

Fund Formation Group Of The Year: Dentons

By Jasmin Jackson

Law360 (February 14, 2022, 2:02 PM EST) -- Dentons guided a host of high-profile clients through the creation of impactful multimillion-dollar funds, including leading the Federal Deposit Insurance Corp. in a \$120 million fund for minority depository institutions in low-income communities, scoring the firm a spot among Law360's 2021 Fund Formation Groups of the Year.

The powerhouse fund formation group has nearly 100 attorneys and operates in offices across the globe, including in North America, Europe and Asia. The firm is actively recruiting partners and associates for the growing practice, which has an especially strong presence in New York and Texas.

According to Paul A. Gajer, co-head of the group, the practice has grown in size and notoriety in part due to its expansive reach geographically.

"Some of the key factors to the growth — the growth in sophistication and breadth of the practice — really have been the expansion of our geographic reach," Gajer said, noting that this footprint "allows us to work on complex, cross-border, multijurisdictional funds."

Clients that have utilized the group's cross-border fund formation expertise throughout the past year include real estate-focused private equity firm Asia Capital Real Estate, also known as ACRE, which closed an approximately \$325 million fund in July.

The transnational group helped ACRE market an investment vehicle that provides loans and equity to owners and operators of multifamily properties in the U.S. The fund surpassed its initial \$300 million target.

According to Gajer, the group often uses its wide reach and various skill sets to "support the social goals" of its clients, "connecting them to people in their ecosystem" and "coming up with the structures they need to be able to invest."

The group's ability to satisfy the unique needs of a variety of funds also attracted the interest of Closed Loop Circular Plastics Fund LP, which enlisted the group to steer its fund seeking to advance the recycling of plastics in the U.S. and Canada. The fund closed with \$25 million in commitments in May and has a cap of \$100 million, according to Dentons.



Gajer noted that the practice group excels at helping its clients navigate the stringent regulations that apply to their funds.

"What we try to do is help our clients design a mechanism to marry capitalism to doing social good in a way that complies with the applicable Internal Revenue Code restrictions that might apply to these foundations," Gajer said.

Amid COVID-19 government shutdown orders, the practice group continued to seamlessly shepherd the formation of complex funds. Partner Stephen S. Kudenholdt told Law360 that the group has continued to be a well-oiled machine throughout the pandemic.

According to Kudenholdt, the practice group has remained focused, enabling the team to lead multimillion-dollar funds like the FDIC's Mission-Driven Bank Fund — an independent fund launched in September that assists financial institutions in minority and rural communities.

"It was a very concerted and very focused effort," Kudenholdt said. "It involved a lot of outreach and briefing calls."

The group advised the government agency on the fund's governance structure and manager selection process, helping the FDIC secure investors and lock down a combined investment of \$120 million.

Aside from hitting multimillion-dollar investment targets, the practice group also strives to address prevalent social and economic issues through the funds that it helps to build.

Partner Ashley D. Bell said that the FDIC initiative serves as a "beacon of hope" for financial institutions that have lacked capital.

According to Bell, many underserved communities have sought access to federal help during the COVID-19 crisis. Bell highlighted that banks in low-income and minority areas have been "undercapitalized."

"These banks needed help to do their job and to build their mission," Bell said.

Dentons also spotted a need for funding in Black-owned banks and helped form the National Black Bank Foundation, a nonprofit that provides legal, regulatory and operational support to Black-owned banks.

The practice group was enlisted to guide the foundation's investment unit, the Black Bank Fund, and garnered \$250 million in investments. The raised capital enables Black-owned banks to issue \$2.5 billion in new loans to their communities.

According to Bell, the Black Bank Fund and the FDIC's Mission-Driven Bank Fund help actualize the goodwill of investors.

"We're trying to find a way of, you know, galvanizing this goodwill and making it impactful," Bell said. "And I think these funds are a piece of that puzzle."

--Additional reporting by McCord Pagan. Editing by Daniel King.