We are pleased to bring you this report on recent developments in S&C’s Latin America practice, along with views on important topics affecting business in the region. The practice continues to be global in nature and broadly diverse in terms of geography, practice areas and types of clients. We are fortunate to have the best clients in the world. S&C now has over 80 alumni in the region, with many of them playing important roles in their home countries. Our deep relationships with the leading Latin American law firms contribute enormously to our success.

We hope you will enjoy this update.
The Firm’s Latin America group remains at the forefront of sophisticated, high-level matters in the region, as evidenced by our versatility in advising across a wide range of sectors, including financial institutions, pension funds, healthcare, consumer products and natural resources, on complex, and often cross-border, matters.

**Selected Highlights**

**January 25**

The Republic of Paraguay closes its debut international Rule 144A offering of $500 million principal amount of 4.625% bonds due 2023.

**February 1**

Banco Bilbao Vizcaya Argentaria, S.A. announces the sale of its 64.3% interest in Chilean pension fund administrator AFP Provida to MetLife, Inc. — one of the largest M&A transactions in 2013.

**March 24**

Anheuser-Busch InBev NV/SA completes its acquisition of the 50% stake of Mexican brewer Grupo Modelo that it did not already own in a transaction valued at $20.1 billion.

**April 4**

Cementos Argos S.A., the largest cement and concrete producer in Colombia, completes an offering of 29,655,340 American Depositary Shares (ADS).

**June 5**

JUNE 5

Anheuser-Busch InBev NV/SA completes its acquisition of the 50% stake of Mexican brewer Grupo Modelo that it did not already own in a transaction valued at $20.1 billion.

**July 4**

**June 5**

Bancolombia S.A. completes its $2.2 billion acquisition of HSBC Bank (Panama) S.A. and its subsidiaries from HSBC Latin America Holdings (U.K.) Limited.

**August 1**

ICC arbitration ($860m) for a South American company against entities from a Persian Gulf country.

**September 1**

Anglo American plc completes its sale of 100% of its Amapá iron ore operation in northern Brazil to Zamin Ferrous Limited for up to $285 million.

**October 1**

Banco Bilbao Vizcaya Argentaria S.A. (BBVA) completes the $2 billion sale of its stake in AFP Provida S.A. in Chile to MetLife, Inc.

**October 28**

Bancolombia S.A. completes its $2.2 billion acquisition of HSBC Bank (Panama) S.A. and its subsidiaries from HSBC Latin America Holdings (U.K.) Limited.

**November 5**

Minera Antucoya and its owners, Antofagasta plc and Marubeni Corporation, enter into financing for the $1.9 billion Antucoya copper project in Chile’s Antofagasta region.

**December 19**

BBVA completes its $630 million sale of a 98.92% interest in Banco Bilbao Vizcaya Argentaria (Panama) S.A.
Selected Highlights
continued

JANUARY 9
Chilean-Brazilian carrier, LATAM Airlines Group, closes its $784m preemptive rights offering and Santiago Stock Exchange listing pursuant to Reg S

FEBRUARY 13
Transportadora de Gas del Sur S.A. (TGS), the largest transporter of natural gas in Argentina, closes an exchange offer to existing holders of its outstanding 7.875% notes due 2017

MARCH 19
The United Mexican States closes its first-ever Sterling-denominated 100-year bond; Mexico remains the only Latin American issuer to have issued a century bond

MARCH 24
Canada Pension Plan Investment Board (CPPIB) completes a series of transactions to acquire a $600m unsecured term loan to acquire assets located in Florida from Vulcan Materials Company for $720m

JUNE 10
ICDR arbitration for Standard Chartered Bank of claims by Latin American investors relating to the $60b Madoff Ponzi scheme

JUNE 28
Argos USA Corp., a subsidiary of Cementos Argos, enters into a $800m unsecured term loan to acquire assets located in Florida from Vulcan Materials Company for $720m

JULY 24
ICC arbitration for Japanese buyers of a Mexican pharmaceutical firm over breaches of sales agreements

SEPTEMBER 15
Inversiones CMPC S.A., a Chilean paper pulp manufacturer, completes its Rule 144A/Reg S offering of $500m of 4.750% guaranteed notes due 2024

SEPTEMBER 18
Tax dispute (over $500m) between foreign owners of oil pipeline and a Latin American sovereign

OCTOBER 6
Lundin Mining announces its $1.8b acquisition of Freeport-McMoRan’s 80% stake in the Candelaria/Ojos del Salado copper mining operations in Chile; S&C advises Sumitomo Metal Mining and Sumitomo Corporation as the 20% stakeholders in the projects

OCTOBER 17
Banco Popular settles $200m AAA arbitration with the U.S. FDIC arising out of purchase of assets from the FDIC

DECEMBER 11
Second Circuit argument for Central Bank of Argentina on central bank immunity

NOVEMBER 7
AT&T announces its $2.5b acquisition of Iusacell (Mexico)

NOVEMBER 21
Amicus brief for The Clearing House Association in Argentine holdout bondholder litigation

SEPTEMBER 18
Inversiones CMPC S.A., a Chilean paper pulp manufacturer, completes its Rule 144A/Reg S offering of $500m of 4.750% guaranteed notes due 2024

AS OF OCTOBER 2
More than $28b in offerings and liability management transactions by sovereign issuers Colombia, Panama, Paraguay, Brazil, Mexico and CAF since January 2013

MARCH 12
Bancolombia S.A. completes an equity offering of 110m preferred shares, amounting to approximately $1.35b

MARCH 28
Chilean-Brazilian carrier, LATAM Airlines Group, closes its $784m preemptive rights offering and Santiago Stock Exchange listing pursuant to Reg S

JUNE 8
Repsol S.A. in its disposition of Argentine Government bonds received as compensation for shares in YPF S.A. and its remaining interest in YPF

JULY 24
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NOVEMBER 7
AT&T announces its $2.5b acquisition of Iusacell (Mexico)
League Table Rankings


<table>
<thead>
<tr>
<th>Firm</th>
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(Rank by dollar value, $ billions)
Source: Thomson Reuters, February 24, 2014

Latin American M&A Deals Completed (2013)

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(Rank by dollar value, $ billions)
Source: Thomson Reuters, January 28, 2014

Latin American M&A Deals Completed (2013)

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(Rank by dollar value, $ billions)
Source: Dealogic ProjectWare as of January 7, 2014

Offerings by Latin American Sovereign Issuers (2009 – 2013)

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(Ranked by number and percentage of total offers and percentage of total $127.2 billion total value)
Source: Thomson Reuters, March 19, 2014


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<tr>
<th>Legal Advisor</th>
<th>Ranking Value incl. Net Debt of Target ($Mil)</th>
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(Rank by dollar value, $ billions)
Source: Thomson Financial

Global M&A Regional Review
Latin America and Caribbean (1H 2014)

USD 45 billion

- 25.1% S&C
- 21.7% 2nd ranking firm
- 15.6% 3rd ranking firm

Source: Bloomberg

Lawyers Representing Sponsors/Borrowers for Project Financings in Latin America (Since 1994)

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<td>$6.0</td>
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(Rank by dollar value, $ billions)
Source: Dealogic ProjectWare as of January 7, 2014

Nine of 10 largest-ever mining projects in Latin America involved S&C

- Sullivan & Cromwell – 53%
- 2nd ranking firm – 15%
- 3rd ranking firm – 6%
- 4th ranking firm – 5%
- 5th ranking firm – 2%
- 6th ranking firm – 2%
- 7th ranking firm – 2%
- 8th ranking firm – 2%
- 9th ranking firm – 1%
- 10th ranking firm – 1%

Source: Dealogic ProjectWare


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Source: Thomson Financial

WWW.SULLCROM.COM
Recent Recognitions

Americas M&A Deal of the Year
IFLR (2012)
LAN Airlines S.A. in its business combination with TAM S.A.

