

JOHN MCENROE

Serving Corporate Clients at the Speed the Market Demands

by Laura Fletcher



In the age of information technology and globalization, deals and capital move at warp speed, 24 hours a day, seven days a week. Corporate attorney John McEnroe of **Vedder Price PC** in Chicago stays ahead of the game by delivering unparalleled service to corporate clients like Bank of America, Bank of Montreal (BMO) Business Capital, Royal Bank of Scotland (RBS) Business Capital, Ace Hardware Corporation, and ACCO Brands.

His knowledge of the markets is exceptional, and this has aided him in structuring numerous complicated financial agreements as well as mergers and acquisitions.

"Here's the thing about John," says Vedder Price partner and long time colleague Douglas Lipke. "We've been doing this a long time, and the world and our practice have changed particularly with regards to the speed of the practice."

A typical turnaround may require McEnroe to

review a \$2 billion loan agreement of 200 to 300 pages within 48 hours. "It's much more difficult to keep the clients happy," says Lipke. "To do that, John is always service-oriented and available to them... Clients love him for that."

"When you work with John you get partner level attention for the majority of the work that's being done on a transaction," says Craig Thistlethwaite, director of BMO Capital Markets.

McEnroe also goes the extra mile for clients by doing mundane document review work that is normally left to more mid-level attorneys. He began this custom 10 years ago when working with a hedge fund that needed extra attention for its steady flow of investments.

"I began to realize just how much market intelligence you gather," says McEnroe of the work, which has become a significant part of his practice.

Maintaining this discipline has also enabled McEnroe to work steadily through the

recession, when much of the finance and corporate world came to a screeching halt.

Arthur Pesavento, senior vice-president of RBS Business Capital, likens this habit to the exercise McEnroe does daily to stay in shape: "He's totally plugged into the market... Because John reviews documents...he's constantly seeing many, many, many more deals than a lot of attorneys... It makes him better... He does it on purpose. It's kind of like getting up and swimming in the morning."

Discipline plays a central role in McEnroe's approach to service, a relationship he first came to appreciate during his days at Archbishop Quigley Seminary. To this day, McEnroe attends church two to three times a week, swims or lifts weights seven days a week, and makes the trek from Winnetka to the Vedder Price Loop office on Saturdays so that he meet the demands of his workload.

He can stay calm and affable in even the

toughest negotiations. “Never has he lost his temper, and he prevents me from doing the same,” Michael Scolaro of BMO Harris Bank Asset Based Lending Group says.

He attributes much of his service orientation and finesse with lending transactions to his early years at the firm Keck, Mahin & Cate, where he worked under attorneys Jim Hiering and John Mannix and where he practiced bankruptcy law, which taught him “what happens when deals go south... Various clauses—some work, some don’t.”

“What I think is a major compliment to John is that he has many clients who have been his clients for over two decades, even though they have moved from bank to bank and financial institution to financial institution...and yet when they move from place to place they still stay with John,” says Lipke.

One CEO remained McEnroe’s client even after his organization was bought and sold or merged four times, and upon retiring, the man made McEnroe his personal lawyer.

Venturing into Banking

In his practice, McEnroe observed that it was becoming undesirable for large institutions to lend to what he describes as “the lower end of the middle market,” or businesses typically seeking loans of \$5 million down to \$2 million.

His friends and colleagues Michael “Mick” O’Rourke, Kevin Bastuga, and Bryan Duncan had been servicing that market through a client of his, and together they began discussing the possibility of filling that newly empty niche with a start-up.

Eventually, they formed a team of eight businessmen who were interested in the venture. “At the time, start-up banks were successful. There were a lot of them,” says co-founder Leonard Caronia, who is also chairman of Macquarie Capital. “Larger banks wanted to buy small banks. You could make a profit by selling.”

“We wanted to be the kind of bank that businesses would trust and rely on,” says Duncan. “We want to be [the small businessperson’s] bank of choice for business banking.”

The group made a business plan in 2005 and set about seeking investors. Their initial goal was to raise \$12 million, but they were actually able to acquire \$24 million. They opened the doors of their new operation, Signature Bank, in 2006.

