

## Banking Group Of The Year: Davis Polk

By **Hannah Albarazi**

*Law360 (January 25, 2024, 2:02 PM EST)* -- Davis Polk & Wardwell LLP played a pivotal role in preserving the stability of financial markets by picking up the pieces after Silicon Valley Bank, Signature Bank and First Republic Bank spectacularly collapsed, while also guiding UBS' \$3.2 billion acquisition of Credit Suisse, earning the firm a spot among Law360's 2023 Banking Groups of the Year.

"2023 was really, absolutely an amazing year," said Margaret E. Tahyar, who heads up the firm's financial institutions group and served as a lead counsel during the string of regional bank failures in the spring of 2023.

Tahyar said during that time of turmoil in the financial industry, she and her team worked around the clock to limit the impact on clients, the banking sector and the global economy overall.

Tahyar says she sees herself and other attorneys who worked on the rescue deals as the plumbers of the global financial system, with a singular goal: "To make sure that the plumbing worked."

"Everyone felt responsible for doing whatever we could to make things right and to get to a result that was not going to be traumatic for the banking sector and the economy and regular people," Tahyar told Law360.

The U.S. banking dominoes began to fall in March 2023 when Santa Clara, California-based Silicon Valley Bank, which had quickly grown to become a major lender to the Bay Area tech community, saw a sudden exit of clients along with their deposits. The departures came amid mounting fears surrounding the bank's financial health.

The Federal Deposit Insurance Corp. seized control of the bank on March 10, setting up a bridge bank until a buyer could be arranged. Tahyar stepped in as lead counsel for the bridge bank, shepherding it through to an acquisition by First Citizens Bank & Trust Co., announced by the FDIC on March 26.

On March 12, just two days after Silicon Valley Bank's collapse, New York-based Signature Bank failed.

Once again, Tahyar and her team at Davis Polk swooped in, serving as lead counsel for the Signature bridge bank set up by the FDIC and guiding the sale of parts of Signature to Flagstar Bank.



Looking back, Tahyar remembers those assignments as akin to "dealing with a house on fire."

A few weeks later, it was San Francisco-based First Republic Bank's turn to tank.

Davis Polk attorneys served as lead counsel in a rescue attempt by the private sector that saw nearly a dozen major banks rally together to make \$30 billion of uninsured deposits into First Republic in the hopes of saving it and stabilizing the U.S. financial system.

But First Republic was too far gone, and the attorneys pivoted to dealmaking, guiding JPMorgan Chase and Co.'s government-brokered deal to acquire First Republic over the course of a weekend. This allowed regulators to announce the bank's failure and the purchase simultaneously — and to do so before the markets opened Monday morning, thereby limiting the impact.

First Republic's May 1, 2023, failure marked the second-largest in U.S. history, trailing only Washington Mutual's 2008 collapse.

During the tumultuous spring of 2023, Tahyar said there were dozens of corporate clients who had questions about where their money was and how they could get it out, which meant endless phone calls and meetings for the compliance attorneys at David Polk. At the same time, Tahyar and her colleagues found themselves testifying before Congress about the situation.

"March was the Himalayas, and then it was mountain plateaus through about July," Tahyar said.

Amid the regional bank failures, Davis Polk's attorneys also served as lead counsel to UBS in an emergency rescue of Credit Suisse AG for roughly \$3.2 billion. The deal, brokered by Swiss authorities on March 19 and completed just 13 weeks later, combined the one-time rivals into a massive entity valued at over \$5 trillion in total invested assets.

Due to the emergency nature of the Credit Suisse rescue, the attorneys worked on an accelerated timeline to obtain regulatory approvals in the U.S., ultimately closing the deal on June 12, 2023.

With that, Credit Suisse was preserved, and with it the stability of the global financial markets.

Davis Polk partner Eric McLaughlin, one of the financial institutions team's eight partners, recalled some very busy days and nights in the spring of 2023. He told Law360 "there was a sustained period of time where it was just not unusual to have midnight Zoom calls day after day."

McLaughlin and Tahyar said Davis Polk's regulatory, M&A, capital markets and bankruptcy practice groups worked hand in hand with the finance team to get these deals done.

"The thing that's really so fabulous about Davis Polk is we don't work in silos," Tahyar said.

Tahyar added that if she could go through that whirlwind time again, she would "try to get more sleep."

For 2024, she and her team are focused on helping clients ride the "regulatory supercycle" that has emerged following the bank failures, noting the industry has already seen "lots and lots of tightening" in the supervisory environment, with lots of regulatory changes on the horizon.

--Editing by Caitlin Wolper. All Content © 2003-2024, Portfolio Media, Inc.