Cross-Border M&A Deal of the Year
LatinFinance (2012)
ING Groep N.V. in the sale of its Latin American pensions, life insurance and investment management operations to Grupo de Inversiones Suramericana

Inaugural Global M&A Deal of the Year: Latin America
The American Lawyer (2013)
LAN Airlines S.A. in its business combination with TAM S.A.

Inaugural Global M&A Deal of the Year: Brazil
The American Lawyer (2013)
UnitedHealth Group Incorporated (U.S.) in its $4.9 billion acquisition of 90 percent of Amil Participações S.A.

Two Consecutive M&A Deals of the Year
Latin Lawyer (2012 and 2013)
ING Groep in Grupo Suramericana’s $3.8 billion acquisition of its Latin American pensions, life insurance and investment management businesses (2012)
LAN Airlines S.A. in its business combination with TAM S.A. (2013)

Outbound Investment Deal of the Year
Latin Lawyer (2013)
Banco de Crédito e Inversiones’ purchase of City National Bank from Bankia

Sovereign Liability Management of the Year
LatinFinance (2013)
United Mexican State’s €1.6 billion concurrent new issue and accelerated tender offer

Domestic M&A Deal of the Year
LatinFinance (2013)
Afore XXI Banorte’s $1.6 billion acquisition of Afore Bancomer

Latin American Mining & Metals Deal of the Year
Project Finance (2013)
Minera Antucoya’s $1.9 billion copper project

Deal of the Year — Mining Infrastructure Journal (2013)
Minera Antucoya’s $1.9 billion copper project

Best M&A Deal of the Quarter Century Award
LatinFinance (2013)
Companhia Vale do Rio Doce’s acquisition of Inco

What Others Say

Sullivan & Cromwell has built itself the enviable reputation among Latin American clients as the firm you call in when the stakes are high...having Sullivan & Cromwell on your side of a deal table promises an excellence of service, and sends a powerful signal to the other side.”
Latin Lawyer 250 2014

S&C is the “very best you can get from a New York law firm” with “clients and competitor firms recognizing that its ‘sophisticated’ Latin America team operates ‘at a higher level’” and is “a market leader” “based on quality.”
The Legal 500 Latin America 2014

S&C has “a dominant position in financial institutions M&A,” acquisition finance and project finance, where “the firm has an outstanding record in key sectors such as oil and gas, and infrastructure, and has recently been particularly active in the mining sector . . .”
The Legal 500 Latin America 2014

They are thorough and do not rest until they have understood every detail and foreseen every outcome. They are willing to go the extra mile and beyond. At the negotiation table they provide clever, creative solutions. We felt we had the upper hand just by having them on our side.”
Chambers Latin America 2015

The lawyers have a profound understanding of the commercial issues and provide imaginative guidance and solutions where there is an impasse. They were able to manage the problem with perspective and help us negotiate in a way that was appreciated by all sides.”
Chambers Latin America 2015
Headlines:
Sovereign Finance Market Developments

In 2014, more than a decade after the Firm’s work on the development of the collective action clause (“CAC”) as part of a G-10 working group, S&C continued to take a central role in the evolution of CACs and pari passu clauses and their successful adaptation for the US market. The latest generation of the clauses represents an important market development for sovereign debt restructurings.

IMF Reform Plan Makes Comeback; U.S. Eases Stand on ‘Bankruptcy’ Idea
— The Washington Post, April 9, 2002

Mexico’s Bonds Have Default Clause — Global Securities Are Sold Under New York Law Giving Creditors Repayment Powers
— The Wall Street Journal, February 27, 2003
S&C is instrumental in drafting the first use of the IMF-approved collective action clause for the United Mexican States’ landmark issuance of $1 billion denominated bonds. Brazil, South Korea and South Africa follow suit.

Argentina’s Debt Workout Is Complex
Bonds issued by Argentina equal to $52 billion are governed by the laws of NY, UK, Germany or Japan. Prior to Mexico becoming the first sovereign borrower to adopt collective action clauses in a bond subject to New York law, a unanimous agreement by bondholders was required in the U.S. to make payment adjustments.

Argentina Concludes Largest Debt Restructuring Offer in History
— The Associated Press, February 25, 2005
S&C represents the international dealer managers in Argentina’s exchange offer resulting in SEC-registered bonds totaling $82 billion.

Creditors’ decade-long battle with Argentina shows just how tangled sovereign defaults can be
— The Economist, October 22, 2011
In an important sovereign immunity decision, The U.S. Court of Appeals for the Second Circuit rules that the funds of S&C client the Central Bank of Argentina are immune from attachment and execution under the Foreign Sovereign Immunities Act (FSIA).

Argentina Debt War Lawyers Spend Decade Before Judge
— Bloomberg, December 19, 2012
S&C, led by partner Joe Neuhaus, represents Banco Central de la República Argentina in attachment claims by bondholders and the Clearing House Payments Co. LLC.

Bankers’ Group Supports Bond Trustee in Argentina Appeal
— Bloomberg, January 5, 2013
The Clearing House, represented by S&C, files an amicus brief to seek clarification of the applicability of the district court’s order to beneficiary’s banks, funds-transfer networks, and other parties to funds transfers and to discuss the inclusion of the indenture trustee in the injunction.

IMF Endorses Bond Contract Changes to Avoid Argentina Repeat
— Bloomberg, October 6, 2014
S&C engages with public sector and other prominent law firms active in the sovereign space in developing model clause to be used in New York law contracts.

Mexico’s Bold Move on Debt Restructuring Contracts
— The New York Times Blogs (DealBook), November 12, 2014
Mexico is once again the first Latin American sovereign to adapt for the US market the new collective action clause and ranking clause recently recommended by the International Capital Markets Association for use by sovereign issuers.

Mexico Sells $2 Billion in 10-Year Bonds With New Clauses
— Wall Street Journal, November 18, 2014
United Mexican States and its underwriters use new CAC and ranking clause, modified from the ICMA clauses to reflect US market practice. S&C advises the underwriters in the first offering with new collective action and ranking clauses.
In Depth:

FCPA Issues in Latin American M&A Deals

Sergio Galvis heads S&C’s Latin America group and is a member of the firm’s Corporate Finance, M&A, Project Development and Finance and CDIG groups. Below Sergio discusses the U.S. Foreign Corrupt Practices Act and its potential impact on Latin American deals.

In 1977, Congress passed the Foreign Corrupt Practices Act (the “FCPA”) to combat the practices of bribing foreign officials and concealing improper payments. The FCPA regulates two sources of conduct: (1) the anti-bribery provisions prohibit payments and offers to pay that are intended to influence foreign officials and (2) the accounting provisions require issuers of securities on U.S. stock exchanges to maintain accurate books and records and maintain adequate internal controls over accounting records and assets. The act is enforced by both the Department of Justice (the “DOJ”) (which tends to focus on potential criminal liability) and the Securities and Exchange Commission (the “SEC”) (which addresses issues of potential civil liability). The U.S. authorities have taken expansive views as to both the jurisdictional reach of the FCPA and the legislation’s substantive scope.

