

# DAILY REPORT

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DAILY REPORT  
GCSOUTH

Lawyers at troubled or failed financial institutions, like Bear Stearns, above, could be looking for work soon. Story, page 4.

## Newsreel

### Correction

Due to a mistake by the *Daily Report*, the list of candidates who passed the July bar exam published Nov. 4 was incomplete. The omitted names can be found on page 14.

### McKee Nelson lays off 17 associates

Tax and finance boutique McKee Nelson announced Monday it was laying off 13 associates in New York and four in Washington in response to the "unprecedented devastation" of the credit markets.

In a statement, the firm stressed the layoffs, which will reduce the attorney head count to 174, were not performance-based.

"We have analyzed and created a projection of what we believe the structured finance business will look like over the next two years and what resources, capabilities and experience will be required to do that work," the firm said. "This layoff is a necessary part of the firm's adjustment to this new reality."

Launched in 1999 as a law firm offshoot of accounting giant Ernst & Young, McKee Nelson has long focused primarily on tax and structured finance, with the latter specialty once accounting for 60 percent of the practice. But structured finance, which takes in the bundling of mortgages into tradeable securities, was decimated by the subprime crisis, and McKee Nelson last winter began offering buyouts to lawyers willing to quit the slowing practice.

In an interview Monday, firm co-chairman Reed Auerbach said 24 lawyers took buyouts at that time, and the firm has embarked on a diversification plan aimed at making litigation another pillar. He noted that the firm last year welcomed a litigation group from Atlanta-based King & Spalding.

—New York Law Journal

**6 HANGING OVER US**  
The worst stock and bonds markets in decades loom over the elections.

**6 LEARN FROM THE PAST**  
Ann Woolner: The feds should take a lesson from Enron and bust fraudulent execs.

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Find all the latest judicial election results at DailyReportOnline.com.

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## LEGAL LEGENDS



Carl Sanders

# From Georgia politics to big law

HOW A BITTER ELECTION DEFEAT focused Carl Sanders on building a major law firm

BY KATHERYN HAYES TUCKER

IT WAS LATE on the night of the run-off election for the Democratic nomination in the Georgia gubernatorial race, Sept. 23, 1970, when Carl E. Sanders committed himself completely to building the best law firm he could.

Before that day, his life was focused on a career in politics. Afterward, on the legal profession and the business world. The story of Sanders' rise to the prominence in politics, law and business parallels the story of

**ON THE WEB:**  
Find photos and video of Carl Sanders at DailyReportOnline.com.

Atlanta's rise to dominance in the region and the country. It's also a story of modest beginnings, hard work, lifelong friendships, struggle, disappointment and ultimate success. The former governor and founding partner of Troutman Sanders—now chairman emeritus—discussed all three of his careers during

See Sanders, page 8

**EDITOR'S NOTE:** Former Gov. Carl Sanders is one of three Georgia legal icons the *Daily Report* news staff selected as our "Legal Legends." On Thursday, read a profile of Sutherland lawyer Randolph W. Thrower, followed on Friday by a look at the career of 11th Circuit Judge Phyllis A. Kravitch.

# PoGo merger could stanch partner departures

EXPANDED PLATFORM also could be a draw for new talent, recruiters say

BY MEREDITH HOBBS

POWELL GOLDSTEIN'S merger with Bryan Cave could be just what PoGo needs to protect its local turf from further erosion, said several local recruiters after the deal was announced Monday.

It could also give PoGo's new partner, a 945-lawyer international firm based in St. Louis, a solid local foothold in the Southeastern legal market, they said. But it remains to be seen how well PoGo's 220 lawyers can integrate with Bryan Cave's

One year later: how leaders at 550-lawyer Dewey Ballantine and 700-lawyer LeBoeuf, Lamb, Greene & MacRae feel about their merger.

See page 16.

17 existing offices and leverage their expanded platform into additional client work.

PoGo will become part of Bryan Cave on Jan. 1. The firm's 99-year old Atlanta headquarters will become the larger firm's new Southeastern outpost—and 13th U.S. office. Bryan Cave also has five law

See Merger, page 15

# Justices and lawyers debate TV expletives, without uttering any

'F-BOMB' AND OTHER EUPHEMISMS replace words at issue in case over FCC regulations for broadcast TV

BY TONY MAURO

THE SUPREME COURT appeared far from a consensus Tuesday on whether the Federal Communication Commission's crackdown on broadcasters who allow "fleeting expletives"

to reach the airwaves should continue.

Following an hourlong argument in *FCC v. Fox Television Stations* in which no one actually uttered the expletives at issue, it seemed possible that the

See Expletives, page 15



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## Carl Sanders: From politics to Big Law

**Sanders**, from page 1

recent conversations in his office on the 52nd floor of the Bank of America Plaza in Midtown, where at 83, he still works every day. He also talked about the growth and specialization of law firms. And he talked about that defining moment in 1970.

A trial lawyer from Augusta, Sanders already had served two years in the Georgia House of Representatives, six years in the state Senate and four years as governor. Since state law at the time prevented a governor from serving consecutive terms, he had left office in 1967 and started his own law firm in Atlanta. He seemed destined for a future in national politics, having developed a close association with President Kennedy, and then after the assassination, President Johnson.

But a peanut farmer from Plains—Jimmy Carter, who in six more years would be elected president of the United States—had just delivered Sanders the first and only political defeat of his life.

As a former governor, Sanders appeared to have the advantage. But while Sanders was working at his new law firm in Atlanta during his four years out of the Capitol, Carter was campaigning all over the state. Fueled by his own defeat for governor at the hands of segregationist Lester Maddox in 1966, Carter had been stumping for four years and had made 1,800 campaign speeches.

Along with his hustling, Carter did some maneuvering. He managed to benefit from the backlash in rural Georgia against the civil rights movement and the integration of public schools, which Sanders had presided over with peace and dignity as governor amid violence and insults in other Southern states, including neighboring Alabama, where Gov. George Wallace infamously tried to block the door to school desegregation.

