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THEY'VE E14 GOT THE ANSWERS

Steven Haas and Allen Goolsby wrote the guide to Virginia business law



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Duo wrote the book on Virginia corporation law

Fifth edition of treatise blends commentary, historical descriptive analysis

BY PETER BACQUÉ
Richmond Times-Dispatch

Got a question about Virginia corporation law?

Ask Allen Goolsby and Steven Haas.

Why?

They wrote the book on it.

Attorneys with Richmond's Hunton & Williams law firm, Goolsby and Haas have just published the fifth edition of their guide to Virginia corporate law.

"Goolsby & Haas on Virginia Corporations" is the leading treatise on Virginia corporate law matters, lawyers say.

In 713 pages, the book examines the current state of the corporate world, reflecting changes in corporate law and governance, and noting that the relationships between boards and shareholders are constantly shifting.

Goolsby authored his original treatise — "Goolsby on Virginia Corporations" — in 2002. The latest edition is the first to be co-authored with Haas, who practices in the areas of corporate governance and mergers and acquisitions.

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Goolsby, a special counsel at Hunton & Williams, and Haas, a partner, exemplify top U.S. corporate lawyers.

Hunton & Williams LLP is one of the nation's largest law firms, with nearly 750 lawyers and estimated revenue of more than \$545 million last year, according to The American Lawyer's most recent ranking of the top 100 U.S. firms. And the firm has a reputation for producing crisp, clear legal writers.

Goolsby's work over nearly 50 years of legal practice with the firm has, in large measure, helped Virginia to become an attractive state for corporations, said lawyers and business people.

He was the principal drafter of Virginia's current corporate code, overseeing the General Assembly's overhaul of the Virginia Stock Corporation Act in the mid-1980s, and

he's also worked with the American Bar Association on revisions to the national Model Business Corporation Act.

Goolsby also has led the development of statutory updates in the decades following the rewrite of the state's corporate law code. And he's counseled major companies — including Altria Group Inc. and CSX Corp. — and served on a number of corporate boards and on the ABA's board of governors.

Thomas F. Farrell II, chairman, president and CEO of Dominion Resources Inc., and himself a former corporate attorney, described the 74-year-old Goolsby as "the godfather of Virginia corporation law."

"He has a huge amount of credibility with people," Farrell said. "He's earned it."

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"As we look back over the last 30 years, corporate law and corporate governance have been changed significantly, and the pace appears to be accelerating," they write in the book.

During the past decade, high-profile business and economic crises — and subsequent governmental responses — have significantly increased the scrutiny of corporate governance issues and compliance programs.

Federal and state regulators have imposed complex, wide-ranging rules and regulations. Law enforcement agencies have ramped up their investigative and prosecutorial efforts, and shareholder groups and institutional shareholders are challenging governance and ethics practices at every turn.

In short, "it's gotten much more complicated," Goolsby said of the world of corporate law since the book's first publication.

Meanwhile, the financial markets are complex, global and electronic, he said, with computers increasingly running the show.

"Can a board that meets five times a year really grasp all the risks, when the company's operating all over the world?" he asked. "That's a big problem."

"It's an exciting time to be a lawyer, and there are a lot of companies for which this is important," Haas said, pointing to Virginia corporations such as Altria, Dominion Resources, Norfolk Southern, CarMax, Brink's and Markel.

And Virginia's corporate law affects more than local businesses, he said. "We have a lot of multibillion-dollar corporations not headquartered in Virginia, but subject to Virginia laws."

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Goolsby brings more than a crystal-sharp legal mind to the challenges facing businesses.

"He's a problem-solver," said attorney F. Claiborne "Jay" Johnston, a retired partner with the Troutman Sanders law firm in Richmond. "He's very learned in the law, but he's excellent at finding a practical solution for a thorny problem."

"We've been on the other side against him," Johnston said. "I'd much rather be on the same side as Allen than against him."

"There's no question in my mind," he said, "that Allen is the go-to guy in Virginia in the corporate practice world."

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The U.S. legal system uses two basic models of corporate law, Goolsby explained, sitting recently in a Hunton & Williams conference room: one based on the American Bar Association's Model Business Corporation Act while the other follows the Delaware model.

Virginia has a legal statute articulating the standard of conduct of corporate directors in making decisions, for instance, while Delaware does not. "It's all done by case law," Goolsby said.

Haas has practiced law in Delaware, where the overwhelming majority of U.S. public companies are incorporated. "Delaware tends to be much more shareholder-friendly than many people think," he said. "Because so many corporations are incorporated there, the Delaware courts are under a lot of scrutiny."

Thanks to Haas, their book is one of few bringing insight into Virginia and Delaware corporate law together, Goolsby said.