Prosecutions of corporations and individuals, and the level of fines, are on the rise. The SEC has identified the FCPA as a “high priority area,” with enforcement actions reported by the SEC averaging less than one per year until 2000 and over 12 per year since 2007. Like the SEC, the DOJ and FBI are devoting increased staff and resources. Private incentives to report have grown as well — under the Dodd-Frank Wall Street Reform and Consumer Protection Act (2010), whistleblowers can receive a 10 to 30 percent award when an enforcement action results in a penalty greater than $1 million.

In view of the foregoing, the FCPA has increasingly become a factor to be considered in M&A and financing transactions in Latin America, whether or not there is any U.S. company involvement.

Moreover, the heightened U.S. focus on the FCPA matches increased attention worldwide to enacting and enforcing anti-bribery laws. Forty-one countries are now signatories to the OECD Anti-Bribery Convention (the “Convention”), and many member nations have recently passed legislation enacting the Convention or additional anti-bribery legislation. For example, the U.K. Bribery Act, enacted in 2010, goes beyond the FCPA and targets bribery of private actors as well as public officials. Similarly, Brazil, Chile, Colombia and Mexico have enacted anti-corruption laws or amendments in the past five years. The OECD Working Group on Bribery in International Business Transactions (the “Working Group”) has created an extensive peer-review system to evaluate member country enforcement of the Convention and other anti-bribery laws. In 2012, the Working Group issued two initial evaluations, 12 stage-three reports, and 13 follow-up reports.

In 2012, the SEC and DOJ jointly released a Resource Guide (the “Guide”). The Guide reaffirms the DOJ’s and SEC’s broad interpretation of jurisdiction, with the FCPA applying not only to U.S. persons and companies and issuers on U.S. stock exchanges, but also to non-U.S. persons and companies engaged in prohibited conduct with a U.S. nexus. Significantly, in the view of the U.S. authorities, it does not take much to establish such a nexus; sending a wire transfer through a U.S. bank or an email through U.S. servers could suffice.
The Guide suggests two primary sources of potential FCPA liability from M&A deals:

**Acquired Liability.** If the bad acts were previously subject to the FCPA, the Guide notes that, in certain circumstances, companies could acquire such liability through an M&A deal.

**Future Liability.** If the bad acts were not subject to the FCPA (i.e., if the company, persons and conduct had no U.S. nexus), the Guide confirms that there is no springing liability. An M&A deal by a company subject to the FCPA does not create liability for past conduct. But the Guide suggests that the DOJ and SEC view the acquiror as an agent for compliance going forward or a beneficiary of non-compliance. If the bad acts continue or continue to generate benefits after closing, such as failing to stop a kickback scheme after an acquisition, conduct that previously had no FCPA implications could create liability for either or both the acquiror and the acquired business.

Either type of liability carries large potential consequences. The FCPA has high statutory fines and individuals also face the risk of prison.* Various companies have faced costly fines and settlement costs after acquisitions were completed, or called off planned acquisitions due to the potential costs. For example, in 2007, several subsidiaries of Vetro International Ltd. agreed to pay $26 million in FCPA criminal fines, including for conduct that had continued after an acquisition. In 2004, a proposed merger between Lockheed Martin Corporation and Titan Corporation, which was valued at close to $2 billion, collapsed following the discovery of FCPA violations during pre-acquisition due diligence. Additional potential consequences include a bar from doing business with the U.S. government (and potentially other governments and multilateral agencies such as the World Bank), suspension from selling securities in the U.S., an independent compliance monitor, possible collateral private litigation, negative effect on business relationships and stock price, and the burden on the company (including defense costs, executive time, lost resources and distraction during integration).

There are three themes in the Guide for managing FCPA risk in M&A deals:

1. **Case-by-Case Due Diligence**

The Guide recommends a contextual, risk-based approach to due diligence, with no bright-line rules or procedures. Given the potential costs of acquired liability or agency liability, discovery of issues early in a deal is important for pricing, risk allocation and deal design. Due diligence on FCPA-related issues has the added benefits of demonstrating to governmental authorities the acquiror’s commitment to corporate compliance and of early identification of the scope and

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* For each bribery violation, corporations face a potential fine of up to $2 million per violation or up to twice the benefit gained from the bribe. Individuals face a potential fine of up to $250,000 or up to twice the benefit gained from the bribe and up to five years’ imprisonment. For each books and records violation, corporations face up to a $25 million fine and individuals face up to a $5 million fine and up to 20 years’ imprisonment.
potential cost of post-closing efforts to integrate the target into the acquiror’s compliance systems and controls. At the same time, extensive due diligence is costly and may not be possible in an auction (or other time-sensitive deal) or in the context of an unsolicited (hostile) transaction. Commercial realities and the Guide point to the same outcome — the level and design of diligence should be tailored to the risk and should adapt as the potential acquiror learns more about the target. Factors include:

**Red Flags.** Are there prior accusations or rumors of corruption?

**Existing Compliance.** Does the target have a robust existing compliance program? How organized and transparent are the books and records and payment systems?

**Context.** Does the target operate in high-risk countries or sectors?

**Government Contacts.** How dependent is the target on government permits or contracts? What relationships does the target have with decision-makers? Do payments to decision-makers appear to be commensurate with the services offered? Should the deal valuation be adjusted for contracts that could end if a robust anti-corruption program is put in place?

**Agents.** Is the target reliant on third parties for its dealings with government officials? (Numerous FCPA enforcement actions have targeted improper payments made through third parties such as sales agents and distributors.)

**Business Design.** How concentrated is the business? Are there numerous small government contracts (suggesting that diligence should focus on patterns of contracting), or one or two critical contracts (suggesting that the focus should be on how those contracts were obtained and the role of third-party sales agents or consultants)?

**Key Man or Key Business.** Are there key individuals or aspects of the business with anti-corruption issues? Should the deal valuation be adjusted because of these potential issues?

### 2 Remediation

If it appears that the target has existing FCPA issues, remediation programs contribute to reducing the risk of FCPA sanctions. The DOJ and SEC look favorably on steps taken to remediate past bad acts when determining the appropriateness, and level, of sanctions. Common remediation measures include:

- internal investigations into actual or suspected misconduct;
- strengthening compliance programs;
- enhancing procedures;
- terminating the employees involved; and
- self-reporting and subsequent cooperation with the SEC or DOJ.

3 Integration

Integration programs contribute to reducing the risk of future FCPA liability. After the deal closes, the acquiror faces a large new source of potential liability. Especially in circumstances where there is a heightened risk of poor past practices at the target company, a priority between signing and closing should be to planning implementation of compliance and training programs. Suggested integration measures include:

- training programs;
- internal examinations, including audits where appropriate;
- examining third-party relationships and putting in place sufficient oversight of agents and other third parties;
- strengthening compliance programs; and
- keeping adequate books and records and maintaining effective internal controls.