It was ironic on many levels. Carter would soon declare, in his inaugural speech, that “the time for racial discrimination is over,” and in the same year would appear on the cover of Time magazine as a representative of the “new South.” Yet Carter had beaten Sanders—who had been called the first “new South” governor—with tactics that won over the segregationists. Carter’s supporters circulated a photo of Sanders being showered with champagne by professional athletes—who happened to be African-American—while celebrating a National Basketball Association division championship for the Hawks, a team that Sanders had helped bring to Atlanta. The photo inflamed the segregationists. And though Carter didn’t coin the phrase “Cufflinks Carl,” Carter’s supporters used the cutting nickname to portray Sanders as a rich Atlanta lawyer—a devastating blow in the rural-dominated politics of the time—even though Carter’s reported net worth was nearly \$1 million and Sanders’ was \$600,000.

That campaign was soon eclipsed by Carter’s service as governor, president, author, international peacekeeper and Nobel Laureate. His biography on the Carter Center Web site mentions nothing about the 1970 governor’s race, other than to note his election. But it was an indisputably rough campaign and a bruising, bitter defeat for Sanders.

Late that night, Sanders conceded by going to Carter’s room in a 10th Street motel to offer

his congratulations. As he got back into the car to drive home to a three-bedroom condominium at Westchester Square in Ansley Park, where he lived at the time with his wife and two children, it was nearly 1 a.m. A young law associate who also had worked with him through the campaign, Norman L. Underwood, was with him. Underwood—who remembers being very tired in that moment—asked Sanders, “What do you want to do tomorrow?”

Without hesitation, Sanders replied, “Let’s go to work.”

And that is exactly what they did.

They went to work building the law firm known today as Troutman Sanders, the platform for which Sanders started when he left the governor’s office in 1967 and grew by hiring lawyers, adding clients and merging with other firms. Once the latest merger is completed in January 2009—with the 100-lawyer, Washington-based Ross, Dixon & Bell—Troutman Sanders will have 750 attorneys in 16 offices around the world. It will be the 65th largest law firm in the country, using figures from the current Am Law 100 list, with annual revenue of \$450 million, according to Sanders. Clients include some of the biggest corporate names in Atlanta, such as Georgia Power, Southern Co., Turner Broadcasting System and Cable News Network.

Sanders discussed the changed in the legal profession in recent conversations. “Law firms have gotten very big and very talented,” he said. “You no longer in a big law firm are able to practice in a general sense. You have to specialize. One of the reasons the firms have gotten so big is that everybody has a specialty and they have to practice that specialty.”

The growth of law firms also has been dictated by the growth of global corporations and the increasing complexity of the business world. “I used to think a small law firm can compete with a big law firm on anything. But the truth is, a big law firm can take a big case and put 50 lawyers on it immediately. A small firm can’t do that,” said Sanders. He also recalled that as a young litigator, his longest cases lasted two or three weeks. Now, they can last two or three years. It’s no longer possible to try cases and manage a law firm. He often has said he was forced to give up being a gladiator in the courtroom for being a counselor in the boardroom.

As he managed the business of the law firm, Sanders also managed his own investments in real estate, banking and corporate interests. He can be found in his office by 9 a.m. most days communicating through meetings, letters and phone calls with friends and associates. His friends include long-time clients, law partners, business associates and political allies.

“What good fortune I have had comes from surrounding myself with the kind of people I’ve worked with,” Sanders said. “You can be successful most of the time if you surround yourself with good people who can work with you on a common goal.”

One of the senior partners who can still be seen dropping by Sanders’ office frequently is Underwood, who Sanders said is “like a son” to him. Underwood remembers vividly that “let’s go to work” moment in 1970 with Sanders. “He was denied one kind of success, but he decided he would have another kind of success,” Underwood said in a recent interview at the Troutman Sanders offices. “I think he decided, ‘I’m going to compete in this legal market, and it’s going to be big and it’s going to be good.’ It focused him. It gave him a little bit of an edge. It was a real motivation.”

The former governor built the practice by

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forming lasting relationships with key business leaders in Atlanta, adding lawyers and merging with other firms when the need arose. And when the time came, he made the critical transfer of leadership to a new generation, headed by Robert W. Webb Jr., now managing partner and chairman, who was chosen and groomed by Sanders. Sanders credits Webb with taking a platform of 200 lawyers and \$50 million in annual revenue in 1994 and growing the firm. Webb credits Sanders with mentoring him and backing him up all the way.

"Gov. Sanders built the firm into the institution that it was. All I had to do was keep on doing what he had been doing," Webb said recently.

Sanders presence is as comforting to clients

He has been married for 61 years to his college sweetheart, Betty Foy Sanders, a Statesboro native and accomplished artist who friends say has been an asset to him every step of the way. He has close relationships with his daughter, Betty Foy Sanders Botts, now 56, also an artist, and his son, Carl E. Sanders Jr., 55, who now owns and manages real estate developments that the father helped start in the 1970s in Augusta.

"The key to his success is he's never been lazy," said Betty Foy Sanders, who met her future husband at the University of Georgia when she was an art student there. "He's always had a bright mind and a determination to work."

Sanders' important traits also include an



Former Gov. Carl Sanders has kept two daily habits throughout his career: a to-do list and a workout.

as it is to partners. "He's a very intelligent fellow, and he's also a very persistent guy," said his long-time friend and client Thomas G. Cousins, president of Cousins Properties, the real estate developer who built much of modern Atlanta. "You don't have to tell him but once and you can rely on him doing something."

Conversations with friends, colleagues and family members reveal a few essential traits that Sanders used to create success in law, politics and business. Before anything else, he was a talented trial lawyer, winning cases and a name for himself in Augusta for not being afraid of a fight. Later, when he gave up the court room for the boardroom, he was able to counsel and comfort clients with his decisive, action-oriented approach. He always was driven to succeed, making a practice his entire life of having a daily to-do list and actually getting it all done. He has always been willing to do whatever it takes to find new ways to generate business and income, even in the toughest of times. He treats his clients and colleagues with a level of respect that has earned their devotion, comparing his firm to a family—"not a factory or a quota club." And he has been able to delegate—both in the early years of growth with young lawyers whom he supported and trusted with important cases and in the later years when he successfully transferred management.