“When we first opened, the world was still rosy, but a year later, the world turned upside down,” says O’Rourke. “Eight hundred banks have closed down in the last three years... When people thought Bank of America might fail, imagine how they might think of small community banks.”



The McEnroes at Croagh Patrick in 2009, a site of pilgrimage in Ireland. From left: Priscilla (Pam), Elizabeth, and McEnroe.

Nevertheless, Signature Bank has grown through this period. Duncan attributes this to their under-served niche. Because Signature’s customers are not publicly traded, they could react to the recession more nimbly, and families often had access to liquidity or capital that they could use to keep their businesses afloat. The simultaneous failure of competitors has also strengthened customers’ businesses.

O’Rourke says another key factor has been the founders’ commitment to following the business plan they established in 2005. This steered them away from the speculative real estate that was the downfall of many community banks. “We’re going to support locally owned business,” says O’Rourke. “We will stay local.”

The bank has been so successful that it was able to raise another \$9 million from existing investors during the height of the recession. It has opened a second branch and has recently started a loan production office in the Loop.

Their current client base includes a broad spectrum of ventures, from a manufacturer of rescue products to small accounting and law firms, the kinds of small to mid-sized businesses that are “pretty much the backbone of this country,” notes O’Rourke.

Pesavento made a small investment in the bank. “One-hundred percent of the reason I did it was John McEnroe. Because John is such an astute professional, if he was behind it, then I immediately made an effort to be in it... I was certain it was a good investment.”

O’Rourke agrees that McEnroe’s involvement is an indication of the quality of their project. “He was the only lawyer we trusted to understand all the business aspects.”

“We were very confident,” says Duncan.

“We’re good at what we do... We’ve been successful in our past, all of us, and the idea of starting this bank and growing this bank may have been high risk at the time, but we certainly didn’t know [it].”

Bringing their dream to fruition has been “a lot of fun,” confesses McEnroe, who serves on the credit committee of the bank, reviewing loan applications for approval, and has served on several other committees. He says the work makes him a better attorney.

“He’s not just doing the lawyering, he’s doing the business part of it, too,” says Pesavento. “Because he’s deciding whether to offer a credit line... He’s the only lawyer I can think of who has that kind of role... That’s a whole different realm of expertise.”

McEnroe’s work with the bank has also offered a nice complement to his legal clients. If a business approaches Signature’s credit committee seeking a loan larger than \$5 million, McEnroe can refer them to one of the banks he serves through Vedder Price. Likewise, if a company comes to RBS or BMO seeking a small loan, his legal clients can refer them to Signature.

Going the Extra Mile for Clients

While the bulk of McEnroe’s work is in corporate finance, he savors the challenge and complexity of mergers and acquisitions work. He has structured a number of difficult deals for Shawk, Inc., a pre-media firm that has been his client for more than 35 years. He sits on the company’s board of directors.

One of the most memorable acquisitions he worked on was of a company in Panang, Malaysia.

“We had to noodle a lot of things because

Malaysia has a lot of complex rules about ownership—at that time, there needed to be resident ownership, and non-resident Malaysians couldn't buy 100 percent of equity in a business in one step," explains Shawk Chief of Operations A. Alex Sarkisian.

So McEnroe created a two-phase structure for the deal, but ensuring that the Malaysian company's license to do business in China would be preserved in the transaction required serious negotiations. McEnroe flew to Malaysia and back within the space of three days to make sure the deal closed on the right terms.

"Most people wouldn't go that far for a transaction," remarks Sarkisian. "His creativity enabled us to be the first and only player in that space that is not from that region. That was fundamental to our goal of having a global footprint."

Another acquisition McEnroe worked on for Shawk, the UK-based 7 Worldwide, doubled the company's size. The transaction required issuing new stock (7 Worldwide was private, while Shawk is public), as well as a complicated compensation scheme for the ownership, comprising several investment funds in Europe, India, and Australia, and North America.

"He gave good insight into managing difficult issues that might arise in due diligence," Shawk Chief Financial Officer Timothy Cunningham says, referring to some of the company's riskier purchases. And of course, "He has good insight into the debt market."

ACCO Brands, which includes office products like Swingline staplers and Quartet whiteboards, just completed a \$1 billion merger and acquisition of MeadWestvaco's school and office supply division, with McEnroe overseeing the credit agreement portion of the financing. The deal immediately raised ACCO's credit rating as well as the price of its stock.