With the ever-increasing globalization of Latin American companies and the U.S. authorities’ expansive view of jurisdiction under the FCPA, the risk of acquiring FCPA liability or creating future FCPA liability in Latin American M&A deals is increasingly a factor to be evaluated. Step-by-step, risk-based due diligence can identify potential FCPA situations, with a view toward more accurate deal valuation and more effective remediation and integration programs. Time and attention spent during the deal on careful due diligence and post-closing on remediation and integration contribute to reducing the risk of distracting, costly FCPA liability.
Q&A: Pension Fund Investment in Infrastructure

S&C partner Chris Mann has 25 years of experience in a wide variety of corporate and financing matters. He has advised some of the world’s most sophisticated pension funds, including Canada Pension Plan Investment Board and Ontario Teachers’ Pension Plan, on their infrastructure-related investments in Latin America and elsewhere.

What are some of the key current trends in infrastructure investment?

Demand for infrastructure assets withstood the economic downturn better than many other asset classes (particularly in Europe), in large part because of the perceived lower risk profile of infrastructure assets and the clear need, particularly in North American and emerging markets, for improved infrastructure. Debt financing markets for infrastructure investments have remained strong, and investors continue to show strong appetite for new asset opportunities in the face of seriously constrained supply of such assets. The focus remains on core infrastructure assets that are already operating, but a small number of investors are seeking yield more aggressively, either by looking to geographies outside “safe haven” markets or by investing in greenfield projects.

Why are pension funds interested in investing in infrastructure?

Pension funds have a long-term investment horizon and have less need for immediate liquidity than other investors. The long-term nature of infrastructure projects can be used to match pension funds’ long-term liabilities and often produce predictable, stable cash flows due to their regulated nature and the lack of competition. In addition, infrastructure assets can help pension funds diversify their portfolios, because such assets have a low correlation with traditional asset classes.

How do you see the infrastructure investment climate in Latin America?

There has been significant interest in Latin American infrastructure from international investors (including pension funds) in recent years. For example, Canada Pension Plan Investment Board invested in five toll roads in Chile in 2012 and a major gas pipeline in Peru this year. This interest is likely to increase in the coming years, as several Latin American countries are expected to engage in processes to award concessions to build or operate infrastructure assets.

For example, Colombia and Mexico have multi-year plans to award a high value of concessions for highways and other infrastructure in the near future, while Peru recently awarded the concession for another gas pipeline to an international consortium.

What are the opportunities to invest in Latin America infrastructure?

It is clear that Latin America’s infrastructure network lags behind that of other regions, principally due to long-term underinvestment in infrastructure (a similar phenomenon to that experienced in the United States over the last 25 years). The policy response in some Latin American countries has been very ambitious. For example, the Mexican government’s plan for infrastructure development over the next five years proposes infrastructure investment of 5.5 to 6% of GDP,
Pension Fund Investment in Infrastructure continued

equating to US$50 billion in the roads, ports and transportation sector alone. The Colombian government is seeking US$25 billion in road infrastructure investments over the next seven years, and is forecasting a need for up to US$100 billion in overall transportation investments over the same period.

What are the key challenges for clients investing in infrastructure in the region?

Regulatory risk remains the key concern for any investment in infrastructure, as investor returns depend on the stability of the tax and regulatory regime. Negotiating favorable and stable arrangements with joint venture partners and regulators is also key to the success of any infrastructure investment. Political and macroeconomic risk continues to be an area of focus, particularly outside Europe, North America and Australia. In emerging markets, foreign exchange risks and investment protection can be key challenges, as can transparency and the rule of law (making anti-bribery and other compliance issues a key focus of investor diligence). In addition, with greenfield projects, clients have to factor in completion and construction risk in structuring their investments.

What are some other issues for clients to focus on early in connection with infrastructure investments?

Because infrastructure investments tend to be long term and have limited exit opportunities, it is essential to ensure that any joint venture arrangements are crafted properly, whether in relation to governance, ongoing shareholder rights or other aspects of a joint venture relationship. This is a particular concern for pension funds and other private equity investors that seek to partner with strategic investors who retain control of assets. Diligence should involve a particular focus on sector and asset regulation, concession agreements, existing financing arrangements (which often require replacement guarantees or a lengthy process of obtaining transfer consents), other material contracts and any regulatory clearances required for the investment to ensure that investors are adequately prepared for issues that may arise.
What’s Next for Oil and Gas in Latin America

Investment and financing activity in Latin America’s oil and gas sector has been robust in recent years. Current political and economic developments throughout the region will continue to position Latin America as one of the most active oil and gas markets globally. According to Ernst & Young, M&A activity in Latin America’s oil and gas sector has totaled over $10 billion annually for each of the past three years. Financing activity has been equally active. Dealogic reports show over $50 billion in debt financing committed to oil and gas projects in the region since 2010. This recent surge in activity has been driven by a diverse range of actors. In addition to the regional champions and independent oil companies that have traditionally led market activity in Latin America, the past few years have witnessed increased participation from newer players from Asia, such as CNOOC from China.

Looking ahead, despite the recent downward movement in oil prices, a number of key trends are likely to continue driving activity in the sector, where strategic investors can be expected to take a long-term perspective. First, the passage of Mexico’s landmark energy reform legislation will allow for greater private participation throughout the value chain in what soon is expected to become Latin America’s largest economy. Second, developments in deep sea drilling technology have led to more robust production in the pre-salt oilfields off Brazil’s southeastern coast. Petrobras recently reported that output from the pre-salt fields has reached 500,000 barrels per day, nearly triple that of 2012. Third, the discovery of shale reserves throughout Latin America has also led to a surge of interest from developers keen to capitalize on the shale revolution. For example, major producers and developers including Chevron, ExxonMobil, Total and...
YPF recently established new operations in Argentina’s Neuquen Basin, home to the promising Vaca Muerta and Los Molles shale formations. Finally, Latin America’s role as an emerging hub in the global LNG trade will present new opportunities throughout the region. Demand for more diversified and cleaner-burning energy resources within the region is expected to fuel the development of additional regasification facilities throughout Latin America. This will, in turn, create opportunities for new liquefaction terminals and LNG transportation infrastructure near or in Latin America, including Mexico, Peru and Colombia, and other existing and new LNG exporting countries.

For many decades, S&C lawyers have worked on some of the largest and most challenging oil and gas projects globally. We draw on that experience in setting out below some key issues for parties to consider when structuring and developing large-scale oil and gas projects in Latin America.

Dealing with Political/Regulatory Risk

The challenges posed by political and regulatory risk are familiar to industry participants throughout Latin America, and transactions should be structured to proactively account for and appropriately allocate such risk.

Anticipating Delays: Project documentation should be structured to provide flexibility if delays arise in the regulatory approval process. Potential delays may be driven by the rise in cross-border development activity, adoption of new regulations in various jurisdictions and increased participation from investors, lenders and counterparties from countries with changing regulatory regimes. Approvals may be required not only from target country regulators, but also from home country regulators for each of the project’s participants, such as China’s Ministry of Commerce in the case of Chinese project partners.

Foreign Ownership Restrictions: Interparty economic and governance arrangements should be carefully structured to account for current and potential foreign ownership restrictions. Such restrictions exist to a certain degree in many of the most promising oil and gas markets in the region, including Argentina (where state-owned YPF holds rights to approximately 40% of the total acreage in the Neuquen Basin) and Brazil (where Petrobras must hold a minimum 30% stake in all pre-salt oil ventures). In cases where minority ownership currently is mandated by law, foreign parties should seek creative structuring solutions to obtain acceptance of protective governance arrangements, which may include consent, voting and tag-along rights.