The same patterns of discipline and devotion to lasting relationships carry over into Sanders' personal life. He has exercised virtually every day of his life since childhood. He worked out at the downtown YMCA on Luckie Street for decades, even while he was governor. He was such a supporter of the organization that after the Luckie Street gym closed and a new facility opened in Buckhead, it was named for him.

ability to work well with people and a gift for delegating and mentoring. "He was always a little ahead of the time and has brought people along with him," said his wife. "When you look at society, you can see people who get ahead of the pack."

If the English language has a word that means the opposite of a procrastinator, that would be what Sanders is, according to Underwood, who—except for a stint as executive secretary to Gov. George Busbee from 1975 to 1978 and a term as a judge on the Georgia Court of Appeals from 1979 to 1980—has practiced with Sanders since 1967, when Underwood was 25 and one of the original three "young lawyers" hired by Sanders as the outgoing governor, then 41.

"Each day of his life he has a list—either a mental list or, usually, a yellow pad," said Underwood. "He is relentless and incapable of going home until he has done his list."

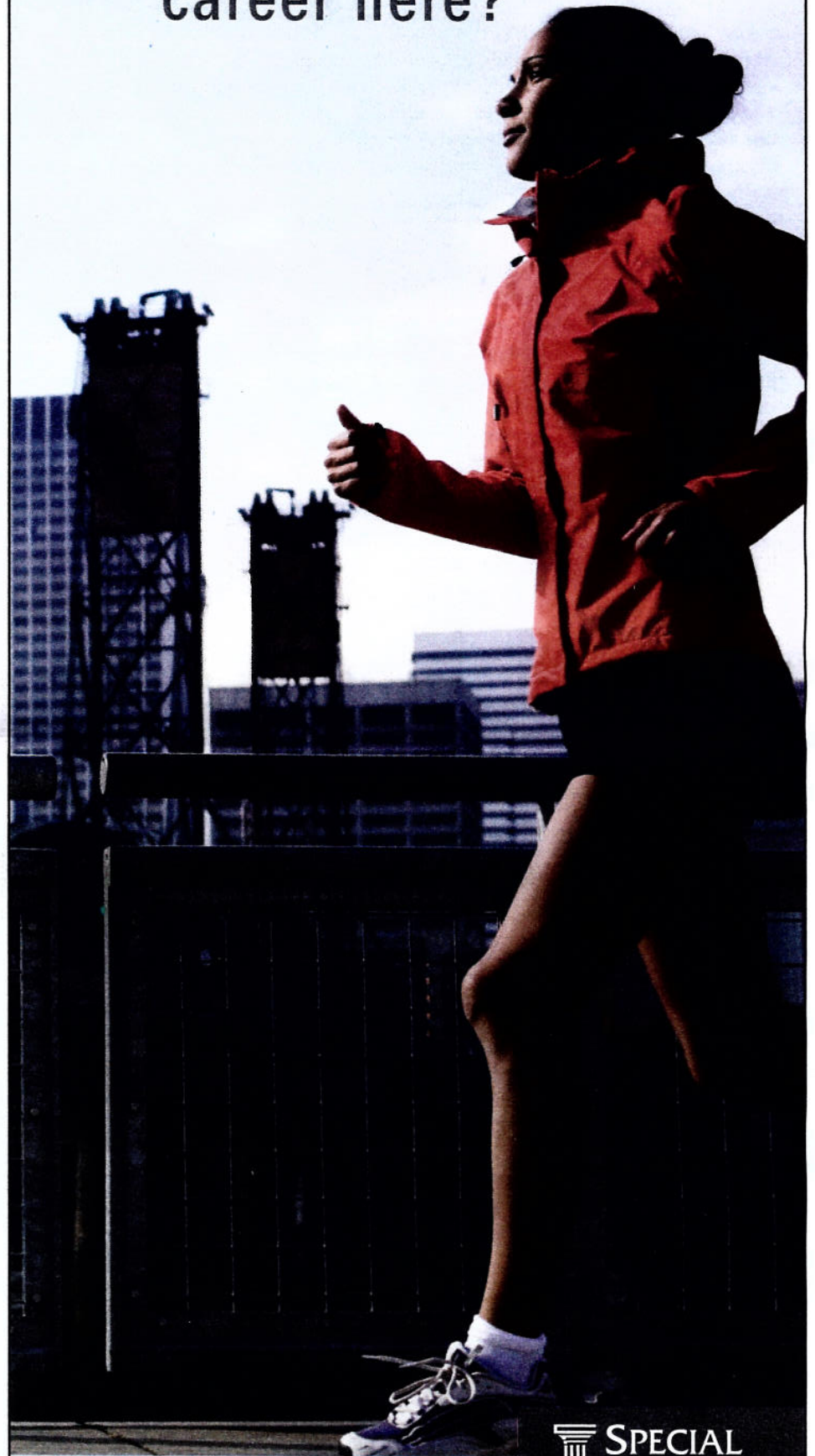
Whenever tasks or names of people to contact are divided up by the partners, Sanders is the first to finish his list and to follow up with the others. "He's calling me saying, 'I've talked to all my people. What about you?'" said Underwood, who noted that lawyers sometimes suffer from a tendency to procrastinate because they indulge their perfectionist obsessions. "He just does it," Underwood said of Sanders. "He has an instinct for action rather than planning."

In some ways, Sanders' work ethic is a hallmark of his generation. He was born May 15, 1925, and came of age during the Great Depression.

"I was not born with a silver spoon in my mouth," said Sanders. "I never had any relatives that could leave me any inheritance. I just had a great mother and a great father and a

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## Carl Sanders: From politics to Big Law

Sanders, from page 9  
great brother."

His father, the late Carl Thomas Sanders, sold meat to retail stores for Swift & Co. His mother, the late Roberta Alley Sanders, was a bookkeeper for S.H. Kress & Co., the dime store company. He remembers his parents working to buy the small brick bungalow where they lived on the corner of Johns Road and Wrightsboro Road in Augusta. Then the depression came. Swift had to cut its employees' paychecks in half in order to stay open. The family was not able to buy the home.

Sanders mother once said that he was determined and hard working from boyhood, helping out by delivering newspapers for 75 cents a week and bagging groceries for 15 hours on Saturdays to earn \$8.

