

# ELIZABETH MAJERS

## Conquering the Niche 'Private Placement' Practice

by Laura Fletcher

Average citizens may not be aware of it, but one of the largest sources of capital flowing through the American economy is the insurance industry. Elizabeth Majers of **Loeb & Loeb LLP** has emerged as a major player in the field of "private placement" investments ranging from \$25 million to more than \$1 billion.

It's a field in which only a handful of lawyers practice and compete for business, and one dominated by the lions of institutional finance and the executive suite.

"Just sit in the room and look around—you see a lot of white men wearing blue blazers," says Tim Otto, assistant general counsel at The Northwestern Mutual Life Insurance Company, describing a typical private placement meeting.

Majers, Otto attests, has managed to become a deal-maker at the topmost levels of a male-dominated and high-stakes market.

"Private placements" are the large, long-term investment of insurance holder premiums through business loans that are given at a fixed interest rate for periods of 10, 20, even 30 years.

The loans must be safe bets for insurers so that they can pay their customers the amounts promised in their varying policies. Therefore, the risk of lending is not taken on by a single insurer but by 20 to 30 companies, each of which agrees to lend a portion of the pricey total.

Majers' job is to coordinate the legal concerns of all the companies involved in a transaction.

Unlike a syndicated bank agreement, where a large institution like Bank of America may operate as the agent for the other lenders, each lender in a private placement transaction operates as a principal and makes decisions accordingly. Majers has represented virtually every company and pension fund lending in the field.

"These types of loans are not registered with the SEC, so we don't have a lot of disclosure requirements," explains Majers. "And it's not a statutory-based practice... So it's more just custom and usage. You just kind of have to learn as you negotiate the deals how the deals are to be structured... And hopefully, we've done a good job with the documents, and nobody touches the deal for 20 years."

According to her clients, Majers is an excellent negotiator, which sets her apart in a cutthroat area of law, along with her widely acknowledged mastery of the details that may appear in thousands of documents.

"You need to be able to change gears and change your negotiating style. You can't be a hard charger all the time," says Matthew Gabrys, assistant general counsel at Northwestern Mutual, one of the largest lenders on the market.

The private equity sponsors who bring deals to insurers, organizations like Bain Capital, MidOcean, and Vista, need to be able to walk away from deals feeling good about them. "Otherwise, you're not going to get more deals."

Majers is also highly responsive, a critical trait, according to Daniel C. Leimbach, CFA and director of research at USAA Investment Management. Private equity sponsors often only have a limited window of time in which to close transactions. "The deal might go elsewhere. You have to be responsive, and you have to know what you're talking about."

### Tuned In to the Deal's Pressure Points

Majers is flexible and creative when it comes to getting deals done.

structured the first insurer-funded financing vehicle for multi-property mortgage loans following the 1996 release of the National Association of Insurance Commissioners' new Credit-Tenant Loan Guidelines, which allowed lenders to structure mortgages based on a lessee's credit rating rather than the value of the actual property being developed.

The lessee in question was the drug store chain Rite Aid. Each of the chain's physical stores required only \$2 million to build, an amount far too small for a private placement, so Majers designed a way to link 51 different leveraged leases, 51 different developers, and 51 different mortgages in 10 or 12 different states. Her securitization structure became the template for the billions of dollars in private placement CTL transactions that followed over the next decade.

Unfortunately for insurance companies, not every deal works out, and that is when the pressure really turns up.



"She has done a couple deals for me after they stalled out with other lawyers," says Eve Hampton, vice president of investments at Great West Life & Annuity Insurance Company. "She's able to step right up and make sure it's done correctly... on time and under budget."

In addition to the straight lending of money, Majers has overseen the leveraged leasing of aircraft, electronic data transmission hardware, and mining equipment.

In 1997, she set a precedent when she

Majers learned that only too well as the credit and real estate bubbles of the early 2000s collapsed in the Great Recession. In 2004, she helped devise the bankruptcy workout for the U-Haul subsidiary AMERCO Real Estate, which was ground-breaking for being one of the first bankruptcies involving derivatives, on-and-off balance sheet securitizations, complex hedging facilities, and other such mechanisms.

"With her experience in working through bankruptcy, [she's] tuned to where the pressure

points are up front in a deal,” Gabrys says.

He recalls the one occasion when Northwestern Mutual failed to avoid a risk she had warned them about, and her prediction turned out to be accurate.

In 2011, she helped pick up the pieces after the Border’s bookstore chain went bankrupt. Border’s had received a credit-tenant loan similar to Rite Aid’s, and protecting her lender clients meant in some cases Majers and her team have had to lease and sell the properties themselves.

“I should be wearing one of those little Century 21 jackets,” she quips.

Northwestern Mutual has such high regard for her that it invited her to sit on the board of directors of their Mutual Funds Series Life Board, an honor usually reserved for only CEOs and other top-level executives.

“She became a contributor in a very short period of time,” says Michael Smith, who sat on the board as well. “She has the ability to strip out the thousands of pieces of information and focus on what’s most important.”

## **Leadership at an Early Age**

Recently promoted to administrative partner at the Chicago office of Loeb & Loeb, Majers has been taking on leadership roles from a young age.

After her father lost his job when she was 10, the family moved from the Chicago suburb of Franklin Park to Champaign, where they took over a Mr. Steak restaurant. Majers’ Eastern European grandparents cut vegetables in the kitchen; her younger brother washed dishes; and at the age of 13, Majers waited tables to help support her family.

“Elizabeth was always the star waitress,” recalls her younger sister Christine.

Majers used the work ethic that she learned in those early years to pay her own way through college and law school. Christine’s favorite memory of her sister is of the young law student teaching her how to sew her own clothes when she visited Bloomington as a teen. Majers’ mother had made all the girls’ clothes when they were young to maximize the family’s slender budget.

As Majers built her career at McDermott, Will & Emery, she strove to become a “businessman’s lawyer,” who could understand the real challenges her clients faced.

She took on the role of partner in charge of client relations and spent several years traveling the world and conducting the large firm’s first client satisfaction survey. What she discovered reshaped her view of the role of the attorney.

“Lawyers don’t listen very well,” she notes.

“Service quality is really in the eyes of the service recipient, not the service provider... It depends on, ‘Did the client get what the client was looking for?’...Our work should be shaped and focused on what [the clients] are and what their company is.”

David Schaefer, managing partner at Loeb & Loeb’s New York office, notes, “People involved in management are doers, and Elizabeth gets stuff done. It’s sort of the highest compliment I can pay to anyone in management.”

Now, in the lead role at Loeb & Loeb, she hopes to implement the lessons she has learned to expand and raise the profile of the Chicago office.

She plans to mentor and develop the team of young lawyers at Loeb & Loeb, an experience she often missed as a woman making her way through the male-dominated world of finance law in the early 80s. She knows her two daughters, Kelly and Katie, a student at New Trier and a business major at the Southern Methodist University respectively, won’t have to worry about the sort of gender challenges she faced.

She’ll also stress the importance of mastering golf, a skill she picked up in part to market herself as an attorney.

Majers has a handicap index of 15, and she usually shoots in the 90s or high 80s.

Says Smith, who has golfed with Majers on a number of occasions, “She can hold her own.” ■