Mechanisms to Protect Foreign Investment: A number of other contractual and structural mechanisms can be utilized in the project documentation to reduce a project’s exposure to political risk. Contractually, such mechanisms include a developer-friendly stabilization clause, a well-crafted arbitration and forum selection clause and the use of New York or English governing law. Structurally, foreign parties can also reduce their exposure to domestic political risk by keeping project funds outside the host country, taking advantage of bilateral investment treaties, involving export credit agencies and local investors, and obtaining third-party political risk insurance.

LNG Project Considerations

The continued development of Latin America’s LNG industry should introduce a host of new opportunities, but will require consideration of a number of issues unique to the sector. Based on S&C’s experience advising on some of the largest and most complex LNG projects globally, we recommend that parties consider the following issues:

Tolling vs. Purchase/Sale Structure: Depending on commercial, regulatory and tax requirements, sponsors may decide to structure LNG offtake arrangements as a tolling structure or a purchase/sale arrangement. In a tolling structure, a customer is responsible for obtaining its own gas supply and the operator derives its revenues solely from processing fees. In a purchase/sale structure, the operator purchases gas supplies and sells to buyers under a LNG purchase and sale agreement. Based on S&C’s ongoing experience advising the sponsor in Cameron LNG, the only recent true LNG tolling precedent, we are uniquely attuned to the issues associated with a tolling model. Under a tolling model, numerous LNG project risks are converted into tolling customer credit risks, including commodity price risk, upstream...
What’s Next for Oil and Gas in Latin America
continued

supply risk and LNG market risk. The choice of a tolling model also has significant financing implications, which include a huge weight on the tolling customer credit story, close scrutiny of exceptions to “liquefy or pay” (which means that each force majeure or other “out” needs to be mitigated if possible and rendered “bankable”) and the fact that “synthetic” financing based on contractually fixed cash flows means that there are no high oil price scenarios to “solve” other problems and no cash sweep for upside prices.

Managing Multi-Source Financing: Having advised on some of the largest LNG project financings in history, including PNG LNG ($18 billion) and APLNG ($8.5 billion), S&C has deep experience coordinating the multiple sources of financing that are commonly required to fund LNG projects of this scale. The continued development of Latin America’s LNG industry, highlighted by projects including Peru LNG ($3.8 billion), suggests that multi-source financing may become a common feature in Latin America going forward. In such cases, parties should anticipate the challenges that will result from using multiple lenders and other financing sources, such as project bonds, and ensure that project documentation carefully and proactively addresses any potential issues associated with multi-source financing.

Take Advantage of FTAs: The U.S. currently has Free Trade Agreements (FTAs) in place with a number of Latin American countries, including Chile, Colombia, Mexico, Panama and Peru. Under the U.S. DOE’s Export Authorizations, applications to authorize export to FTA countries are statutorily required to be approved “without modification or delay.” This expedited treatment could result in more interest in the development of regasification terminals in FTA countries.

Documentation and Tax Structuring

As with all complex oil and gas projects, parties should pay careful attention when structuring the documentation architecture and related corporate, accounting and tax treatment of the project:

Flexible Documentation Architecture: As is particularly relevant when multi-source financing is required, using common, flexible documentation can make it easy for new debt to “plug into” the existing documentation architecture, can establish a clear intercreditor voting structure and can minimize constraints on operations and compliance.

Use Favorable Tax Structuring Techniques: Incorporating tax considerations early in the project design process may permit favorable tax structuring techniques, such as the incorporation of project/holding companies in jurisdictions that benefit from a double taxation treaty with the target/host country, which can facilitate the design of project structures that are optimal from the perspective of sponsor objectives.

Latin America’s role in the global oil and gas industry should continue to rise in the coming years, fueled by exciting developments throughout the region. By keeping these practice points in mind and bringing to bear relevant experience from similar projects from around the world, parties should be able to more effectively capitalize on these opportunities by evaluating, structuring and executing successful transactions in Latin America’s oil and gas sector.
Global Experience:
Selected S&C Oil & Gas Projects

- Alaska Natural Gas Pipeline
- Cameron LNG
- Corpus Christi LNG
- Cantarell Nitrogen Gas
- Pemex Pidiregas Master Trust
- Oleoducto – Central Crude Oil Pipeline (Ocensa)
- Heavy Crude Pipeline (OCP)
- Camisea Gas Pipeline
- GasAndes Pipeline
- Cabiñas Natural Gas Processing
- EVM Offshore Oil
- Malhas Gas
- Sincor Extra Heavy Oil Project and Subsequent Restructuring
- Coega LNG
- South Stream Offshore Pipeline
- CPC Pipeline
- Tengizchevroil (TCO) Oilfield
- Baku-Tbilisi-Ceyhan Pipeline (BTC)
- Dolphin Energy
- Yemen LNG
- PNG LNG
- Australia Pacific LNG
- South Stream Offshore Pipeline
- CPC Pipeline
- Tengizchevroil (TCO) Oilfield
- Baku-Tbilisi-Ceyhan Pipeline (BTC)
- Dolphin Energy
- Yemen LNG
- PNG LNG
- Australia Pacific LNG
International Arbitrations Involving Latin American Parties

The growth of Latin American economies, along with inward and outward investment to and from the region, has resulted in a commensurate increase in arbitrations involving Latin American parties. While investor-state arbitrations have grabbed headlines over the last few years, investment arbitration is only part of the story. Companies are increasingly using international commercial arbitration to resolve cross-border disputes involving one or more parties from Latin America.
International Arbitration Involving Latin American Parties

International Commercial Arbitration

Over the last decade, the primary global arbitral institutions, such as the International Chamber of Commerce (ICC) and the International Center for Dispute Resolution (ICDR), have reported a gradual increase in the number of arbitrations they administer involving one or more Latin American parties. For example, in 2012, the number of parties from Latin America or the Caribbean involved in new ICC arbitrations reached almost 300, or approximately 15% of the parties involved in new filings that year, up from 175, or 10%, in 2002. Not surprisingly the majority of those parties were nationals of Latin America’s largest economies, Brazil and Mexico, followed by Argentina, Chile, Colombia and Peru. In particular, we have observed an increase in Latin American companies as claimants in commercial arbitrations with business partners in East Asia and the Middle East.

As Latin American economies have diversified, so too have the types of disputes being resolved in arbitration. The traditional arbitration users from the oil and gas, mining and construction sectors are being joined by parties from other sectors, including financial services, insurance, manufacturing, pharmaceuticals and telecom. The perceived benefits of international arbitration vary by business sector, though the primary benefits identified by most arbitration users are the neutrality of the decision makers, the parties’ freedom to agree to keep the proceedings confidential, and the enforceability of arbitration awards. In relation to this last point, all the countries in Latin America and 153 states in total have ratified the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the “New York Convention”), which facilitates the enforcement of arbitral awards rendered in those states or other states that have adopted the New York Convention. A similar global framework does not exist for the enforcement of court judgments across borders.