At the same time, McEnroe was completing a refinancing for Ace Hardware Corporation. In the past, Ace had used Vedder Price for transactions that didn't involve credit. The firm introduced Vice President Peter Ting to McEnroe, who helped the company obtain a \$25 million "flexibility basket" that would remain free from debt restrictions so it could be used for the company's strategic business initiatives.

"He's got a very effective style," Ting says of McEnroe. "He's very technical and speaks with authority, which provides instant credibility with both clients and others to ensure the most desired outcome for Ace."

When asked if Vedder Price will be consulted on future Ace credit transactions, Ting says, without hesitation, "Yes... I have to say, the other attorneys [we worked with] did a nice job, but John did a really nice job."

A Dry Sense of Humor

Pesavento knew his former employer Fleet Business Capital had hired the right attorney after his first meeting with McEnroe, in which a bright young attorney representing a difficult client argued against the wording of almost every paragraph of a standard loan contract. What should have been a 45-minute meeting lasted hours.

McEnroe calmly explained to the attorney and his client which parts of the document were standard language and which sections the attorney could turn to in order to find his various concerns addressed. At the end of the



The McEnroes pose in Assisi in 2010. After Ireland, Italy is their favorite overseas destination.

workday, McEnroe casually said, "Well, OK, we'll pick it up tomorrow."

"The whole thing is just a classic John McEnroe moment," says Pesavento.

Sarkisian, who watched McEnroe deal calmly with a dogmatic attorney in a Montreal acquisition, agrees with Pesavento's analysis. "The guy is pretty pragmatic. He doesn't let the perfect get in the way of the very, very good."

"I think that practical business experience helps him," says Ira Kreft, managing director of RBS Business Capital. "He's able to look at [a situation] and say well theoretically here's all this, but here's where I think you're going to really end up."

"He is a Cubs fan, which is definitely a black mark on his resume," jokes Steve Rubin, CEO of ACCO. When the White Sox went to the World Series, McEnroe sent a friend tickets with a note that said, "Find someone else to go

with you."

"He's got a dry sense of humor, which is a lot of fun," says Guy Snyder of Vedder Price.

'A Complicated Package, But a Good One'

"I think 'enigmatic' is a good word to describe his personality," says his wife, Pam. "He's really smart. He's also really funny. He's very private. He's very self-reliant, but what a lot of people don't realize is that he is actually sort of shy. He's a very principled guy really thinks through what he believes."

Caronia, the Signature Bank co-founder, puts it this way: "John is a genuinely good person... You don't feel like there's just patina of niceness or honesty or cordiality, and then when you're done with the business meeting, he's a different person than he is at home."

"It's a complicated package, but it's a good one," says Lipke, who started out with McEnroe at Keck, Mahin & Cate. The two now work four offices from each other and meet every morning when they are both in town. Lipke, a corporate bankruptcy lawyer, assists McEnroe in preparing financing agreements to make sure that they cover the contingencies of bankruptcy.

When he's not practicing law or reviewing credit applications at Signature Bank, McEnroe chairs Family PAC Federal, a pro-growth, pro-family political action committee. He has also served on the board of Hales Franciscan High School in Chicago's Kenwood neighborhood and has been very involved in the Irish dance community in the Chicago area.

McEnroe's daughter Elizabeth has been competing in Irish dance since she was eight years old. Her involvement in dance has taken the family around the country and to Ireland on multiple occasions.

When his daughter began dancing, Chicago hosted only two dance competitions per year. The McEnroes joined forces with two other couples to start a new, much smaller competition, increasing opportunities for dancers in the area. McEnroe has also served on the board of a professional troupe in Chicago.

The McEnroes met at Yale during their first week of law school, at a Thursday afternoon beer garden event that the school held "to make everyone calmer."

He considers meeting Pam the highlight of his time at the prestigious university.

"No question about it, it was fun to be with people who were so smart," reminisces Pam, who is from Michigan and received her undergraduate degree from Brown. "I just sat back and watched them go, including John, who was really smart, and most of time understood...but I didn't think I'd find a neat husband at Yale." ■