Sanders remembers that his mother sacrificed for him and his brother, Robert T. Sanders, who was two years younger. Robert Sanders, now deceased, once said that his older brother "hates to lose anything," and "whipped me handily at all sports."

The brothers developed a love of sports from grade school on because their mother enrolled them in the youth program at the local YMCA. Instructors there gave Sanders some advice that he followed, even though the information was not recognized by others at the time. They told him that daily exercise was healthy, and that smoking was not. So he never picked up smoking, and he made daily workouts a habit for life.

Sanders credits the early training at the YMCA for allowing him and his brother to play football in high school at Augusta's Richmond Academy and then to earn football scholarships to the University of Georgia. The scholarship covered tuition and living expenses, plus \$10 a month for incidentals.

Sanders was a quarterback. "I was good, but there was one person better—Johnny Rauch. He made All American," Sanders recalled. Their coach, the legendary Wally Butts, would go on to successfully sue the *Saturday Evening Post* for libel—winning a record \$3 million judgment—with the help of a lawyer who would become Sanders' partner. Allen Lockerman. Years later, Butts would say, "Carl, if I'd have known you were going to be governor, I'd have played you more."

Sanders' football career was interrupted by World War II. He left college to join the Army Air Corps. By the time he was 19, he was a bomber pilot with an eight-man crew on a B-17. Just before he was to carry out his first mission, the war ended.

Sanders used his military benefits to return to Athens and finish his degree, which he did quickly by passing tests for course credit. Then he entered law school. He also used his pilot's skill to earn \$75 on Sundays stunt flying in air shows. By attending classes year round, he was able to finish law school in two years instead of three. He was allowed to take the bar exam even before he finished law school. He passed the bar in July 1947. He had just turned 22. He and Betty Foy were married on Sept. 6, 1947, and he finished law school by the end of the year. At the beginning of 1948, the couple moved to Augusta, where he started practicing law with Hammond, Kennedy and Yow. He supplemented his income by teaching night classes at the Augusta Law School.



PHOTO COURTESY OF TROUTMAN SANDERS  
This photo of President Kennedy and Sanders still hangs on the wall of Sanders' conference room. The then-governor-elect visited the president to discuss the closing of Fort Gordon.

Unlike some of his law school classmates, Sanders said, he had no political ambitions. But he was drawn into politics out of dissatisfaction with the segregationist "Cracker Party" politicians of the time. He ran for a seat in the state House of Representatives and won. Then he served three terms in the state Senate.

During legislative sessions, he drove back to Augusta on Fridays, worked all weekend at his law firm and drove to Atlanta again on Monday mornings. "I said to myself, 'I've got to get into this political thing all the way or get out. I can't keep my law practice and keep serving,'" Sanders recalled.

So he ran for governor. His strategy was to wear out his opponent, former Gov. Marvin Griffin, by out campaigning him. To do that, he flew himself all over the state in a 250-horsepower Comanche airplane, landing in fields and on mountain tops. He was elected in 1962 and took office in January 1963, at the age of 37. He was the youngest governor in the U.S.

The first crisis came even before he took office. He was governor-elect when he learned that the Army was about to close Fort Gordon military base, the biggest employer in Augusta. He went to Georgia Sen. Richard B. Russell, chairman of the Armed Services Committee, who said he couldn't stop it. So Sanders went to see President Kennedy. A photo of the two men sitting together in the Oval Office that day hangs on the wall of Sanders' conference room. It was the beginning of a friendship. A week later, Kennedy called Sanders to say Fort Gordon would remain open. Today it is the largest military telecommunications center in the world.

Asked how he persuaded Kennedy to help, Sanders replied, "I don't know. But I talked him into it." Then he added, "He was young, and we had supported him. I think he just decided to help maybe out of sympathy or the fact that I was a young fellow, a young governor coming up."

Like Jack and Jackie Kennedy, Carl and Betty Sanders were a handsome, glamorous young couple. Betty Sanders Botts said her mother still has a leopard pill box hat she wore to her husband's inauguration as governor in January 1963. She also remembers both her parents going to Washington later that same

year, when the president was killed.

Sanders described his term in the governor's office as "four years of progress." He recalled recently that he wasn't "leading marches like Andy Young," who later became a congressman, an ambassador and mayor of Atlanta, and he wasn't "standing in the school door like George Wallace." Sanders added, "I was a moderate Southern governor."

Of course, moderation was revolutionary at the time. He took office as governor in 1963

alongside Georgia's first African-American senator since reconstruction, Leroy Johnson. Sanders ordered the removal of the "white" and "colored" signs over water fountains, restrooms and public areas around the Capitol. "I didn't have a press conference, I just did it," Sanders said. "We just pulled them down." After hours, in fact. When the Capitol opened the next morning, the signs were gone. And no one said a word. Johnson said it was as if the signs had never been there when he and Sanders were interviewed separately this year for the Senate History Project, which placed the videos on the Internet. Both men gave the same account of the night the signs disappeared.

The influence of a "moderate Southern governor" went beyond government. After he desegregated the Capitol with the governor's help, Johnson did the same at the Commerce Club, which had been founded by Sanders' friends Robert W. Woodruff, chairman of The Coca-Cola Co.; Mills B. Lane, president of C&S Bank; and other influential business leaders as a place for the power elite to lunch. Johnson went to the white-only private club with a group of senators, walked in past a protesting guard and took a seat at the prepared table. A white maitre d' approached, removed the senator's plate, silverware and glass, and then left.

Johnson issued his first ultimatum. He told Sen. Hugh Gillis to call the governor or he would call the newspapers.

Sanders said, "Give me 15 minutes." He called Woodruff and said that if the senator wasn't served at the Commerce Club, "We're going to have the biggest row you've ever seen around here."

Woodruff said, "Give me 15 minutes."

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## Carl Sanders: From politics to Big Law

Sanders, from page 11

The maitre d' returned with a place setting for Johnson, arranged it and left again, after which the African-American waiters in the dining room broke into applause.

Sanders traces Georgia's economic progress to that point.