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Carol J. Ward is vice president and corporate secretary of the \$35 billion Mondelez International Inc., based outside Chicago in Deerfield, Ill. Mondelez is the global snack and food business of the former Kraft Foods Inc., which operates a bakery plant in eastern Henrico County that makes crackers and cookies.

She first met Goolsby in 2006, when he was corporate counsel to Kraft, then owned by Altria.

An attorney herself, Ward worked with Goolsby on the spinoff of Kraft from Altria, Kraft's acquisition of the Cadbury confectionery company, and then the Kraft Foods spinoff into Mondelez.

"He provides incredibly practical advice," Ward said. "It just reflects his creativity, his common sense and some really good insights into human nature."

"Every conversation that you have with him is enjoyable as well as productive, and I think that's unusual given the sort of things we work on. You leave with what you need and probably more."

And she's read his book, she said, "the last three editions — I keep it right on my desk."

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With millions — and frequently billions — of dollars at stake, today's world of corporate law is roiled by a major debate over the proper balance of authority between boards of directors and company shareholders, Goolsby said.

In the past, "the huge majority of owners of corporations were individual shareholders," he said. "Now it's institutional investors," who have more knowledge and much more power than ordinary stockholders.

A large corporation may have 100,000 shareholders, but 10 shareholders may hold 30 percent of the stock, or more. In



DANIEL SANGJIB MIN/TIMES-DISPATCH

Hunton & Williams lawyers Allen Goolsby (left) and Steven Haas have just published “Goolsby & Haas on Virginia Corporate Law,” which looks at the state of the corporate world.

Steven M. Haas

Born: Big Stone Gap, 1976

Education: bachelor's degree, Hampden-Sydney College, 1999; law degree, University of Virginia, 2004

Career: Hampden-Sydney College, assistant dean of admissions, 1999-2001; Hunton & Williams LLP, 2004-2005; Abrams & Laster LLP, Wilmington, Del., 2005-2007; University of Richmond School of Law, adjunct professor, 2008-2014; Hunton & Williams, 2007-present

Honors: M&A Advisor's "40 Under 40" Award, 2013; "Rising Star of Corporate Governance," Millstein Center for Global Markets and Corporate Ownership at Columbia Law School, 2013; International Who's Who of Corporate Governance; Virginia Super Lawyers Rising Star, Mergers & Acquisitions, 2009-2013

Professional service: chairman, American Bar Association Corporate Governance Subcommittee on Current Developments and Emerging Issues; Business Law Section Council, Virginia Bar Association; American Bar Association Committee on Corporate Laws

Recreation: playing the drums

Family: wife, Yancey Haas; two children

Allen C. Goolsby III

Born: Richmond, 1939

Education: bachelor's degree, Yale University, 1961; law degree, University of Virginia, 1968

Military: U.S. Navy, lieutenant junior grade, 1961-1964

Career: Richmond Public Schools, (history teacher, 1964-1965); Hunton & Williams, 1968-present (currently special counsel)

Honors: International Who's Who of Corporate Governance Lawyers, 2014; Who's Who Legal: Corporate Governance 2014; and Who's Who Legal 2015 Compendium Edition

Professional service: special adviser, American Bar Association Board of Governors; chairman, American Bar Association Pension Plan Committee; trustee, University of Virginia Law School Foundation

Community activities: junior warden, St. Stephen's Episcopal Church; past chairman, Church Schools of the Episcopal Diocese of Virginia and St. Christopher's School Board; past chairman, United Way Campaign

Recreation: golf

Family: wife, Louanna Godwin Goolsby; one daughter

cluding four Richmond Marathons. "I missed qualifying for Boston by something like 50 seconds."

Those 26.2-mile tests of human endurance and mental toughness made vivid impressions, Goolsby said, like the time he ran his best marathon on a day with temperatures in the low 40s and skies drizzling rain.

Goolsby started the run wearing a sweatshirt. By the 18-mile mark, he said, it was soaked with rain and "weighed about 40 pounds."

He stripped off the sweatshirt and ran the rest of the race in a sleeveless running shirt. When he finished, "I was frozen to death."

"This shows you what a Yale education does for you," he said wryly.

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With the fifth edition of the book, Goolsby, Haas' longtime mentor, is beginning to pass the baton to his younger partner.

During his time with a Delaware law firm, Haas had been in the thick of high-profile cases and complex corporate disputes. As a self-proclaimed corporate law junkie, he said, "that's why Allen latched on to me when I came back."

Haas "is a bright star," said Johnston, the retired Troutman

Sanders partner. "He's an extremely able young man. He's been a marvelous addition to the Hunton & Williams corporate group."

The 38-year-old Haas helped Goolsby with editing the book's fourth edition.

