



Contact

Michael Fernhoff

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Michael Fernhoff has substantial experience in all aspects of federal, state and local income tax planning for complex corporate and real estate transactions, including:

- mergers and acquisitions
- partnerships, and joint ventures
- reorganizations, recapitalizations and restructurings
- capital markets offerings
- financings
- real estate
- tax litigation
- executive and deferred compensation

Mike has significant experience structuring and implementing international as well as domestic business transactions.

Mike has been recognized by both *Chambers USA* and *Legal 500*, who note his sophisticated transactional work, as well as comprehensive income tax planning from federal to local levels and his work on international structuring matters.

Additionally, Mike was recognized by *Best Lawyers* as the 2012 Tax Lawyer of the

Year in Los Angeles, an honor bestowed on only one tax lawyer a year.

Matters

Mergers, Acquisitions, Joint Ventures and Restructurings

- Lead tax advisor on the acquisition of Smart & Final Holdings Corp. by funds managed by Ares Management LLC
- Lead tax advisor on the acquisition by Ares Corporate Opportunities Fund III, L.P. and Canada Pension Plan Investment Board of 99¢ Only Stores and the related multi-million dollar public financing
- Lead tax advisor on the acquisition by funds managed by Ares Management of Global Defense Technology & Systems Inc. (GTEC)
- Led tax structuring aspects in connection with the take-private of Stream Global Services, Inc., a global business process outsourcing service provider by Ares Corporate Opportunities Fund II, L.P., alongside EGS Dutchco B.V. (Providence Equity Partners, Inc.) and NewBridge International Investment Ltd. (Ayala Corporation) Provided tax structuring advice to Stream Global Services, Inc. in its sale to Convergys Corporation
- Assisted Neuberger Berman management in the structuring of the in the ongoing purchase of the balance of Lehman's equity stake in Neuberger for approximately
- Part of the tax team that assisted an investor group, including funds managed by Ares Management LLC and the Canada Pension Plan Investment Board (CPPIB), with respect to tax structuring matters in connection with the acquisition of Neiman Marcus Group LTD Inc. from an investor group led by TPG and Warburg Pincus
- Provided advice regarding tax-free acquisition of public U.S. corporation by public foreign corporation
- Advised Ares Management LLC in the financial restructuring of Guitar Center Holdings, Inc. and its operating subsidiary, Guitar Center, Inc., which resulted

in Ares acquiring a controlling interest in the company

- Structured multiple taxable acquisitions for a foreign public company in the defense industry
- Structured and implemented the disposition of private personal care products company to a private equity fund, including advice regarding tax-free rollover of interests of some continuing executives in the acquired businesses
- Provided tax advice in connection with the sale of a private child's clothing and furniture manufacturing business to a private equity fund, utilizing a complex limited liability company structure to provide buyer with a step-up in basis while maintaining S corporation status for the equity retained by sellers
- Represented a private equity fund in its acquisition of multinational spa manufacturing and distribution business
- Represented sellers of a private aerospace aluminum extrusion business in a transaction structured as a part-sale/part redemption of certain unwanted assets
- Structured for a private equity fund the acquisition of the assets of a network access devices and systems business from the consolidated group of a Fortune 500 company in a manner that permitted favorable allocations of purchase price and minimized state sales taxes
- Represented part-owners of a major Southern California Spanish language newspaper business in their acquisition of the unowned interest followed by a part sale/part roll-up into a national Spanish language newspaper enterprise
- Structured the disposition of the U.S. subsidiary of a major Australian corporation through an initial public offering, including tax planning for the retention of certain assets
- Provided tax advice regarding the structuring of an animated film studio with offshore facilities owned by nonresident and resident investors
- Structured the acquisition of a Korean company by an Isle of Man limited liability company with both resident and nonresident investors
- Structured the acquisition of a western soft drink bottler using a leveraged

ESOP

- Advised, documented, and prepared tax- related sections of offering materials with respect to the restructuring of U.S. operations of a Canadian public company followed by a debt offering by the U.S. subsidiary that was used to retire the foreign parent's debt
- Provided U.S. tax advice, tax consequences section and opinions with regard to the U.S. tax implications of the tax-free combination of two public Canadian companies with U.S. shareholders
- Structured the disposition of a minority interest in a major private equity firm through the acquisition and redemption of certain of its properties, in order to resolve a shareholder dispute
- Provided tax planning in connection with dividend distributions within a consolidated group in preparation for the disposition of one of its members
- Assisted in the reorganization of two healthcare corporations in preparation of going public
- International tax advice regarding the acquisition of a domestic bank holding company by Taiwanese investors

Capital Markets

- Advised Ares Capital Corporation in connection with the issuance of \$230 million aggregate principal amount of 5.125% convertible senior notes due 2016
- Provided advice to the underwriters in connection with the initial public offering by TCP Capital Corp. of 5.75 million shares of its common stock
- Advised, reviewed and prepared tax consequences section, with respect to European subordinated debt offering by a public U.S. corporation
- Provided advice in connection with Ares Capital Corporation issuing 16,422,000 shares of common stock, including the underwriters' exercise in full of their over-allotment option, raising approximately \$253 million in gross

proceeds

- Advised Ares Capital Corporation in its second public investment grade debt offering, issuing \$143.75 million aggregate principal amount of 7.00% Senior Notes due 2022
- Assisted Smart & Final Stores, Inc. in its \$185 million initial public offering of common stock and its follow-on offering, as well as the associated debt financing
- Assisted global Hunter Securities LLC as placement agent in U.S. Well Services LLC's \$85 million issuance of notes plus penny warrants and a concurrent \$30 million sponsor purchase of membership interests