"Birmingham, Alabama, was in better shape economically than Atlanta, Georgia, was at that time when I took office," Sanders said. "Because they acted like they acted over in Alabama—and Mississippi, Arkansas and Louisiana—and because I acted like I acted when I said we were going to abide by the law, Atlanta captured the leadership of the South. The airport was developed. Birmingham lost the opportunity. The leadership could have and really should have been in their back yard, but they screwed it up. We didn't. We took the high road. They took the low road. And Georgia profited."

Atlanta's Hartsfield Airport wasn't the only airfield developed during that time. Sanders cut ribbons on 70 airports around the state while he was governor, usually flying himself in for the event. He first tried to persuade local governments to fund their own airports, and was turned down flat. Then he went to Washington for help, and found federal funds for aviation development. He also secured state funding. Then he convinced local officials to donate land for airstrips.

"I saw a need because I landed in so many cow pastures and on the tops of mountains while I was campaigning," he said. "We were in a generation of air travel and development.

We needed to take advantage of it."

As a result, Georgia began its first fruitful economic development efforts. The airports were crucial, Sanders said, because business people from the Northeast were not willing to fly into Atlanta and get into a car and drive to South Georgia, "and I don't blame them." The airports changed their minds.

"We had the finest and biggest industrial program Georgia had ever had," Sanders said. "We brought industries into rural areas that had never had an industry. And it was because of those airports." Historical accounts say the state benefited from \$1 billion in new investment during Sanders' term.

Transportation improvements during that time also included interstate highway construction. "I promised the people of Augusta that if I got elected I'd build Interstate 20 from Augusta to Atlanta. I did that," Sanders said. That's why the stretch of I-20 as it nears Augusta has Sanders name on it.

Another goal Sanders had was to put community colleges and technical schools within driving distance of every student in Georgia. The junior colleges he built as governor—in places such as Kennesaw and Dalton—are now four-year colleges.

As governor, Sanders also helped bring professional sports to Atlanta. When the Milwaukee Braves owner wanted to move the baseball team to Atlanta, the city came up with a site for the Atlanta-Fulton County stadium. But it was inaccessible because of the downtown connector for Interstates 75 and 85. The city didn't have the money to build an overpass, and federal highway funds couldn't be used for non-interstate projects. "I said, 'I don't care if we can't get federal funds, we're gonna build an overpass,'" Sanders said. "We built an overpass."

After Major League Baseball came to town, the governor got a surprise visit from National Football League Commissioner Pete Rozelle. He told Sanders the NFL was interested in an Atlanta franchise, but that it would have to be majority-owned by one individual. Sanders called his college Chi Phi fraternity brother—Rankin Smith, whose family owned the Life Insurance Co. of Georgia—and invited him to the governor's mansion, at that time in Ansley Park. He introduced Rozelle and Smith, then spent the next few days talking Smith into the deal. Smith thought the price was high, at \$8.5 million. "You still ought to buy the franchise," Sanders said. "Atlanta is a football town."



**Law firms have gotten very big and very talented. You no longer in a big law firm are able to practice in a general sense. You have to specialize.**

—Carl E. Sanders

Three and a half decades later, Smith's family sold the team to Home Depot co-founder Arthur Blank for \$545 million.

Another project Sanders initiated was the current, modern Governor's Mansion on West Paces Ferry Road in Buckhead. The old mansion in Ansley Park, as Cousins put it, was in decline and "not considered a fit place for a governor to live" because of adjoining Midtown, which by the mid-1960s was the center of the counterculture and all that went with it. Many of the once stately homes in Ansley Park had become boarding houses or drug dens. Sanders began building the new governor's mansion. Betty Sanders always has kept most of her paintings for family or given them to charities, churches and schools, including the art department at Georgia Southern College which now bears her name. But she sold paintings then to raise money to build the fountains that decorate the grounds, their son recalled.

The new three-story, 30-room governor's mansion was finished in 1967, just after Sanders left office. It was occupied in January 1968 by his successor, Lester Maddox. The next governor to live in it was Jimmy Carter.

When the Sanders family left the old governor's mansion, they moved to a three-bedroom condominium in Ansley Park.

The now successful Westchester Square town home development started more as a civic project than a profit-making venture, according to the developer and Sanders' friend Cousins. Cousins said he believes it was the first condominium in Atlanta, and it was his response to long-time Ansley Park residents who asked him to help the neighborhood. "We got them built and said, 'Atlanta, come buy this great place.' They would not sell. They sat for a year without a single one being bought. The price had been reduced, and it didn't make a difference."

Near the end of Sanders' term as governor, Cousins went to see him and said, "We'd sure like to convince you and Betty to live in Westchester Square."

The governor and first lady bought the model unit for about \$85,000, Sanders recalled. The original price was \$100,000, Cousins said. Some of the units had been slashed to \$40,000 without result.

"Once they bought and moved in, other people began to move in. It was like throwing a pebble in a pond," Cousins said. The Sanders caused a ripple effect that eventually made

Ansley Park an upscale neighborhood again. "It was painful, but it did work."

Sanders sold the condo after the 1970 election for about \$100,000—a modest profit. Cousins said it recently sold again for \$1 million.

The decision to stay in Atlanta to start a law firm instead of returning to practice in Augusta is what Sanders believes cost him his second term as governor because it allowed Carter to portray him as a silk-stocking city lawyer and win over the rural-dominated state. But, Sanders said, "It's also the best thing I ever did."

As an outgoing governor who happened to be a lawyer, he was offered partnerships in some of Atlanta's best law firms. But he wanted to start his own. "I had a bunch of people saying if you're going to practice law in Atlanta, we'll use you," he said. Among them: Coca-Cola's Robert Woodruff; Edward Hatch, president of Georgia Power Co.; and Delta Air Lines.

So he rented offices in the Commerce Building and hired his three "young lawyers": Norman Underwood, John J. "Jack" Dalton and Dale Schwartz. (Schwartz is the only one who is not still with the firm.) They were surprised to be offered jobs following interviews that lasted all of about 15 minutes.

Dalton, then 26, a 1967 graduate of Northwestern University Law School, was in Atlanta interviewing with other firms when he stopped by to see the governor on a Friday afternoon "almost as a filler."

