

Private Equity MVP: Latham's Paul Sheridan

By Kelly Rizzetta

Law360, New York (December 04, 2012, 6:30 PM ET) -- Latham & Watkins LLP's Paul F. Sheridan Jr. has forged a unique attorney-client relationship with some of the biggest players on the international private equity scene, launching no less than seven major deals for his repeat customers this year and earning himself a spot on Law360's Private Equity MVPs.

When the likes of The Carlyle Group LP and Onex Corp. return time and again to the same corporate attorney, he must be on to something.

"I view myself as a member of [the client's] team, instead of helping a client in a one-off situation and then going away," Sheridan, a corporate partner in Latham & Watkins' Washington, D.C., office, told Law360 on Tuesday.

Plenty of attorneys purport to be a team player, but Sheridan walks the walk. The leveraged buyout specialist, who is going on his 11th year with Latham, has guided Onex to numerous blockbuster acquisitions and divestitures since the Canadian private equity firm brought Latham on board six years ago.

As for Carlyle, Sheridan has been working with the Washington, D.C.-based powerhouse in some capacity for nearly his whole career, having interned there right out of law school, in the summer of 1996.

That kind of history allows for extremely efficient deal-making, according to Sheridan.

"In dealing with the same people over and over again, it's not as though I have sit down with them and learn for the first time how they like to do things," the attorney said. "We usually dive right into, 'What are the business goals? What do you see in this deal?'"

For the types of sophisticated investors Sheridan represents — others include The Gores Group and Revolution Growth as well as major portfolio companies like Tomkins Ltd. and Allison Transmission Inc. — efficiency is key to sustaining the high levels of deal activity they are known for.

"Whether we're on the buy side or the sell side, once the decision is made to pursue a particular deal, people generally want it done as quickly as possible," Sheridan said.

So far, he has been keeping pace.

Last fall, the attorney advised Carlyle when it unloaded its rail transportation management software developer Railcar Management LLC to General Electric Co. for an undisclosed sum after a successful four-year relationship. He followed that up barely a month later with a leading role in the much-lauded sale of auto parts supplier Diversified Machine Inc. to Platinum Equity LLC, capping Diversified's six-year run of explosive growth under Carlyle.

Things really started to pick up over the summer, when Sheridan guided London private equity house BC Partners Ltd. and Carlyle to a deal for industrial pump and compressor maker Hamilton Sundstrand Industrial, a three-business suite they purchased from United Technologies Corp. for \$3.46 billion.

Shortly thereafter, Sheridan — who had previously helped Carlyle buy and eventually sell the business that became Landmark Aviation — worked out a deal that saw the private equity house and Landmark's management jointly purchase the jet services provider.

Efficiency isn't the only thing that keeps Sheridan's private equity clients coming back.

“He's very versatile,” Onex managing director Kosty Gilis told Law360. “He's a very well-rounded attorney with a very broad skill set ... in just about any specific area.”

Some private equity practitioners develop industry specializations, but Sheridan does it all, from software and communications to education, aerospace, defense, government contracting and the automotive industries. He bounces just as easily between transaction types and structures, according to Gilis.

That dexterity comes in especially handy with carveouts, which tend to be trickier than other types of private equity transactions, Sheridan noted, pointing to the complexities of allocating risk and liabilities to the various involved parties and coming up with a financing structure that works for his client.

And yet, inside a couple of months, Sheridan has worked on three such transactions for Tomkins, an Onex portfolio company.

In March, Tomkins received \$505 million from an affiliate of Madison Dearborn Partners LLC for its Schrader business, which makes tire pressure monitoring systems, valve products and tire hardware, along with related accessories. Six months later, Canada Pension Plan Investment Board agreed to pay \$1.1 billion for Tomkins' air distribution division, and Sheridan also helped Tomkins shop a segment that makes hose clamps for the automotive, marine, industrial and heavy equipment industries.

The private equity MVP will need to summon all his skills in the months ahead, which promise to bring a somewhat choppy deals market than investment houses saw this year.

“As long as lenders continue to be willing to lend on attractive terms, there will be a decent market for M&A with private equity firms and their portfolio companies,” Sheridan said. But he noted he was “somewhat pessimistic on the economic picture; I'm not sure the financing market is going to remain as robust in 2013 as it did for most of 2012.”

The dreary economic forecast doesn't appear to have affected clients' commitment to Sheridan, however. When asked about his outlook for 2013, Gillis said simply, “We continue to be busy with activity, and we will look to Paul and his colleagues at Latham to help support us in those activities.”

--Editing by Elizabeth Bowen.