About the authors: S&C partner and head of the Firm’s arbitration practice Joe Neuhaus, and special counsel Tom Walsh, represent clients in complex international commercial and investor-state arbitrations in Latin America. Recent highlights include representing a South American company in a pair of ICC arbitrations involving claims of $86 million against three entities from a Persian Gulf country arising from agency agreements; Standard Chartered Bank in ICDR arbitrations of Latin American investors’ claims arising out of the Madoff scandal; Banco Popular, the largest bank in Puerto Rico, in a $200 million dispute with the U.S. FDIC; Japanese buyers of a Mexican pharmaceutical firm in an ICC arbitration over breaches of sales agreements; foreign owners of an oil pipeline in a tax dispute with a Latin American sovereign; and a Canadian gold company in the resolution of the termination of a gold-mining concession by a Latin American sovereign.
Investor-State Arbitration

In relation to investor-state arbitration, the extent of adherence to investor-protection provisions is a mixed picture. From 2007 to 2012, Bolivia, Ecuador and Venezuela each denounced the Washington Convention providing for participation in arbitrations under the auspices of the World Bank's International Center for the Settlement of Investment Disputes (ICSID) and have denounced or not renewed some bilateral investment treaties (BITs). Mexico and Brazil have not signed the Convention and appear unlikely to do so in the near future. Argentina and Venezuela together have been named as respondents in more than 80 ICSID arbitrations. But most Latin American countries have had fewer than 20 investment arbitrations and most, including Mexico (but not Brazil), are parties to numerous BITs and free trade agreements that provide protections for foreign investors, including the right to arbitration outside the country.

Of at least equal importance, states continue to enter into investment contracts with foreign investors that provide for the resolution of disputes in international arbitration. For example, Mexico’s new hydrocarbons law provides that disputes arising from exploration and production contracts may be resolved in arbitration.

Before entering into an arbitration agreement, whether in a commercial or investment contract, or investing in reliance on an arbitration clause in an investment treaty, we offer the following practice points.

Do Not Underestimate the Potential Importance of a Seat of Arbitration with Well-Tested Courts and Arbitration Law:
In addition to joining the New York Convention, most Latin American countries adopted new or amended arbitration laws in the 1990s or 2000s. However, despite this legal framework, the increased use of international arbitration by Latin American companies has not yet resulted in a sizable increase in the number of arbitrations seated in Latin American jurisdictions. The ICC reports that parties continue to overwhelming select the most-established seats — England, France, Singapore, Switzerland and the United States — as the seats of their arbitrations. Of the Latin American jurisdictions, Brazil and Mexico are the most common seats, with the ICC reporting that 15 and 12 arbitrations filed in 2012 were seated in Brazil and Mexico, respectively.

The inclination not to stray from the established arbitral seats is due to a number of factors, including the importance of the courts of the seat to the arbitral process: the courts of the seat typically will assist arbitral proceedings when necessary, and hear an action to vacate an award. In addition, the law of the seat will typically govern certain elements of the arbitral procedure. Because the courts and arbitral law of the most-established seats are relatively well tested, selection of one of those jurisdictions as a seat can increase the predictability and reduce the risk of the arbitral process.

Arbitral Institutions and Rules Are Not All the Same: Similarly, while arbitral institutions have proliferated throughout Latin America and the world, parties generally select in their arbitration agreements related to cross-border transactions and investment agreements one of the handful of established international arbitration institutions, such as the ICC, ICDR, the London Court of International Arbitration (LCIA) or the Singapore International Arbitration Centre (SIAC). While ad hoc arbitration or regional or specialized arbitral institutions or rules may be preferable in certain circumstances, the larger international institutions generally have the most experience administering international arbitrations. In addition, there typically is more information publicly available in the form of treatises, scholarly articles and redacted arbitration awards regarding the interpretation and application of these institutions’ respective arbitration rules.

These international arbitral institutions have recently updated their arbitration rules, with the ICC introducing amended rules in 2012, the SIAC in 2013, and the ICDR and LCIA in 2014. These arbitration rules generally provide similar processes for the appointment of arbitrators and the administration of arbitrations. The updates to these rules typically have added rules addressing complex disputes like multi-party arbitrations and the consolidation of arbitrations,
as well as provisions for “emergency” interim measures pending the formation of an arbitral tribunal. There are some differences, however, particularly with regard to costs and confidentiality. For example, ICC arbitrator fees are based on the amount in dispute and an advance for the full expected amount is required at the outset; the ICDR pays arbitrators on an hourly basis and calls for advances on a “pay as you go” basis. The LCIA and SIAC have rules that require the parties to keep the arbitration filings and award confidential, while the ICC and ICDR rules allow for confidentiality rulings by the tribunal, but do not require the parties to maintain the confidentiality of the proceedings.

Do Not Assume that Arbitral Proceedings Are Confidential: Although confidentiality is often cited as one of the primary advantages of arbitration, most arbitration rules and many countries’ arbitration laws do not require the parties to maintain the confidentiality of the arbitral proceedings, the award or any documents exchanged in, or created for, the arbitration proceedings. Rather, the benefit of arbitration is that, unlike in most court proceedings, the parties may agree to keep arbitration proceedings confidential or request the arbitral tribunal to order as much. As a result, when entering into an arbitration agreement, a party should consider whether the clause provides the desired level of confidentiality.

Drafting an Arbitration Clause Is Not the Time to Be Creative: As a very general proposition, contract drafters should resist the temptation to tailor the arbitration procedures to the particular transaction. There should be a strong presumption in favor of using the “off the shelf” clause suggested by the relevant arbitral institution (typically specifying the place of arbitration, the language and the number of arbitrators) with very few additions (a common one is confidentiality). There are exceptional situations, of course, but they are few. In our experience, clauses that attempt to “micro-manage” the procedures are often unrealistic, particularly with respect to the time periods, and insufficiently flexible, and sometimes breed unnecessary litigation themselves. When in doubt, stick to the form.
Recent Developments

In 2014, Werner Ahlers joined the S&C partnership, adding additional experience to a diverse and growing roster of S&C partners active in the region.

Originally from Nicaragua, Werner has experience across a wide range of corporate and finance transactions, including cross-border mergers and acquisitions, joint ventures, project and asset-backed financings and securities offerings. Since joining S&C as an associate in 2005, in addition to extensive work on project development and finance transactions, Werner has maintained an active M&A and joint venture practice with an emphasis on natural resources, infrastructure and financial services sectors.

This past year he also took on the chairmanship of the Inter-American Affairs Committee of the NYC Bar, through which he is also on the committee of the Vance Center for International Justice, which coordinates the NYC Bar Association’s activities in cross-border pro bono work.

Werner is a graduate of Yale Law School (J.D., 2005) and Harvard University (B.A., 1999). He is a native speaker of Spanish and is proficient in Portuguese. Outside the office, he and his wife enjoy being parents to two boys, ages 2 and 5, and living in lower Manhattan.

