

IBL Lectures Address Mutual Funds, Mergers, and World Food Crisis

The Dennis J. Block Center for the Study of International Business Law continued its 20-year history of dynamic legal programming this spring with three noteworthy events: a roundtable which addressed the ways in which the U.S. and E.U. regulatory structure and tax laws affect investment funds' abilities to attract investors; a talk by Francis Aquila '83 about the lessons he learned representing the Brazilian-Belgian brewing company InBev in its unsolicited bid for American brewer Anheuser-Busch; and a panel to address the causes of (and solutions to) the global food crisis.



SEC Director of Investment Management Addresses Breakfast Roundtable

An IBL Breakfast Roundtable, held on January 26 at the offices of Kramer Levin Naftalis & Frankel LLP, featured Andrew "Buddy" Donohue, Director of the Division of Investment Management of the United States Securities and Exchange Commission. Donohue is among the most senior financial services regulators in the United States, with principal oversight for the \$30 trillion investment management industry.

Professor James Fanto, Associate Director of the Center for International Business Law, introduced Donohue to the audience of students, alumni, faculty, and the practicing bar. He began his talk with an overview of the state of the market for investment funds. He noted that there are over 66,000 mutual funds worldwide, which collectively have more assets under management than the value of global bank deposits. Donohue then compared the key structural elements of U.S. funds to those of their European counterparts. In the United States, the Investment Company Act gives the SEC relatively loose oversight of investment companies. Funds are required to register their prospectuses with the SEC; however, its regulators

approve neither the content of prospectuses nor the appointments of members of funds' boards of directors. By contrast, European regulators are more directly involved in the management of investment funds. E.U. authorities approve the appointment of the depositary (the analog of the American board of directors) and the content of fund prospectuses. Donohue noted that the success of E.U.-level directives that aim to create a common E.U. market for financial services has been hampered by individual states' fragmented regulatory regimes.

Donohue then focused on the impact of American tax regulation on international competition. He argued that no changes are needed to U.S. funds' structure in order for U.S. funds to remain competitive with foreign-domiciled funds. Rather, Donohue proposed amending section 871(k) of the Internal Revenue Code to eliminate the current preferential treatment for foreign over U.S. investors.

Donohue concluded his talk on a positive note, predicting that in the face of international competition, U.S. funds will continue to attract investors.

Unsolicited Bids Become Mainstream: Lessons from InBev's Acquisition of Anheuser-Busch

Students interested in the real world of Mergers & Acquisitions were given a rare treat in February when Francis "Frank" Aquila '83, a partner at Sullivan & Cromwell LLP and a member of the Board of Trustees of Brooklyn Law School, spoke about his experience representing the Brazilian-Belgian brewing company InBev in its unsolicited bid for American brewer Anheuser-Busch. The Anheuser-Busch InBev merger, valued at almost \$52 billion, created the largest brewing company in the world in the most difficult credit market in a century. The talk, held at the Law School, was co-sponsored by



two active student organizations, the Corporate and Securities Law Association and the International Law Society.

In his talk, Aquila focused on five "lessons" that drove the success of the merger. First, he said, there is no substitute for preparation: InBev planned to acquire Anheuser-Busch for 20 years and had considered many different options to get the deal done. Second, even