

*Up, Up and Away . . .*

## **Vedder Price's Aviation Finance Group Soars Behind the Piloting of Its Strong, Steady Chairman**

The advertisement depicts a long, white jet vapor trail against a bright, blue sky with the tag line, "Leasing aircraft doesn't have to be done on a wing and a prayer." The image is clear and simple, the words compelling. Below, you read that the ad is promoting the aviation finance department of Vedder Price, a Chicago law firm with offices in New York, Washington and, beginning in October, a new branch in London.

You read: "We don't need to show you another picture of an airplane. But Vedder Price knows the big picture of aircraft finance . . ." The text goes on to speak briefly of the firm's global geographic reach, its diversification into other transportation industries and its stellar reputation.

And the partnership is indeed well known for its expertise in handling major, sophisticated deals between investors and aircraft carriers, and recently, between Big Money and maritime and rail corporations. (Another Vedder Price ad in this campaign shows a clean, crisp photo of railroad tracks that pulls the viewer's eyes right down the rails, seemingly to infinity. Its clever tag line reads: "Finance a fleet of railcars without losing your caboose.")

While the firm's global transportation finance group has a reputation for knowing the nuts and bolts of this legal market niche, it's also well-regarded for the easy-going, approachable personalities of the people who comprise the attorney team, led by the steady,

sure hand of chair Dean Gerber.

The man behind the catchy, colorful and well-crafted ad campaign, marketing guru Ross Fishman, says Gerber sets the tone for his group's growing, dynamic and high-revenue-yielding practice. "So much of this success story was built on the strength of Dean's genial personality," says the Chicago-based consultant. "There are plenty of talented lawyers out there, but Dean's built a group of high-quality specialists who are ALSO great to work with."

Now clearly Fishman has a vested interest to speak highly of Gerber and Vedder Price; after all, they're his client. But all you need to do is have one conversation with Gerber to know that Fishman's right: The experienced lawyer is just as humble and personable as he is knowledgeable.

The industry he serves seems to agree, which is why he brings in some incredible deals for his team and him to work on. Earlier this year, for instance, he and his group assisted aircraft-manufacturer Airbus in its financing of a purchase and lease by American Airlines. This \$5 billion transaction is considered to be the largest aircraft order ever placed.

Recently, *Of Counsel* talked to Gerber about his career, the evolution of the Vedder Price global transportation finance group, his legal specialty, the Airbus-American Airlines deal and other related topics. The following is that excerpted interview.

## Of Counsel Profile

### Marathon Mentality Serves Well

**Of Counsel:** Dean, you're both a lawyer and a CPA. What attracted you to the legal profession, and would you talk about your experience in accounting, too?

**Dean Gerber:** I'm going to mention something that will likely be a common theme throughout this interview, I imagine: I'm a marathon runner and I treat most things in life like a marathon. So when I was in high school I took the long view in looking at a career and that, ultimately, I wanted to become a lawyer, largely driven by the fact that my brother was a lawyer. He has since passed away but he was a great influence in my life.

Although he was a litigator—and a very good one—I was always more focused on business and math, even in high school. I thought about what would be the best background for getting into law and a lot of people studied poly-sci or other things but I focused on accounting; it was something that I enjoyed and did well, and probably but for my brother, I would have happily enjoyed a nice career in accounting. But I knew I wanted to go to law school. And actually my interest in accounting paid off when, in my second year of law school, a professor walked into class and said, “You know, you really shouldn't go law school unless you have a firm understanding of accounting.” And I thought, “I know!” So I also went onto to become a CPA.

**OC:** After you got your law degree from the University of Illinois, did you go right to Vedder Price or did you have other stops along the way?

**DG:** No, I had one stop before at a firm called Chapman and Cutler, and I was delighted to be there, and was there for six years. But in 1991, an opportunity arose at Vedder Price and I joined this firm.

**OC:** How did you find your way into aviation finance?

**DG:** Well, the first day on the job [at Chapman], I was handed a lease of a Boeing 767 for American Airlines. At the time, I was in the

corporate finance department and that group was quite active over the ensuing years in this area. I hit it just right because there was a large fleet renewal that had begun in aviation, particularly for the U.S. domestics, where they were turning over their fleet and putting in big orders and taking a lot of deliveries, which of course takes a lot of financing. So our client base at Chapman, primarily institutional investors, were very active in that market, and I got exposed to a great variety of different transactions and structures during the course of my time there.

But towards the end [of his tenure at Chapman], the market started moving away from our traditional client base. I remember walking into the partners' office and telling them—and I'm a pretty calm and low-key guy—but I told them, “Listen, I spent six years trying to master a craft and becoming well known in it and the market is moving away from our client base. We have to go after the banks, after the airlines and others because we have this great knowledge and unique talent that not a lot of people share and we can make hay with this.”

And one partner looked at me and said, “Well, maybe the barge market will come back.”

**OC:** Which is a little like, today, someone in the communications industry hoping for a comeback in the fax machine market, right?

**DG:** Right, although the maritime industry is a fine one that we now do a lot of work in. But still that comment dispirited me. And he essentially said, “Dean, you're getting a little ahead of yourself. That's not what we do [seek out new clients like banks and airlines]. We go where our clients go.” I felt the opposite way and knew that we needed to reach out.

Now, the area that I'm in is a small world. I'm lucky enough to be in an area of the law where there are a finite number of clients and finite number of competitors. We know who they are and we're taking of names.

So I was dispirited but I'd been happy there and wasn't looking to leave. And then I got a call and timing is everything. Two guys had just left McDermott, Will & Emory and were

starting an aviation finance practice at Vedder Price and they happened to have this little client called United Airlines. They knew me because I'd sat opposite from them on a good number of transactions.

