

# COMPLIANCE WEEK

## Governance Lawyers Just Keep On Coming

By Stephen Taub — June 27, 2006

**B**ad news for corporate executives running low on antacid: The onslaught of lawyers since Sarbanes-Oxley was passed four years ago will not stop any time soon.

According to a recent survey by staffing firm Robert Half Legal of 300 attorneys at the 1,000 largest law firms and corporations in the United States and Canada, “ethics and corporate governance” was identified as the area of law expected to experience the most growth in the next 12 months.

Charles Volkert, executive director of Robert Half Legal, says demand is coming from major law firms seeking individuals with strong Sarbanes-Oxley and regulatory backgrounds, and corporations that need to expand their internal staffs. “I don’t see this slowing down,” he adds.

Law firms are particularly eager to find associates with three to five years’ experience in these areas, Volkert says; corporations want compliance experts with four to six years of experience. Corporations also have a strong demand for seasoned attorneys with more than 10 years of experience, to head up their corporate governance efforts, he adds.



Becker

“I do believe there are more in-house lawyers,” says David Becker, a partner at the 850-lawyer firm of Cleary Gottlieb Steen & Hamilton. In-house legal departments “are spending a lot more time on compliance,” he says. “More companies are devoting more resources to monitoring compliance and focusing on compliance issues,” which means setting policies for various types of behavior before a problem arises, rather than giving advice after the fact.

### "Scratch A Governance Lawyer..."

At major law firms, however, the story differs—and somewhat clashes with the findings of the Robert Half survey. Partners at a half dozen firms say their hiring plans do not focus on “compliance” per se, since the term is too vague to have much meaning.

“From our perspective at least, we are not hiring [compliance] specialists as much as expecting our securities lawyers to develop that expertise as part of their bag of tricks,” says David Brown, financial services partner with Alston and Bird, a law firm with 700 lawyers.


“I see no increased law firm hiring demand for ‘corporate governance’ specialists,” adds Mark McElreath, another Alston financial services partner. “If any law firm is just now thinking about hiring for corporate governance, they are trying to catch a wave that has passed them by.”

Alan Annex, head of the corporate group for Greenberg Traurig in New York City, agrees. He acknowledges that clients are demanding more attention on governance issues, whether they are related to SOX generally, Section 404 specifically, or their systems and procedures. “But I don’t see firms hiring to that need,” he says. “I don’t see people out there with that unique skill set. I’m not sure we have a need for a full-time person with that specialty.”



Annex

### RELATED RESOURCES

 [Text Of Robert Half Survey](#)  
(May 31, 2006)

---

### Related Coverage

 [Costs Of Civil Settlements Skyrocket In 2005](#) (May 2, 2006)

---

### Related Q&A

 [Lessons From Defender \(And Suer\) Of Public Companies](#)  
(May 9, 2006)

Annex contends that as a matter of course, all corporate lawyers must be experts on Sarbanes-Oxley as well as the amendments to the 1933 and 1934 Securities Acts. “All corporate lawyers I know are confident in advising on corporate governance,” he says.

Or as Becker quips: “Scratch a governance lawyer, and you find a former corporate lawyer.”

Steven Hecht, a member of the securities litigation and enforcement practice at Lowenstein Sandler, says any spike in hiring governance specialists happened at his firm in 2002 when SOX was enacted. If anything, he adds, today “we’re now seeing plateaus” in hiring.

Harold Ruvoldt, partner with Edwards Angell Palmer & Dodge, says his firm has increased staff in what he calls the “integrity” area, which he describes as subtly but importantly different than compliance. “Compliance tells you whether you are playing the game by the rules,” he says. “Integrity tells you what you are.”



Ruvoldt

Essentially, he explains, standards of integrity can change more quickly than compliance laws. Consequently, many lawyers now weigh possible legal actions in that context of what accepted best practices are at the time. “One thing that won’t change is doing the right thing,” Ruvoldt says.

He says his firm’s lawyers examine clients’ systems to assure that if a fraud ever does occur, it clearly would be due to a rogue employee rather than the acts of the company in general; that means setting up a structure to inhibit, capture and punish the corporate lawbreakers.

“The principles of integrity must be infused into a company,” he emphasizes. “You cannot tell me a value in Corporate America that is not affected by integrity.”

To perform the firm’s integrity audits and related tasks, Ruvoldt specifically looks for former U.S. attorneys and prosecutors experienced in criminal and regulatory law and investigative processes. He also likes lawyers with experience in the securities field and who carry various licenses.

That theme of hiring more lawyers with government experience—especially those who have worked at the Securities and Exchange Commission—is a common one among law firms looking to expand their SOX-related practices. Says Geoff Garinther, chairman of the litigation division for law firm Venable, Baetjer, Howard & Civiletti: “There is certainly a phenomenon going on that is making SEC lawyers very valuable.”


Still, Ruvoldt also stresses the need for criminal experience in a good compliance and governance lawyer. “Ultimately,” he says, “it is the investigative skills that enable one to look at something and say something is not right.”

[Back](#)

#### GROWTH

Lawyers in the hiring outlook study conducted by Robert Half Legal were asked, “In your opinion, which one of the following areas of law will experience the most growth in the next 12 months?” Responses were as follows:

Practice Area	Percent
Ethics and corporate governance	25%
Litigation	23%
Intellectual property	19%
Real estate	8%
Bankruptcy	5%
General corporate/commercial	5%
Employment law	2%
Other	7%
Don't know	6%
<b>Total</b>	<b>100%</b>

 [Attorneys Plan Increased Hiring In Next 12 Months, Survey Shows](#) (Robert Half Legal, May 31, 2006)