After a few minutes, Sanders said, "I'm a pretty good judge of horseflesh, and I'd like you to come to work for me." A bit stunned, Dalton asked if he could think it over and talk to his wife. Sure, Sanders said. "Let me know Monday."

"Here was a guy who's already been governor, who thinks he's going to be governor again, and he's telling you he needs you to take care of his law practice," Dalton said. "It felt good." That weekend, he told his wife, "I think it will work."

The lawyers Sanders hired were, as Dalton put it, "young swashbucklers who thought they could do anything."

And they pretty much did. Clients were coming in amazing numbers. He had far more work than he could do. He would tell his young associates, "Go do this. Take care of it. If you've got any problems, let me know," recalled Dalton and Underwood. "The remarkable thing was he trusted the lawyers," said Dalton. "His willingness to delegate made a lot of us mature very quickly."

Representing the Southern Governors' Association, Sanders himself argued a case before the U.S. Supreme Court in 1968 and won, ending railroad companies' practice of discriminating against the South with higher shipping rates. It was a landmark ruling that released the power of the region to embark on an unprecedented period of growth. Underwood was with him there as well, and he remembers the white-haired Chief Justice Earl Warren looking down from the bench with recognition and saying, "Gov. Sanders."

Sanders also used his political muscle combined with his firm's legal expertise to assist clients in launching projects that would transform the regional economy. One was the Omni sports, entertainment and hotel complex, which Cousins wanted to build in order to attract people back to the city and clean up a blighted area of downtown around a railroad gulch. Atlanta Mayor Ivan Allen said the city would donate the decrepit site, but only if a professional basketball team was already in town and willing to play in the arena. Cousins said

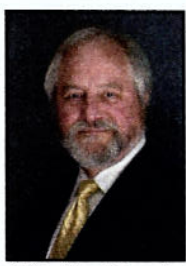
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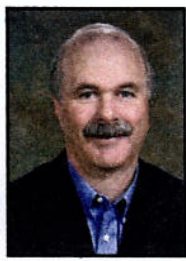
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- Class action environmental toxic tort
- Work-out of troubled multi-million dollar real estate loan



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THE RESOLUTION EXPERTS

he didn't know much about basketball. So he went to Sanders. Sanders went to St. Louis to persuade the Hawks' owner to sell the team to Cousins. But the National Basketball Association said no, not without a place where the team can play. Sanders persuaded Georgia Tech Coach Bobby Dodd and then the Georgia Board of Regents—some of whom he had appointed—to allow the Hawks to play at the old 6,000-seat Tech Coliseum until the Omni could be built.

"It was a pitiful venue as far as the NBA was concerned," said Cousins. But it worked.

Sanders didn't charge any legal fees for the transaction, saying it was good for the city. So Cousins gave Sanders a 10 percent ownership interest in the Hawks. They watched games together and celebrated victories.

And that's the story behind the photo of Sanders being showered with champagne that helped Jimmy Carter beat him in the 1970 campaign for governor.

There's also a story behind the "Cufflinks Carl" nickname that helped Carter in that race. It wasn't really Carter who invented it. It was Jimmy Bentley, a Democrat-turned-Republican who was also running for governor in 1970. Bentley lost his bid for the Republican nomination, but his nickname stuck. "The Carter crowd went wild over the name," Bentley, now deceased, said in a 1986 interview. "It was pretty devastating."

Cuff links were the fashion of the day, although, as Bentley said, "not many good old boys around Georgia" wore them. Bentley admitted to wearing them himself occasionally. Sanders doesn't remember wearing them at the time—although he did later. Neither Bentley nor Sanders remembers Carter using the name himself. But his campaign staff did. And it was effective.

After it became clear that Sanders would not be moving to the new governor's mansion on West Paces Ferry Road, Sanders bought a house just around the corner on Tuxedo Drive where he and his wife still live. The home once belonged to golfing legend and lawyer Bobby Jones. Sanders liked the house and had negotiated with the owner for months to get his price. But the real reason he decided to move, he said, was that his children had become teenagers and the condo was next to Piedmont Park—which at the time still attracted drugs and rock concerts. A protective dad, Sanders felt his children would be safer on the quiet residential street in Buckhead.

Sanders' daughter recalled some advice her father passed along to his children in those days. On the subject of staying out late, he said, "You can't be out hooting with the owls if you're going to rise up and fly with the eagles." She also laughingly recalled him saying, "Betty Foy, if you lay down with dogs, you're gonna get up with fleas."

Another bit of advice she remembered: "When I was little my dad would always say, 'Be nice to the people on the way up because they may be the same ones you see on the way down.'"

After the book closed on his political aspirations, Sanders continued working with the same partners and clients he had before and built from there. Through the work on the Omni complex, he had already teamed up with a partner, attorney Jack P. Ashmore, who also did work for Cousins. Together, they bought the downtown landmark Candler Building and moved the firm there in 1971.

In the summer of 1971, Sanders got a call from Georgia Power President Ed Hatch. Hatch was worried. His legal work was then

divided between Sanders' firm and Henry Troutman's. Two of Troutman's partners had died. Troutman was then in his 70s. "Ed said, 'Invite him to join your firm. If he'll do it, then you'll have all the Georgia Power business, not just some of it,'" Sanders recalled. "I went and talked to Mr. Henry and said, 'Wouldn't you like to come over to the Candler Building and join me? We'll put the two firms together.' He had about 15 lawyers. I had about 25. He came over. I said, 'We're going to call this Troutman, Sanders, Lockerman and Ashmore.' That was for Jack Ashmore, one of my partners, and Allen Lockerman, one of his. He said, 'Your name goes first'. I said, 'No, you're my elder. Your name's going first.'"

Georgia Power, Sanders said, "was probably the most important client to my law firm." He explained, "The reason that type of client is so good is almost everything they do they have to get legal permission to do it." Even today, the firm is involved in two new applications for nuclear power plants, a process that goes on for years.