Last winter, Haas was at his desk having coffee one morning when Goolsby came by. "This one's going to be 'Goolsby & Haas on Virginia Corporations,'" Goolsby said.

"And that was the end of the discussion," Haas recalled. "It was an incredible honor, but the discussion lasted 10 seconds."

"I think he realized only two people had read it cover to cover," Haas said jokingly.

The weighty book won't be changing radically with another hand at the helm.

"It's a nice blend of commentary and historical descriptive analysis," Haas said. "We want it to be useful, explaining what the law is when it's not intuitively obvious, and trying to look forward and provide commentary on where the law might be going."

"Allen is still here every day at 8 a.m. I would expect that the two of us will co-author the sixth edition in two or three years."

pbacque@timesdispatch
(804) 649-6813

stitutional shareholders will typically own about 70 percent of the corporation, at least.

"That's a flip from 40 years ago, when 80 percent would have been owned by you and me and family trusts, and things like that," Goolsby said.

While corporate governance has been compared to political democracies, Haas said, "it's a false analogy."

"You entrust directors to make decisions on how the company should be run," Haas said. "Where it breaks down is no shareholder owes fiduciary duty to anybody but himself. When you're a director, you owe duties to the corporation and the shareholders."

"What you're seeing today is some of the larger activist shareholders with some activist director support," Goolsby said, "pushing more and more shareholder-directed initiatives, and demanding that directors be more responsive to shareholder demands."

"Traditionalists like myself would say that the activists are looking for a quick pop and exit — push the stock price up, right now, and take my riches and go home," Goolsby said.

"The board could say, 'Our objective is to enhance the long-term value of the enterprise and not so much an immediate short-term return,'" Goolsby said. But "the game has been trending toward the activists for some time."

The book advises that, "Boards and management must do a better job of de-

fending our traditional model of corporate governance."

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Though he inscribed one of the green-covered copies of "Goolsby & Haas" with the words "the perfect cure for insomnia," Goolsby said he wrote the book so that people interested in corporate law would find the book interesting as well.

His writing can be surprisingly pungent.

Talking about counting shareholder votes, for instance, Goolsby wrote, "When there is an over-vote, the statute requires the (corporation's election) inspectors to try to untangle the mess."

Corporations are making societal improvement one of their aims, he said.

"Often this fuzzing up of the primary mission is sold as the need to be sustainable," Goolsby said. "The more aggressive advocates seem to give less cred-

dence to the goal of developing sustainable wealth."

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Ellen M. Fitzsimmons, now executive vice president for law and public affairs with CSX Corp. in Jacksonville, Fla., got her start in law with Hunton & Williams — and Goolsby — in Richmond.

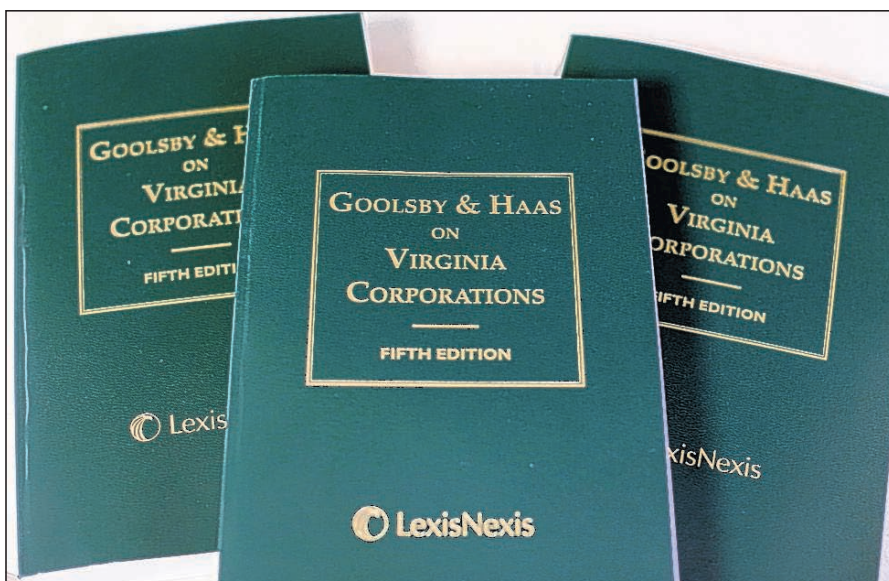
"Allen has been as unchangeable as the tides," Fitzsimmons said. "He's very understated, (a) thoughtful person."

"He's ... an old-school lawyer," she said. "Allen really does it for the love of the thing — the idea that society is made better if business prospers, and business does better if the rule of law is sensible."

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Goolsby's competitive spirit led him to running marathons when he was somewhat younger.

"I finished five," he said, in-



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With this edition, Goolsby (right), who first wrote the book in 2002, is starting to pass the baton to Haas.