Notable Matters

- AT&T (U.S.) in its pending $2.5 billion acquisition of Mexican wireless company Iusacell from Grupo Salinas (Mexico)
- UnitedHealth Group Incorporated (U.S.) in its $4.9 billion acquisition of 90 percent of Amil Participações S.A. (Brazil)
- Bankia S.A. (Spain) in its pending approximately $883 million sale of its subsidiary, City National Bank of Florida (U.S.), to Banco de Crédito e Inversiones (BCI) (Chile)
- Cementos Argos S.A. (Colombia) in its acquisition of Lafarge S.A.’s 53 percent stake in Lafarge Cementos S.A. de C.V., a Honduran cement company, for €232 million
- Canada Pension Plan Investment Board (CPPIB) in a series of transactions in which it acquired an approximate $600 million stake in the Camisea Pipeline and 100% of its operating company
- Minera Antucoya, the project company, whose sponsors are Antofagasta plc and Marubeni Corporation, in its $650 million financing for the Antucoya copper project in Chile’s Antofagasta region
- Several sponsor groups of the Alaska pipeline project in connection with developing and operating a natural gas pipeline and related facilities to transport gas from the North Slope of Alaska to markets in Canada and the continental United States

When asked what was his most challenging deal of 2013, Werner referred to the sale of the Amapá Mine in Brazil for Anglo American. “The deal was signed in late 2012, but in April 2013, before it closed, the main infrastructure asset of the mine collapsed into the Amazon River. We spent months structuring and negotiating many options for transferring an economically viable project under very difficult and constantly changing conditions, and were pleased to finally close the transaction in the third quarter of the year.”
Recent Developments

continued

Robert S. Risoleo
Washington, D.C.
Bob has had a very active practice in the region, giving corporate advice and handling capital markets offerings for a number of issuers. His matters have included complex capital markets and financing matters for Bancolombia and Cementos Argos in Colombia, LATAM Airlines in Chile, and Ternium and Transportadora de Gas del Sur in Argentina, as well as sovereign offerings for Colombia and Panama. Bio>

John E. Estes
New York
Co-Head of our Credit and Leveraged Finance group, John has handled important financings for many of the region’s most active borrowers, including CEMEX’s various exchange offers and HudBay Minerals in high yield financings to fund its Constancia copper project in Peru. He has since assisted Cementos Argos in a $600 million term loan to finance its acquisition of Lafarge’s assets in the U.S. and AB InBev in financing for its acquisition of Grupo Modelo. His work also extends to smaller cap companies in the region — having advised Minsur on a $200 million unsecured loan agreement in 2012. Bio>

C. Andrew Gerlach
New York
Financial Institutions group partner C. Andrew Gerlach has continued to expand his practice for strategic bank matters in the region, advising Bancolombia in its acquisition of HSBC in Panama — the largest acquisition by a Colombian company (he also handled Bancolombia’s acquisition of Banagrícola in 2008) and Ally Financial’s strategic dispositions in Brazil, Mexico, Colombia and Chile in 2013. Bio>

Joseph E. Neuhaus
New York
Head of S&C’s Arbitration group, Joe’s practice has been focused on international commercial litigation in both arbitral and court settings, with particular emphasis on Latin American matters. He continues to represent Banco Central de la República Argentina in its ground-breaking litigation on central bank immunity under the Foreign Sovereign Immunities Act and advises several investors in disputes with Latin American sovereigns as well as parties in commercial arbitration disputes in the region. Bio>

William D. Torchiana
Paris
Head of S&C’s Paris office, William led many of the most significant multi-jurisdictional asset monetizations in Latin America by European financial institutions arising from the global economic crisis. This work included important matters in the insurance and pension funds space, such as BBVAs dispositions in Colombia, Chile, Panama, Peru and Mexico in 2013 and 2014 and ING Groep’s dispositions of its insurance, pensions and wealth management businesses in Argentina, Chile, Colombia, Peru and Uruguay in 2012. Bio>

Inosi M. Nyatta
New York
Twice named a Law360 Rising Star, Inosi serves as a valuable resource on complex energy matters, particularly in the LNG sector. For the past year and a half, she has been advising Sempra Energy on its $10.5 billion financing of the Cameron LNG project in Louisiana, the single largest project financing ever in the United States and only the second liquefaction export facility to be approved in the United States. Her work came on the heels of the project financing for Australia Pacific LNG’s groundbreaking CSG-LNG development on Curtis Island. Bio>

Ronald E. Creamer, Jr.
New York
Complex tax structures for M&A and securities work matters, including CMPC, Bancolombia, CAF and Colombia, Panama and Brazil Bio>

Andrew G. Dietderich
New York
Global Head of Restructuring. Represented Kodak in its landmark bankruptcy which included significant assets in Brazil and Argentina Bio>

Theodore Edelman
New York
FCPA and other government investigations. Frequent presenter on topics in Latin America Bio>

Juan Rodriguez
London
Head of EU Competition Group, handling global antitrust matters for LAN Airlines, Cementos Argos and Antofagasta Bio>

Dennis C. Sullivan
Washington, D.C.
Regular adviser to CAF on its financings and investments Bio>

Nikolaos G. Andronikos
London
Oil and gas projects work, including OCP in Ecuador and OCENSA in Colombia Bio>

Joseph E. Neuhaus
New York
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Dennis C. Sullivan
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Program Updates

S&C is proud to have one of the most selective and rigorous international lawyer programs in the world. The program, which began in 1949, is led by partners John Estes and Neal McKnight and has over 70 alumni from Latin America. The Firm traditionally hosts three to four lawyers from the region each year.

Profile: Diego Parise

*Visiting Lawyer (’99)*  
*S&C Associate (’00 – ’04)*

Diego Parise joined S&C in 1999 and was in our General Practice Group until he returned to Argentina in 2004. As one of the senior partners of the Mitrani Caballero Ojam & Ruiz Moreno firm, he leads their Banking and Corporate Finance group and is a key member of their Corporate group. Diego’s practice is emblematic of S&C’s long tradition of generalist training, with more than 20 years of experience in a wide range of M&A, joint venture and corporate transactions, project and syndicated bank financings, debt restructurings, nationalizations, capital markets offerings and dispute resolution and litigation.

Since his return to Argentina, Diego has continued to work alongside S&C for a number of clients, including Tenaris, Ternium, BP and Mitsui.

S&C has a long history with Argentina, going back to when the firm had an office in Buenos Aires in the 1920s. In the last 20 years, we have had superb Argentine lawyers like Diego from a number of the leading Argentine firms work at S&C in our Visiting Lawyers Program.

VLP in the News

S&C’s Visiting Lawyers Program was featured in two notable publications in 2014. *Latin Lawyer’s 2014 Foreign Associate Programme Survey* praised S&C’s program as one of the oldest and most competitive in terms of applications. It ranked highly in their survey of which international firms play host to the greatest number of Latin Americans and how these programs’ composition and intake has changed over time.

S&C’s program was also highlighted in “Best of Friends,” an article in ALM’s special spring publication *Focus Latin America*, which discussed the importance of relationships in legal business in Latin America and the growing strength of ties between Latin American and international firms. “Legal business is all about relationships,” the article states, arguing that visiting lawyers programs can help grow these key relationships. Sergio Galvis agreed. “Latin American law firms put a lot of value on these visiting lawyer programs,” he said in the article. “They’ve been a real positive in the development of Latin American firms. They’ve become so much more sophisticated and international in their perspective.”

S&C’s Visiting Lawyers Program, which is over 65 years old, was cited as an example of one of these successful programs. The article explains that “half of the foreign associates become partners at their home firms after completing the program, with half of those ultimately moving into management roles at those firms. Around 20 percent of its alumni go on to take senior positions as in-house counsel.”
Visiting Lawyer Perspective

After earning his LL.M. at Columbia University, Francisco Glennie spent two years working in S&C’s New York office, starting as a visiting lawyer in September 2012, and staying on for an additional year as an associate. Glennie is now back in his native Mexico City at Mijares, Angoitia, Cortés y Fuentes, S.C., from where he shares some of his favorite S&C memories with us.