Finance Matters

- Provided tax advice to Ares Capital Corporation in its financing of Avista Capital Partners' acquisition of Anthony, Inc. The financing was a senior secured credit facility comprised of a \$245 million term loan and a \$25 million revolver with an accordion feature
- Assisted Ares Capital Corporation, GE Capital and Senior Secured Loan Fund LLC in a \$265 million unitranche credit facility for the acquisition of Strategic Partners, Inc. by Avista Capital Partners and The Partners Group
- Structured and provided tax advice to the Seelig Group in securing \$400 million in new slate financing for various Twentieth Century Fox films
- Provided tax advice and structured multiple junior capital and unitranche debt financings for private debt funds. Some transaction involved the acquisition of equity as well as debt.

Real Estate Related Transactions

- Lead tax advisor in connection with a Brazilian family office in connection with the purchase of 40% of two commercial real estate properties from joint

ventures affiliated with the Sam Zell group

- Provided a template structure for a Canadian real estate developer to invest in U.S. real estate through contingent interest loans AR Capital assisted in structuring the operating partnership
- Provided tax advice regarding the reorganization of the holdings of a major Los Angeles developer
- Provided investment advice to a Brazilian family office in connection with its investment in a US REIT
- Structured multiple like kind exchanges and REIT related tax-free operating partnership exchanges
- Provided tax advice to lenders regarding a restructure of a partnership loan to provide lender with the economics of a foreclosure without a taxable event to borrower
- Developed international tax structure for Taiwanese investors interested in residential real estate development in the United States
- Structured and implemented a joint venture between a major Japanese construction firm and an Arizona corporation to build and operate a sports park
- Tax advice regarding the buyout of joint venture interests in a series of development projects as part of the settlement of disputes between the partners
- Structured a multinational investment in a U.S. commercial real estate development
- Structured an international Caribbean hotel and condominium development

Specialized Industries

- Structured and implemented multiple wind power transactions
- Provided tax advice for multiple international aircraft lease transactions
- Handled all aspects of a direct equity investment by a major Southern

Executive and Deferred Compensation

- Provided international and domestic tax advice to the President and Chief Executive Officer of a public company regarding his partial rollover of equity in connection with the acquisition of his company by funds affiliated with a private equity firm
- Provided in depth structuring advice regarding the acquisition of equity interests to an incoming Chief Investment officer of an investment advisory firm
- Structured profits interests for executives at Zumba Fitness, LLC, a privately owned global multimedia fitness leader and creator of the Zumba dance-fitness party workout, in a manner that avoided state taxation in multiple states
- Provided tax advice to multiple high-level executives with respect to structuring equity compensation received with their compensation packages
- Represented a major national employee benefits consulting firm that implements nonqualified deferred compensation plans for Fortune 1000 companies
- Have provided advice with respect to multiple parachute and severance agreements
- Prepared and advised with respect to stock option plans, employment agreements and other non-ERISA arrangements

Tax Litigation

- Successfully represented a partnership in connection with a part-like kind exchange, part-partnership contribution matter before the Franchise Tax Board
- Structured a settlement in a dispute between partners that resulted in more after tax dollars to the client than would have been obtained had the client

been successful on all causes of action at trial

- Successfully settled a Franchise Tax Board claim regarding the taxability of stock options exercised by a nonresident providing services both in and outside California
- Miscellaneous tax shelter litigation matters

Miscellaneous

- Provided income tax advice to the U.S. resident beneficiaries of a large multinational estate with respect to the receipt and disposition of a variety of businesses and assets held throughout the world in classic international tax structures established for non-U.S. persons. Provided relinquishment of residency planning with the overall engagement
- Structured the gifting of US real property by a nonresident alien to a US resident on a tax-free basis

Practices

Corporate/Transactional, International Private Client Services, Private Client Services, Employee Benefits & Executive Compensation, Tax

Industries

Real Estate, Asset Management, Private Equity, Private Equity Real Estate

Education

New York University, LL.M., Taxation

University of California, Los Angeles, J.D.

Member, *University of California, Los Angeles, Law Review*

University of Wisconsin-Madison, B.B.A., Accounting & Finance

With Distinction

Admissions & Qualifications

California

Memberships

USC Tax Institute (Executive Committee of the Planning Committee)

International Bar Association

American Bar Association (Tax Section, International Law Section)

Los Angeles County Bar Association (Tax Section, International Law Section)

State Bar of California

Awards & Recognition

Best Lawyers “2012 Los Angeles Tax Lawyer of the Year”

Chambers USA: Southern California: Tax 2019-2022

US Legal 500: Tax: Domestic Tax: West Coast

Best Lawyers in America

Southern California Super Lawyers