The Troutman firm brought with it plenty of important clients besides Georgia Power. One of them was a young man named Robert E. "Ted" Turner III, whose favorite lawyer was Tench Coxe from the Troutman firm. Coxe had helped Turner's father, Robert E. "Ed" Turner Jr., close a deal to sell his outdoor advertising company in the 1960s shortly before the father's suicide. Soon after, the son called Coxe for help to undo the sale, doubting his father's competence at the time. Coxe couldn't handle it himself, since he was involved in the closing. But he helped Turner find someone else, and even had a secretary type papers for Turner while he was in Atlanta working out the details.

A bond was formed. Eventually many partners at Troutman Sanders—including star litigators Jack Dalton and now managing partner Bob Webb—would work on Turner's projects, which would include the Turner Broadcasting System that would send programming around the world by beaming it from a satellite, and CNN.

At every turn, Turners' vision involved lawsuits. Troutman Sanders lawyers are among the few in the country who have taken depositions inside the White House. They had to sue the president as well as NBC, ABC and CBS to win the right for CNN to be included in the White House press pool.

Another project the firm worked on in the 1970s that fueled the expansion of the state's economy and job base was the Georgia World Congress Center, part of Tom Cousins' vision for downtown. The project was too big and expensive to pull off without the state's help, which was a problem because of the rural-dominated Legislature and then governor—Carter, who resisted funding it. Sanders managed to win the state's support with the help of then Speaker of the House George T. Smith and the chairman of the House Appropriations Committee James H. "Sloppy" Floyd, so nicknamed for a habit of fumbling in high school football. Floyd was avoiding the issue. The winning strategy involved at one point Underwood finding Floyd at a downtown hotel and alerting Sanders, who sprinted the four blocks there from the Candler Building.

When the Georgia World Congress Center opened in 1976, it was the fourth-largest convention center in the country and the first one to be state owned. And it gave Atlanta the means to become a major player in the convention industry.

One desirable client that eluded the firm even after the merger of Troutman and Sand-

ers was Georgia Power's corporate parent, Southern Co., which was still using New York law firms for its bond business. Sanders had personally tried to persuade two Southern Co. presidents to let him do the bond business, but they said they had to have a New York firm to sell bonds on Wall Street. Then Southern Co. elected a new president, Alvin Vogtle.

"He was a tough little prisoner of war. He escaped from a German prison camp three times," recalled Sanders. "He was tough as nails, but he was progressive. I went to him and said, 'Alvin, I can do your bond business just as good as a New York law firm. I can do it better, and I can do it cheaper. Let me go to New York and tell your law firm that they're no longer gonna be needed as general counsel.'"

"He called me up a week later and said, 'I'm gonna let you do that.' I went to New York to this big law firm and told them in a nice way that they were no longer going to be the general

**“Each day of his life he has a list—either a mental list or, usually, a yellow pad. He is relentless and incapable of going home until he has done his list.”**

—Norman L. Underwood

counsel of the bond business for Southern Co. We were going to do it. All he asked me to do was offer the New York partner who was doing the bond work a partnership down here, which I did. But his family all was situated up there, and he didn't do it. But that's how we got the bond business for Southern Co., which is a tremendous legal account for any law firm."

Along with his successes, Sanders had some

dark chapters. In the late 1970s and early 1980s, he had invested in commercial and residential real estate in downtown Atlanta and Augusta with partners he overestimated. "I thought they were richer than I was." When the recession came, his partners went under, leaving him with all the liability.


He learned a hard lesson that he said he now preaches to his son: Never sign a note with a group of people unless you know that your liability is limited to your ownership. "Otherwise, you may own 10 percent of the project, but you've got 100 percent of the liability." He said he went to "many a bank" to sit down and negotiate payment schedules.

At one point, he had to resign from the board of directors of the First Railroad and Banking Co. of Georgia because he owed the institution too much money. (After he recovered, he helped the bank start First Georgia in Atlanta—which later sold to Wachovia—and served on its board, as well as the boards of a number of other corporations.)

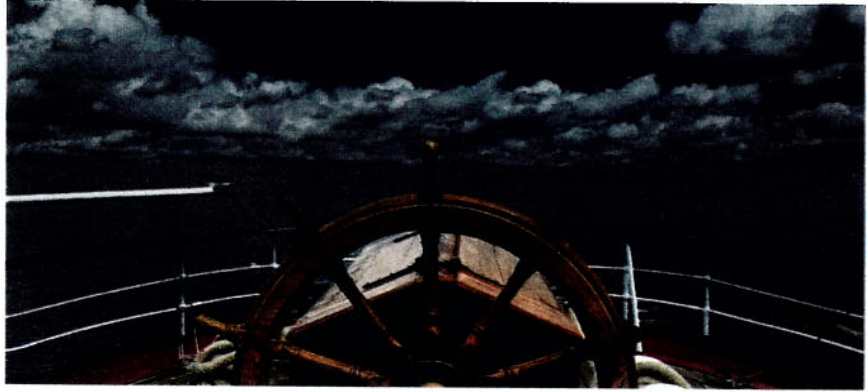
"If I had taken all the notes that I had signed with people in Augusta and people in Atlanta and totaled them up, I'd have gone out here and jumped in the Chattahoochee River. But I never would let myself do that. I just kept dealing with it and working with them and disposing of assets as I could, and I was able to come through the economic downtown and survive when a lot of other people were not able to do that," Sanders recalled. "Several big real estate developers just went into the bank and threw the keys on the president's desk and said, 'I'm quitting. It's your problem now,'" Sanders recalled.

In that difficult period, a lot of his firm's big-name clients were broke, Sanders said. "We had to say, 'Look, we're going to stick with you."

See Sanders, page 14



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## Carl Sanders: From politics to Big Law

Sanders, from page 13

If you can't pay legal fees, don't worry about it. We'll hang in there with you until you can pay them.' And that's why we've still got a lot of good clients."

He now has some good real estate investments, too. "You know if you hold real estate for 30 or 40 years, it generally turns out pretty good," he said with a smile. His son now runs that business from Augusta, including a coun-

Sanders said. He had decided to move the firm from the Candler Building, which he said was still in great shape, but the downtown area around it was not. His friends and clients Tom Cousins and Bennett Brown, CEO of what was then C&S Bank, persuaded him to move the law firm to Midtown for what is now known as the Bank of America Plaza. At first Sanders said no because the building did not have a health club. "They called him back a week later and said, 'We've got a health club.' So, I said, 'OK. We'll move,'" Sanders recalled. Knowing that the move would be a Herculean task, Sanders put Webb in charge of it.

