

Influential Women In Tax: Cadwalader's Linda Swartz

By **Natalie Olivo**

Law360 (September 4, 2019, 11:48 AM EDT) -- Cadwalader Wickersham & Taft LLP partner Linda Swartz has innovated several headline-grabbing transactions — including billion-dollar tax-free split-offs — all while working to advance women and foster diversity at her firm, landing her a spot among Law360 Tax Authority's Influential Women in Tax Law series.

Swartz, the chair of Cadwalader's tax group and a member of the firm's management committee, has been a key architect on billion-dollar transactions involving major multinational companies, including Procter & Gamble Co. For more than a decade, she has advised the consumer goods giant on split-offs, spinoffs and mergers that required the challenging task of satisfying the Internal Revenue Code's requirements for tax-free transactions.

Not only has Swartz structured the complicated choreography of major tax-free deals, but she has done so in a male-dominated field — and is often the only woman in the room. But Swartz, who founded a committee at her firm focused on the retention and promotion of female and diverse attorneys, hasn't let that hold her back.

"I'm often the only woman in the room, and I typically only realize that because I'm told that after the fact," she said. "I sort of dive into the tax issues at the beginning of the meeting, and I don't really think too much about it."

Swartz's focus on the nuanced tax issues of a transaction hasn't gone unnoticed by colleagues, including Shawn Johnson, tax counsel at Procter & Gamble.

He noted that ordinarily, a company that's divesting a brand would tell the Internal Revenue Service about how it planned to structure a transaction, and the agency would then provide a ruling about whether it would result in the intended tax consequences.

"Linda is so strong that we don't even go to the IRS to get a blessing from them," Johnson said. "We go to Linda to get a blessing from her. That's how much we trust her."

In one deal, Warren Buffett's conglomerate Berkshire Hathaway announced in November 2014 that it would buy the Duracell battery business from Procter & Gamble in exchange for \$4.7 billion in the home goods company's shares that were held by Berkshire. The split-off transaction was tax-free, according to a

INFLUENTIAL WOMEN IN TAX LAW



Linda Swartz
Cadwalader

CAREER ACCOMPLISHMENTS

- Advised Procter & Gamble on its tax-free split-off of its Duracell battery business for \$4.7 billion.
- Helped structure Procter & Gamble's reverse Morris trust transaction to merge its beauty brands into Coty in a \$12.5 billion deal.
- Provided tax counsel to Salix Pharmaceuticals Ltd. in a deal for Valeant to buy the company for about \$14.5 billion.

statement released by Cadwalader when the deal was completed in February 2016.

Continuing the success streak for Procter & Gamble, Swartz led her firm's tax team in advising the company on an agreement to merge 43 of its beauty brands into cosmetics and perfume giant Coty Inc. in a \$12.5 billion deal.

In announcing the transaction in July 2015, Procter & Gamble said it would separate its beauty brands — including fragrances such as Hugo Boss, Dolce & Gabbana and Gucci — and merge them with Coty in a reverse Morris trust transaction. As part of the tax-free maneuver, a company spins off assets and merges them with a target company.

Reverse Morris trust transactions followed by tax-free mergers are among the most tax-efficient transactions left under U.S. tax law, Swartz said.

"It is always a challenge to not only satisfy the tax-free spinoff and split-off rules [and] the tax-free merger rules, but also to prepare the company in a way that makes those transactions possible," she said. "Those are very interesting puzzles to solve."

The puzzle-solving elements of tax law, which Swartz compared to logic games on the Law School Admission Test, sparked an interest in the practice that began while she was a student at the University of Pennsylvania Law School.

"There's a little bit of philosophy. There's a little bit of crossword puzzles," she said. "There's a lot of analytical underpinning that tax lawyers seek to reorient for the client's benefit."

In addition to undertaking the complex analysis of tax law required for a major transaction, Swartz is known for delving into the specifics of the business involved.

Johnson, of Procter & Gamble, noted that while an adviser can quote tax law and give a 50,000-foot view, Swartz "gets into the belly of the beast" and understands the business completely — from the manufacturing to the go-to-market strategy.

In such transactions, Johnson explained, "you have to thread a legal needle to make them work and make them such that they would survive an IRS audit." Swartz, he said, "helps you dig into those muddy details to make sure that we unearth anything that could prevent the transaction from surviving IRS scrutiny."

In addition to Procter & Gamble, Swartz has worked with pharmaceutical companies and other businesses on transactions that are often valued at billions of dollars.

She was part of the team at Cadwalader that advised gastrointestinal drug maker Salix Pharmaceuticals Ltd. in a deal announced in February 2015 for Valeant Pharmaceuticals International Inc. to buy the company for about \$14.5 billion.

Swartz is known at her firm for much more than her dealmaking prowess. In her leadership roles at Cadwalader — including 18 years as chair of the firm's tax group — she has helped to develop the talent of diverse attorneys.

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To that end, she founded the Cadwalader Taskforce for the Advancement of Women, which is composed of female partners and the firm's managing partner, Patrick Quinn. The group aims to improve the firm's retention and promotion of female and diverse attorneys, according to the firm.

Swartz is also a partner sponsor of the Cadwalader LGBT affinity network, which has been involved in the business of the firm with broad-reaching results, she said.

The group's impact has ranged from "devising our diversity recruiting plan to creating our acclaimed internal training presentations featuring our diverse attorneys, to sourcing external speakers for our civil rights series, to our pro bono partnerships with clients," she said.

Swartz's involvement with broader diversity initiatives at Cadwalader also includes her work with the firm's global diversity oversight committee.

"We have done good work — and important work — in creating a more diverse firm, but we know that we, like the industry as a whole, have a ways to go," Swartz said of her work with the committee. "As our firm's managing partner, Pat Quinn, likes to say, we'll know when we're doing this right when the leadership of the firm is as diverse as the firm as a whole."

--Additional reporting by Benjamin Horney. Editing by John Oudens and Neil Cohen.