutions, you would normally envision a monthslong, if not yearslong process of evaluating the approach to integration and solving for all the regulatory hurdles that might arise."

"But this was a very different animal," he added. "It was certainly very fast-paced and very high-pressure, and while I hope we never face [another near-crisis] quite like that again, it was fascinating to see from a front-row seat."

Other notable matters he's worked on:

Just days after the Credit Suisse takeover was announced, JPMorgan Chase & Co. announced it had agreed to pay an undisclosed sum to acquire Aumni, an investment analytics provider for the venture capital sector.

Li advised JPMorgan as lead corporate partner on the transaction, which was completed in May. The bank said the purchase would enhance the offerings of its private markets platform for startup founders and their investors.

"JPMorgan has a very well-developed platform that provides data and services to participants in private equity markets, but Aumni expands that set of capabilities into the VC space," Li said.

"It's one good example of how banks that are able to innovate and maintain an effective acquisition strategy can participate in and support the growth of venture capital industries, while still staying within the bounds of the regulatory confines they are working in," he added.

Li has also advised Wells Fargo & Co. on several strategic transactions in recent years, including the \$750 million sale of its corporate trust and agency services business to Computershare. The deal, for which Li served as deal counsel and provided regulatory advice, was announced in 2021 and completed later that year.

His proudest moment:

Looking back on his career so far, Li didn't pick a particularly difficult transaction or regulatory matter when asked about his proudest accomplishment as an attorney.

Instead, Li said what stands out in his mind is his service as co-chair of Sullivan & Cromwell's Asian Associates Network, an affinity group providing a space for Asian lawyers at the firm to connect, find mutual support and engage in professional development.

Before handing off his seat last year when he became partner, Li held this AAN leadership through the height of the COVID-19 pandemic. It was a "very challenging" time in more ways than one, he said.

"I won't sugarcoat it," Li said. "Not only was it in the middle of the pandemic, but it was during a period when hate crimes against Asian Americans and Pacific Islanders were very much a personal concern for us as members of the Asian Associates Network and for our families."

"Then when you layer that on top of people having to work remotely and just totally alter the way that we interacted with colleagues and everyone else in our lives, I think the experience of those years was demanding in ways that I never really had a moment to reflect on in the thick of it," he continued.

But as Li prepared to leave behind his co-chair role — he said his successor is someone he counts on to "carry forward the mission" of the AAN — he finally had a chance to reflect on how rewarding it had been to contribute to the firm's sense of community in a tangible way.

"The bonding we were able to do, the awareness-raising we were able to do inside and outside the firm — I felt like I was leaving the network in a good place, and I want to continue contributing to it as a partner," Li said, "To me, that was really a marker of what I'm able to do and what I can hopefully achieve going forward."

--As told to Jon Hill.

Law360's Rising Stars are attorneys under 40 whose legal accomplishments belie their age. A team of Law360 editors selected the 2023 Rising Stars winners after reviewing more than 1,350 submissions. Attorneys had to be under 40 as of May 1, 2023, to be eligible for this year's award. This interview has been edited and condensed.