I have to say that that move was very strategic in its own right for me. I didn't come for more money. It was a smaller firm at that time. Some people questioned the move but I got into a practice with like-minded individuals who shared a vision of what we could become. When I joined this group we were four lawyers and one client; that was in June of '91. Fast-forward over 20 years and we're 45 lawyers spread over four offices. None of this is seismic. It's been steady growth but it's what we envisioned way back when. We knew we had a unique skill set in a unique area that we knew we could be successful at it.

## Diversifying Client Base

**OC:** So you'd been at Vedder Price for awhile when the head of the aviation finance department died, right?

**DG:** Yes, Ben Baker was a great guy who I worked with and who had the relationship with United. He'd left McDermott with my colleague John Bogaard and together we had built our team. And then in 1995, Ben tragically and suddenly passed away.

**OC:** That must have been horrible. And it could have irreparably harmed the practice group. But you and John carried on and continued to grow the department.

**DG:** Yes, we had already started to open doors to other clients [in addition to United]. The beauty of the United relationship is that we got exposed to just about every type of work. So we had this great exposure and great contacts, and we took that and cultivated new clients. I was lucky because I had worked for a new client, a U.S. governmental agency called the Export-Import Bank [which helps arrange financing of exports and is influential in the aviation industry]. I had put together an RFP, got the work, did a deal for Ex-Im and we've been assisting them since the early 90s. That agency alone did

about \$9 billion of aircraft financing last year and I'd say our group handled maybe up to two-thirds of that work for them.

So yes, we carried on. We could never replace Ben but we did what we do and he would have wanted us to do that. It refocused me because first we had to make sure we took care of United before we could continue to diversify our client base. And over time we grew within the aviation industry and then ultimately outside of it into maritime and rail with incremental growth. Again, remember I'm the marathon runner and I know that if you go out too fast you're not going to have success with your race. You have to take it at a measured pace.

**OC:** Right, and you expanded to other markets.

**DG:** Yes, we knew that New York was a great place to be. That office has grown to about the size of our Chicago office—that is, for our global finance group. Five years ago, we had an opportunity to expand into D.C., starting the office small and now have a few other practices there—labor, general corporate, and banking. And this has led us into London, which is a very logical place for us to be.

We're a conservatively run firm—I'm on the executive committee—and we talked about where it made sense to open strategically and how best to do it. The focus became London to expand the image and assist certain areas that could benefit having an international presence. Our group, we tend to think of ourselves as the tip of the spear when we're going in to a new market. We expanded in Washington and we're now doing it in London. When we talked to candidates [to recruit] in the U.K., we'd routinely hear that Vedder Price has a great name in this area. A good number of candidates from great firms with great practices were very eager to join us. So over 20 years we've built a tremendous brand name in this segment to the point where [lateral attorneys] say, "That's a great platform for me."

People see us for who we really are: We're all fairly easy-going, highly skilled, very knowledgeable, user-friendly, communicative, and we believe in great service. And as a firm of our size,

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our billing rates are very competitive relative to our competitors.

### Enabling Recruiting

**OC:** So it's not hard to recruit laterals.

**DG:** I will never say it's easy because it's tough. But I will say it's easier for us than it may be for other firms, and we've done it. If you look at who the shareholders in this firm are, while we do have home-grown, a good number of them, we still have colleagues from Pillsbury Winthrop [Shaw Pittman], Milbank, [Tweed, Hadley & McCloy], and several other firms. And in London we have hired lawyers from Freshfields and Clyde & Co.

**OC:** Obviously the awards you and your firm have won and the accolades you all have received from Chambers and others certainly help market your firm. But what do you actively do on the marketing front to generate new clients?

**DG:** We do marketing across the board. A lot of it has to do with persistence; if you stick to it long enough, you will get some success. We have an annual plan that we put together every year that's really directed at our key areas of aviation, rail, and maritime.

We host a cocktail party here in Chicago, which we've been doing for over 15 years now. It started in the backroom of [a restaurant] with about 40 people 15 years ago. Last June, we had it at Navy Pier and had over 800 participants. It's a great industry event that's on everyone's calendar. This is a small industry and we know a lot of people. We have a data base that covers just about everybody in this business. So with this annual cocktail party, people plan meetings around the event. It's a good networking opportunity for everyone. It's amazing.

On the maritime front we do events in New York in December.

In Dublin, we're going to have six or seven us there because that's the largest aviation finance conference in the world. It's a great opportunity for us to roll out our new London colleagues.

On the publication side, I like to sell our group as knowledge leaders. We work hard to try to know the market better than anyone else. Now there's a three-volume treatise called *Equipment Leasing, Leverage Leasing* that PLI [Practicing Law Institute] puts out. It's like the bible for leasing lawyers. Well, I have written a chapter in that on aircraft financing. I have a colleague who wrote the chapter on airline bankruptcy.

What I want to demonstrate to our clients is that there's nobody in this business that knows this any better than we do. At every turn we know the market and we know the law. It segregates us and because we saturate the market, we cover it from soup to nuts.

**OC:** Yes, and doing a deal like the Airbus transaction that you did earlier this year also differentiates your firm as well. How important was that \$5 billion deal?

**DG:** It was the first time we acted for Airbus so that was a tremendous boost for our group. It's noteworthy in its own right; it was a huge order for American Airlines, and a huge order for Airbus, and unexpected, frankly. They had traditionally used a large New York firm, Simpson Thacher [& Bartlett], and a guy I know quite well, Marty Jacobson, recently retired from there. So Airbus was looking for a lawyer to replace Marty. My phone rang.

It was a great opportunity for us. Now that was a deal I brought in but we have a lot great deals in this group, many of which are noteworthy in their own rights. My colleagues have done a great job at breaking down barriers and creating new opportunities for our group. I'm proud to be with them. ■

—Steven T. Taylor

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