

Gary Nelson, Executive Vice President, General Counsel & Corporate Secretary, Ceridian Corporation

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By Cary Griffith

Through his experience in leading roles both in private practice (at Oppenheimer Wolff & Donnelly) and in an in-house environment (at Ceridian Corporation), Gary Nelson has several different perspectives on what the practice of law can offer. He shares them with LawCrossing this week, offering candid answers about the different positions he has held, the effects of Sarbanes-Oxley on his current job and his rise to success.

By the time Gary Nelson completed his bachelors degree from Gustavus Adolphus College in 1973, he'd already decided to go to law school. He set his sights high and applied to Harvard. Three years later he graduated from that school with his J.D.

About his graduation from Harvard Law School, he says, "it's not a big deal," matter-of-factly. "Harvard graduates 500 lawyers a year."

When talking with Gary Nelson, that's the kind of candor people have come to appreciate. It's also the kind of straight talk that's served him well in his rise in the legal world.

In 1976 he started working as an associate for Oppenheimer Wonn & Donnelly, one of the oldest, largest law firms in the upper Midwest. Because he appeared older than he was, and was accustomed to being frank, he had plenty of clients and was given some remarkably large legal projects. By 1993, he rose to managing partner.

But four years later, he was growing restless and needed a challenge and a change. That's when he was approached by then Ceridian CEO Lawrence Perlman, who drafted Gary to be General Counsel of the company. During the first 21 years of Nelson's career, Ceridian (formerly known as Control Data Corporation) had been one of Oppenheimer's largest clients, so Gary was very familiar with the business and its people. Becoming general counsel was a natural progression.

"But being General Counsel is a lot different than being in private practice," he comments.

Why? Read on.

Q: Where and how did you become interested in the law?

A: When I was growing up, people would say to me "geez, you should be a lawyer." In my family, I was the first one to go to college, let alone go on and get a law degree. So when people said to me "you should be a lawyer," I really had no idea what a lawyer did. But I took their advice. In college I took the LSATs, and then had a chance to go to Harvard. But until I was a summer clerk after my second year, I had no idea what lawyers did, particularly in a corporate-type law firm.

Most lawyers don't become the kind of lawyers you see on TV, the litigators, and I was no exception.

I don't believe that's much different than how people end up in a lot of careers or jobs. A great deal of career development happens as a result of opportunity or good fortune. As a teenager or college student, I didn't have a burning passion to be a corporate securities lawyer. I didn't even know they existed.

Q: Can you briefly sketch your career?

A: After graduating from Harvard, I was offered a job at Oppenheimer, where I had clerked. I was in corporate law. Frankly, securities law was not a hot area at the time. There weren't many lawyers specializing in securities law because there wasn't that much work, at least in Minnesota, and there was greater demand for other specialties. The explosion of securities work didn't happen until the 80's. For its size, Minnesota had a lot of start ups, venture funds, and IPO's. I started doing small securities projects that were available because I was the only corporate associate in the Minneapolis Oppenheimer office.

I was fortunate, in the early 80s, to look older than I was. Clients thought I was older. And then a number of more senior partners left the firm to pursue other careers. That created a gap that gave me plenty of opportunities to be the lead lawyer with a number of clients, including Control Data.

Eventually I became managing partner and was involved with the firm management for a number of years.

I'd been doing work for Control Data (which became Ceridian Corporation in 1992) for a number of years. Then in 1997 I had an opportunity to become

General Counsel of the Company, which I've been doing for the last seven years.

Q: Why did you decide to leave private practice?

A: There were a couple of reasons. I enjoyed practicing law as a private practitioner. I liked dealing with clients, and I liked managing a law firm. There were always frustrating things, but generally I enjoyed it.

But I felt like I needed to make a change because the job wasn't as 'fresh' or as much of a challenge as it had been. Ceridian was a new opportunity and I knew the people well-the lawyers and the business people, and the personal dynamics-so it wasn't a huge shift. There were some differences from what I anticipated. No outside person has the same visibility that someone working on the inside does, but it wasn't a traumatic shock.

Q: Could you tell us about some of the larger, or more prominent legal projects on which you've worked?

A: In 1985 I got a call from Dan Pennie, who was then General Counsel of Control Data. He said, "we have a little problem with our banks. I wonder if you could come out here for a couple of days and help us?" I got back to my office fourteen months later.

That was a time when Control Data was going through hard times. The Company lost in excess of 500 million dollars, was in default with its banks, and was trying to restructure debt and restore credibility. It was intense and traumatic. I ended up working on an offering to raise money so we could pay the banks. We worked on that offering from November to July, seven days a week. The bankers would come in Monday morning, we'd negotiate through the week,

and then to draft over the weekend. One of the business writers at the local newspaper read the prospectus and described it as "more than 200 pages long, and dry as hell." It needed to be. So we got that done in July of 1986.

