

Rising Star: Skadden's Timothy J. Gaffney

By **Katryna Perera**

Law360 (June 30, 2023, 9:26 AM EDT) -- Timothy Gaffney is a core member of the banking team at Skadden Arps Slate Meagher & Flom LLP with a list of longtime clients that he has guided through significant transactions, including Citigroup Inc., Wells Fargo and DMG Bancshares, earning him a spot among the banking law practitioners under age 40 honored by Law360 as Rising Stars.

THE BIGGEST DEAL OF HIS CAREER:

According to Skadden, Citigroup is one of Gaffney's most long-standing clients, and he has helped the bank through several acquisitions and repositionings, including the bank's exit from Russia, including the sale of a subsidiary's personal installment loan portfolio in late 2022.

In an interview with Law360, Gaffney said the sale was high-profile and complicated because of the Russian invasion of Ukraine, which meant several layers of sanctions had to be worked through.

"I think sometimes what we don't think about in the U.S. is the Russian limitations or sanctions being imposed upon non-Russian companies and the limitations on how they interact with their Russian subsidiaries," Gaffney said. "So working on that transaction was interesting, coordinating with people across many different continents and given the enormous sensitivity of it and the different areas that it touched upon."

HIS PROUDEST MOMENT:

Gaffney said he can't single out one moment, but he is always honored when clients call him to get his thoughts on potential strategic opportunities.

"When clients call me and are interested in just getting my feedback and bouncing things off of me, not just from a legal perspective but from a broader business and strategic perspective, I feel like that's a really cool moment for me because it shows that in the past course of conduct I've had with them, they really value my opinion and my view," Gaffney said.

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Timothy J. Gaffney
Skadden

Age: 34

Home base: New York

Position: Counsel

Law school: University of Michigan Law School

First job after law school: Summer Associate at Skadden

"Not just with the X's and O's of lawyering but with understanding the bigger picture of working with them and how the legal strategy fits within the broader business strategy and viewing me more as a trusted adviser than just an execution lawyer," he said.

OTHER NOTABLE CASES HE'S WORKED ON:

From 2021 to 2022, Gaffney guided DMG Bancshares, a California community bank, through its formation capitalization, which involved structuring each investment as noncontrolling for U.S. Bank Holding Company Act purposes, according to Skadden.

Afterward, Gaffney continued to advise the bank as it became a bank holding company through its acquisition of California First National Bank and two subsequent acquisitions, one of which was a large commercial real estate loan portfolio from Silvergate Bank in March 2022.

"I've been with [DMG] on kind of every step of the journey, from getting to know the team and understanding their goals and to see as they were putting a business plan together, and how everything that we're continuing to talk about continues to build upon that goal, as things have changed during COVID and the recent banking uncertainty," Gaffney said.

According to Skadden, Gaffney continues to regularly counsel DMG on corporate governance and investor rights and relations issues, among other things.

HIS THOUGHTS ON THE RECENT BANKING TURMOIL:

Looking back at the recent downfalls of large U.S. banks such as Silicon Valley Bank and Signature Bank, Gaffney said he believes increased regulation will shape the industry.

"I never try and take out the crystal ball and predict too specifically what the regulators are going to do, but I think one thing that we're already seeing, and what we can tend to expect following turmoil like this, is an increase in regulation," Gaffney said. "I would expect there is going to be tightened regulation and banks getting imposed additional costs, and I'm guessing that if some of the regulatory headwinds on consolidation ease up, then you are going to see a lot more banking consolidation."

Gaffney said it's been a quiet year for banking mergers and acquisitions, and he added that due to regulatory concerns, there is a backlog of individuals and institutions interested in doing deals that may come to fruition over the next few months.

ON THE FUTURE OF THE INDUSTRY:

Gaffney again pointed to accelerated regulation and consolidation, but he also alluded to the increasing prevalence of tools referred to as artificial intelligence.

"I don't fully know how [AI is] going to work its way into the legal system, I think everyone has harbored suspicions for a while that there are certain functions that could be automated a little bit better," Gaffney said. "But I don't know that I'm ready to call for massive overhaul by AI because so much of what we do remains so incredibly bespoke and sophisticated that it's not that simple to replicate. But I think you would have to be very foolish to think that there will not be some degree of displacement or shake-up in the way we do business."

— *As told to Katryna Perera*

Law360's Rising Stars are attorneys under 40 whose legal accomplishments belie their age. A team of Law360 editors selected the 2023 Rising Stars winners after reviewing more than 1,350 submissions. Attorneys had to be under 40 as of May 1, 2023, to be eligible for this year's award. This interview has been edited and condensed.

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