A notable matter I worked on was:
The analysis of a potential restructuring of Argentina’s external indebtedness. I had worked on several bond offerings by Mexico, Brazil and Colombia, so the experience on sovereign financing that I had gained just months before landed me a spot on the team working on that matter. This was a particularly complicated matter, as we were constantly trying to hit a moving target. Every other day we woke up to a public statement by Argentina’s President or a development in the litigation before the U.S. Courts or the negotiation between Argentina and the holdout creditors, which had an impact on our analysis and the structures we were proposing.

An experience that helped me grow as a lawyer was:
A pitch for a big project in Mexico. I was a little nervous when I found out I would be joining four partners on a trip during which we would give a presentation on the legal and structural issues of the potential project. I was not less nervous when I learned of S&C’s unwritten rule that even the most junior lawyer in the room must contribute in some way, and was asked to present some of the slides. We spent more than a month preparing for that presentation, and I am glad to report that we were engaged for the project. Not only was this an invaluable learning experience for me, it also shows the high expectations S&C has of its junior lawyers. I am sure that I will never work on another pitch without remembering that trip and all the hard work that went into it.

Takeaways from the experience:
If I had to say what the single most important thing that I took with me from my time at S&C is, I’d say that I now have a clear picture of the kind of lawyer I want to be. I will always see myself as an S&C lawyer, and as such, I will make sure I replicate the commitment to quality that I saw in everyone at S&C.

We started doing real work right from the outset, which I found thrilling. On my very first day after orientation, I was asked to help on an acquisition of a prominent company in Mexico. I had read in the papers about rumors of a possible deal, but I had no idea S&C was involved and never imagined I would be working on it myself just a couple of days later.

I made great friendships at S&C, including my fellow visiting lawyers and many other lawyers and non-lawyers. I learned something from everyone with whom I worked, and am lucky to have new mentors who not only shaped my career, but whom I can also call my friends.
**Alumni News**

We are pleased to share some of the recent achievements of our Latin America practice alumni.

**Darin Bifani** (Associate ’07–’08) is Founder and Managing Director of Puente Pacífico and Cape Horn Investment Advisory

**Claudia Echavarría Uribe** (VLP ’09–10), Corporate and International Banking Legal Director, Bancolombia (Colombia) was nominated for Legal Counsel of the Year (individual) from the LACCA Awards in August 2014

**Leonardo Barém Leite** (VLP ’97–’98) is now with Almeida Advogados (Brazil)

**Alejandro Botero** (VLP ’07–’08, Associate ’08–09), Legal Managing Director, Caribbean and Central America, Cementos Argos, was nominated for the Deal-Making Award (individual) from the LACCA Awards in August 2014

**Sergio Eguiguren** (VLP ’13) joined Barros & Errázuriz (Chile) in July 2014

**Bruno Mastriani Simões Tuca** (VLP ’11–12) of Mattos Filho, Veiga Filho, Marrey Jr e Quiroga Advogados was promoted to partner in April 2014

**Karina Camacho** (Associate ’05–10) is now Limited Member at Pietrantoni, Mendez & Alvarez LLC (Puerto Rico)

**Andrés Gutiérrez Fernández** (VLP ’09) is now Legal Corporate Director of Grupo Modelo S.A.B. de C.V./ABInBev Mexico Zone

**Veronica Aixa Sureda** (VLP ’05–06) of Bruchou, Fernández Madero & Lombardi (Argentina) was promoted to partner

**Camila Chouzal** (VLP ’07–’08) of Barbosa, Müssnich & Aragão was promoted to partner in March 2013

**Pablo Jiménez Zorrilla** (VLP ’05) is now VP Legal & Corporate Affairs of Grupo Modelo S.A.B. de C.V./ABInBev Mexico Zone

**Eduardo Zilberberg** (Associate ’09–12) is now a partner at Dias Carneiro Advogados since March 2014

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**Stay in Touch**

S&C provides many great resources through its alumni network. We regularly host events around the world, including receptions, conferences and interactive webinars.

Our substantive client memos are available through email subscription to our client mailing list (email chiavarolin@sullcrom.com) or on Twitter (@sullcrom).

Follow Sullivan & Cromwell’s company page on LinkedIn and join “The S&C Connection” for additional information on Firm news and upcoming events.
Recent and Upcoming Events

IBA Mergers and Acquisitions in Latin America: Latest Trends and the Road Ahead
March 11-13, 2015 — Panama City, Panama
Sergio Galvis will speak on a panel at the event co-presented by the IBA Latin American Regional Forum and the IBA Corporate and M&A Law Committee.

Latin Lawyer 5th Annual M&A Conference
December 2, 2014 — São Paulo, Brazil
Chris Mann moderated a panel on public company M&A and joint ventures at the publication’s annual conference.

American Bar Association Section of International Law 2014 Fall Meeting
October 22, 2014 — Buenos Aires, Argentina
Joe Neuhaus spoke on a panel titled, “Sovereignty Rules? Implications of Recent U.S. Court Decisions Involving Argentina,” as part of the American Bar Association’s Section of International Law 2014 Fall Meeting in Buenos Aires. The panel explored how the aftermath of Argentina’s 2001 debt crisis shaped U.S. law and continues to affect recent U.S. court cases involving Argentina, such as BG Group v. Argentina, NML Capital v. Argentina and the Supreme Court’s decision regarding discovery of Argentina’s assets.

Annual Conference of the International Bar Association 2014
October 19-24, 2014 — Tokyo, Japan
S&C panelists included Vanessa Blackmore, Garth Bray, Will Chua, Sergio Galvis, Chris Mann, Michael McGowan, Stewart Robertson, David Rockwell and William Torchiana on a variety of topics, including the liability of intermediaries and rating agencies, challenges for Asia inbound & outbound M&A, strategy and ethics in negotiation, financing oil and gas projects through non-traditional means, insurance M&A, Asian investment in mining in Latin America and Africa, strategies for cross-border postings, corporate corruption and bribery, and the ethical and reputational risks of international tax planning.

Columbia Law School Roundtable on Sovereign Debt Restructurings
October 7, 2014 — New York, NY
Sergio Galvis took part in a roundtable discussion led by Columbia Law School interim dean Robert E. Scott and Duke Law School professor Mitu Gulati about contractual arrangements relating to sovereign debt restructurings, with a particular focus on the pari passu and collective action clauses in bond covenants.

PLI 2nd Annual Current Developments in Latin American Cross-Border Transactions
September 16, 2014 — São Paulo, Brazil
Ted Edelman moderated the panel “Foreign Corrupt Practices Act (FCPA), Office of Foreign Assets Control (OFAC) and Other Money Laundering Regulations.”

Latin Lawyer 5th Annual Private Equity Conference
September 12, 2014 — New York, NY
Werner Ahlers moderated a panel on structuring successful cross-border private equity deals.

LatinFinance 8th Andean Finance & Investment Forum
September 10-11, 2014 — Medellin, Colombia
The forum, which was co-sponsored by S&C, included panelists Andrew Gerlach, who participated on the panel “Creating Conglomerates: strategies for Intra-regional M&A” and Bob Risoleo, who participated on the panel “Financing Oil & Gas Projects.”

First International Meeting on Tax Law, sponsored by the Colombian Institute of Tax Law and the Universidad Externado de Colombia
May 22, 2014 — Bogotá, Colombia
Willard Taylor presented on “Tax Treaties and Investment Funds: US and LATAM,” as part of the “Collective Investment Funds” portion of the program.
Special thanks to S&C associates Ben Kent, Stephen Lam and Kate Walro for their contributions to this publication.