Shortly thereafter I got a call about divesting Commercial Credit (a Control Data company). We were going to sell a portion of the company to Sandy Weill, keep 20 percent for Control Data, and then take the rest of Commercial Credit public through an IPO. It was a very large offering of common stock. Each day I'd negotiate with Sandy and his colleagues-Jamie Diamond, who now runs Bank One-and then work on the IPO. That transaction took several months to finish. Ultimately Sandy made Commercial Credit into Citigroup. Commercial Credit's General Counsel was my friend Chuck Prince, who is now CEO of Citigroup.

Another unusual project was acting as outside counsel for the old Singer Company that went into bankruptcy just before I started working for them. It was a three year project commuting back and forth to Tampa. Paul Bilzerian and T. Boone Pickens were involved and some of the owners of the 49ers. Everyone was suing the company in bankruptcy court, including The Department of Justice. We had False Claims Act litigation. Everything that the owner had divested from Singer to raise money everyone he sold to, sued the company for fraud. Every day people would be threatening me and the project and the tension went on and on. It was constant turmoil.

Q: You've managed a large law firm, and worked as General Counsel for a large corporation. Which do you prefer and why?

A: Being General Counsel, but the truth is I enjoy doing both. I think being General Counsel is more akin to practicing law than managing a firm. When you're managing a firm, it's clearly more of a business role than acting as a

legal advisor to the firm. You're managing people more in a business sense.

Private practitioners have multiple clients and tend to get hired to deal with crises or events. Clients have a merger, or an IPO, or some dispute. Once you work on it, then it's over for the client. In private practice you have those repeatedly, for one client after another-they never stop. You're always in crisis mode.

If you're a General Counsel working with one company, once you get over the crisis, there tends to be a pause. You have a chance to be more reflective, and not just reactionary. You can plan, and do more preventive legal work.

Q: What are the some of the big issues facing corporate legal departments today?

A: The size of an organization has an impact on the kinds of issues that corporate lawyers face. Clearly people have concerns right now about the effect of Sarbanes-Oxley. That Act has changed the rules and processes and we're all adapting. Lawyers are used to dealing with rules. If I need a different charter for my committees, fine-we can deal with that. If I have to file the 10-Qs and 10-K earlier than I have in the past, fine. That's not the difficulty.

The primary purpose of Sarbanes-Oxley and related rules is to deter people from illegal or inappropriate conduct-the financial and other fraud that has occurred at Enron, MCI, Tyco and other places. They want to deter other companies, so they're tightening the rules. That's fine, but sometimes it makes people afraid to exercise judgment or discretion in areas where they historically have and still should.

I don't think General Counsel and lawyers should complain that they've been impacted more than anyone else. But there is a change in the dynamics between inside counsel and the rest of the management team, the board of directors, outside auditors, outside counsel, and others-that change in dynamics is somewhat traumatic. In some respects, the relationships have become more adversarial. Because it has the potential to be adversarial, it's less comfortable, which may have been one of the intentions of the SEC. The deterrence is great, as long as it doesn't inhibit people from making business decisions.

Is Sarbanes-Oxley too much? Is it not enough? I don't know. They needed to do something in response to what was going on and they have. No one comes up with a perfect law or rule in the first instance. It's evolving.

Q: In a previous career you practiced securities law. Over the years how do you think the SEC has evolved? For the better?

A: The SEC has obviously been commissioned by Congress to take a more active role and to deter illegal and inappropriate conduct. They have additional credibility and strength, but they've always had authority and power. But they're clearly more active and proactive. I have a lot of respect for them and they're just doing their job.

Q: What do you like best about practicing law?

A: You're often dealing with people that are intelligent and challenging. It's a good challenge. People have a perspective about corporate law - that it's drafting contracts or filling in forms - but corporate and business lawyers, if they're really good and involved with their clients, need to have better communication skills than most litigators. You have to generate trust and confidence and respect on a daily basis, and people are looking to you for

guidance and counsel.

Q: What do you like least about practicing law?

A: In private practice you sometimes think this would really be a great job if I didn't have to deal with the client, as managing partner, that this would be a great job if I didn't have to deal with my partners. Sometimes as General Counsel or an inside lawyer you see people do things that make you wonder. And you wonder: where's the common sense? Lawyers tend to think through things differently than business people do, and the differences can be frustrating.

Q: Family?

A: Wife: Deb. Children: three girls - 22, 20 and 18.

Q: What are you currently reading?

A: I don't do a lot of outside reading. I generally read professional stuff.

Q: Do you have a hobby? If so, what is it?

A: I enjoy spending time with my wife and family. And I like to hunt with my dad.

Q: What was your most bizarre vacation experience?

A: Being attacked by wild dogs on an isolated Mexican beach just north of the Siaan Kaan Biosphere. I'm lucky to be alive.

Q: Who do you admire and why?

A: I suppose it's cliché, but my dad, the most ethical and responsible person I know. Also my Aunt Mardell, who is my Godmother, and like an extra parent. She's always been very supportive of everyone. She's retired now, and at 77 is

constantly on the go, insisting on volunteering at a hospital and working at a nursing home with the "old" people.