"I watched him, and he did a great job with

ness. What do you think of that?"

Sanders remembers the conversation as a critical juncture for the firm's future. "I said, 'What I'm doing is, I'm trying to set a line of succession. I've seen too many law firms in Atlanta that never did make room for the young partners. When the old ones died, the firms just disintegrated. So, you're going to be the managing partner. But I'm the chairman of the compensation committee. I'm the chairman of the executive committee. I'm going to back you up. So you don't have to worry when you make a decision as managing partner, whether you've got the authority to enforce it.' And I backed him up."

In 2006, Sanders named himself chairman emeritus and made Webb chairman. The next hurdle, Sanders said recently, will be for Webb to find his own successor. "He's got to do what I did and find somebody he's got confidence in who will become the chairman," Sanders said. "I don't know how big this law firm will get. But it's much bigger now than I think any of us ever dreamed. And it'll get bigger because Bob Webb is dedicated to that position and he's capable."

Sanders speaks like a proud father about his firm and his family. The one time that Sanders' emotions make it difficult for him to speak is when he talks about his grandchildren: Caroline Sanders, 29; Michael Botts, 23; Keaton Sanders, 20; Alyssa Botts, 17; and Carl E. Sanders III, 16. And one more.

His grandson Austin Sanders Botts died of cancer in 2006 at the age of 25. "That," said Sanders softly, his eyes shining moist, "is the biggest disappointment I've had in life."

Asked for his advice for living, Sanders said, "Stay busy. Work on things that have meaning. Try not to take any bumps in the road personally. Keep focused on what you are trying to accomplish. Do the best you can with whatever you are having to deal with."

And for his advice for parents—which seems to fit the way he's conducted his professional as well as his personal life, he said: "Be involved

with your children. Know what they're doing and try to set an example for them so that they will be as proud of you as you are of them."

It is not in Sanders' nature to indulge in regrets. He said he has none, that he has fully enjoyed each of his careers, and he thinks that if he had been elected for that second term as governor, things might not have turned out as well for him in law and business. "I'd probably be a lobbyist in Washington, D.C., and thank God I didn't do that," he said. He still believes that the practice of law is "one of the great professions."

In recent years, he has even had some closure with the opponent who ended his political career. It was unexpected. Both Sanders and Carter were guests for a dinner at the governor's mansion—the one that Sanders built but never lived in, the one that Carter moved into instead—along with all the former Georgia governors and their wives. Each governor was asked to stand up and talk about his career.

"Jimmy Carter said that because of the type of governor Carl Sanders was, and because he made Georgia an enlightened state when others were going another way, Carter was able to benefit," Sanders recalled. Carter told the group that he "never would have been president if people didn't know that Georgia was an enlightened state."

Sanders said he approached Carter later and thanked him. The meeting was meaningful to Sanders, although he said he had long since put the conflict to rest.

"I wouldn't call him my best friend," Sanders said of Carter. "But I made peace a long time ago."

He returned in memory to that late night in the fall of 1970. "Politics is a tough business, but you go into it knowing that you win some and you lose some," Sanders said. "I picked myself up, dusted off my pants and told Norman Underwood, 'Let's go to work.'" ☎

Katheryn Hayes Tucker can be reached at [katheryn.tucker@incisivemedia.com](mailto:katheryn.tucker@incisivemedia.com) or (404) 419-2843.



FILE PHOTO

Sanders, right, handed over the chairman title to Bob Webb in 2006. Sanders now is chairman emeritus.

try club community in Columbia County and a residential development on the Savannah River. Carl E. Sanders Jr. said he talks to his father at least twice a day—late in the morning and at the end of the afternoon.

Close as they are, Sanders Jr. said that his dad and the Troutman Sanders' managing partner, Webb, have "a father-son-type relationship of their own."

It was 1994 when Sanders decided to make Webb the managing partner. "He was a young litigator. Bright. Enthusiastic. Full of energy,"

the move," Sanders said. So he asked Webb to be managing partner.

Webb had been a courtroom star in some high-profile cases. Ted Turner was one of the clients who kept him very busy. When Sanders asked him to be managing partner, Webb said, he first said he didn't think he was qualified. Sanders assured him that he was. The second thing Webb said was, "But I'm a litigator," to which the governor—a former litigator himself—responded, "Litigators are a dime a dozen. I'm offering you a chance to run a busi-

# Candidates who passed the Georgia bar exam

Due to a mistake by the Daily Report, the following names were omitted from the list of candidates who passed the July bar exam published in the Daily Report on Nov. 4. This information comes from the Office of Bar Admissions.

Sarah Elizabeth Scott  
Washington, DC

Sapana Kishore Shah  
Decatur, GA

Michael Barry Sheehey  
Alpharetta, GA

Tracy Nicole Shessler  
Atlanta, GA

Brooke Monet Sealy  
Decatur, GA

Sumeet Prem Shah  
Johns Creek, GA

Jennifer Lynne Shelfer  
Atlanta, GA

Emily Elizabeth Shingler  
Tucker, GA

Daniel Thomas Seelos  
Marietta, GA

Cameron Shahab  
Smyrna, GA

Bradley James Shell  
Savannah, GA

Stacy Petroff Seidel  
Smyrna, GA

Matthew Howard Shapiro  
Atlanta, GA

Karen Jane Shelley  
Decatur, GA

Andrea Blair Seliski  
Chapel Hill, NC

Adam Ryan Shartzler  
Arlington, VA

Shawn Gene Shelton  
Atlanta, GA

Adam David Senior  
Atlanta, GA

Stephen Alan Shea  
Atlanta, GA

Donald Oswell Sheppard III  
Sylvania, GA

Gerald Leroy Seyle  
Atlanta, GA

Sarah Lauren Shearouse  
Canton, GA

Peter Anthony Christopher Sherlock  
Decatur, GA

Jessica Lynn Shackelford  
Atlanta, GA

Katherine Ann Sheehan  
Athens, GA

Brent Edward Sherota  
Atlanta, GA

