

DIVERSITY A DEFINING GOAL OF AT&T'S LEGAL TEAM

Erik Cummins

At first blush, it becomes immediately apparent that AT&T—the world's largest communications company—has an in-house legal department that could rival any AmLaw 100 law firm, both in the diversity of practices and sheer size.

A closer look at AT&T's legal team in California reveals something else: the department is remarkably stable and resilient, with some team members spending their entire careers at the company. That institutional memory has bred the efficiency that can come only from a deep knowledge base and intimate understanding of the company's core businesses. Likewise, some of AT&T's relationships with outside counsel date back more than a hundred years to the very development of the telephone itself.

Led by Wayne Watts, who joined the company in 1983 and was appointed AT&T's senior executive vice president and general counsel in 2007, the company's legal department boasts four hundred attorneys working from nine international locations and in seventy-eight offices in the United States. Here in California, the department has forty-seven attorneys in San Ramon, San Francisco, Sacramento, Los Angeles, and San Diego.

Worldwide, AT&T's affiliates have more than 265,000 employees and in 2009 had revenues of \$123 billion. The holding company AT&T Inc. (NYSE: T) is a part of the Dow Jones Industrial Average, a group of thirty leading public companies. AT&T Inc., is headquartered in Dallas.

In taking charge of a global law department cobbled together as a result of several major mergers, the Dallas-based Watts set out immediately to integrate the company's lawyers into one team. He also made diversity, both internally and externally, a defining goal of his department.



WAYNE WATTS

Here in the Bay Area, those diversity efforts are particularly active and strong, according to Isabelle Salgado, an associate general counsel in AT&T's downtown San Francisco office.

Salgado, who has worked for AT&T and its predecessors for fifteen years, joined The Bar Association of San Francisco's board of directors in January in part because of its strong focus on diversity. Along with Arturo González, BASF's 2010 president, and Yolanda Jackson, BASF's deputy executive director and director of diversity, Salgado served on the not-yet-a-year-old Bottom Line Partnership Task Force, which surveyed minor-

ity partners, in-house counsel, and managing partners on the keys to making partner and produced a written report in November.

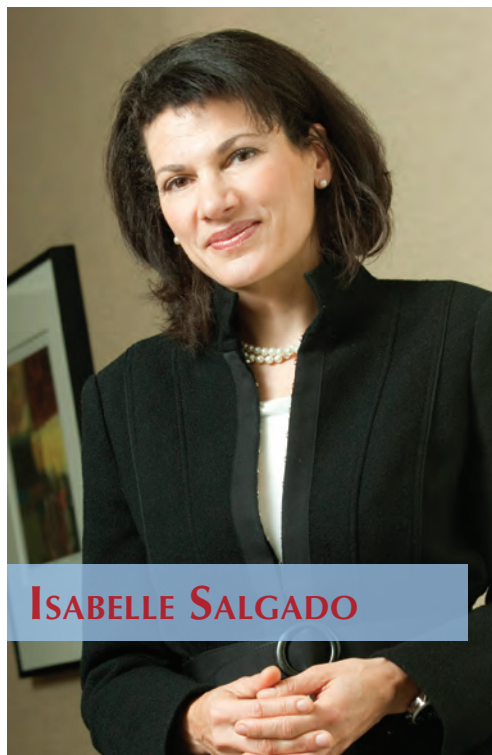
"I had worked in San Ramon for many years and came back to the San Francisco office," Salgado says. "I really missed the San Francisco legal community and I wanted to get back involved."

In her current job, Salgado looks far beyond the Bay Area. As a result of several acquisitions, she is now responsible for the legal support for regulatory, governmental, and external affairs for fourteen states across the United States. Her six-attorney group works closely with state regulatory agencies and state legislatures on policy issues that might affect the company. All of these efforts, she adds, require significant coordination with the company's federal relations department, which deals with the Federal Communications Commission and Department of Justice, among others.

The team's work grew significantly and added several new geographies when in 2005 the regional SBC Communications, Inc., acquired AT&T Corp., which was an international telecommunications provider. The company's mobile phone, or mobility, business also expanded, particularly with the company's agreement with Apple on the iPhone and iPad, including the iPhone 4 that launched with great fanfare in June. And the larger company was formed as a result of combinations with Pacific Telesis Group in 1997, Southern New England Telecommunications in 1998, and Ameritech Corp. in 1999. With the addition of BellSouth in 2006, it consolidated the ownership of Cingular Wireless and yp.com—the online version of the Yellow Pages.

All of this growth has resulted in lots of travel for Salgado and numerous 6:00 a.m. calls, as she operates over four

time zones. "It's been a great opportunity to see parts of the country I hadn't seen before," says Salgado, who was born in Haiti and is a longtime East Bay resident. "My favorite trips are to remote places like Alaska, where there are many places you can only get to by airplane."



"It's just amazing to see," she says. "I sit in my office in San Francisco and get to touch all these places across the country."

She enjoys the variety of work she performs at the telecommunications company. "It can range from basic telephone service to really mindboggling technology," she says. "As lawyers, we are exposed to all of that."

Salgado says that it's not uncommon for attorneys to switch practice areas overnight, another benefit of the job. While the department strives to do as much as possible in-house, AT&T relies on local counsel in all fifty states. Sometimes that's simply to get an on-the-ground gauge of the regulatory, consumer, and media climate in each of those places.

AT&T's focus on supplier diversity dates back to 1968 when it created the AT&T Minority Business Enterprise Program. Under the leadership of Wayne Watts, AT&T Legal is also focused on diversity in the legal profession, and among all of its outside providers, legal or otherwise. One way the company does that is through an automated invoicing system that tracks the diversity profiles of attorneys, paralegals, and other timekeepers who work on AT&T's matters at AT&T's outside counsel firms. The firms are asked to voluntarily report the hours worked by minority, women, disabled, disabled veteran, and LGBT timekeepers on AT&T's matters.

For several years, AT&T has also conducted a summer internship program in San Francisco and Los Angeles

and encourages diverse law students to apply. “We introduce them to the kind of work we do, with the goal of giving us an opportunity to work with them again,” says Salgado.

In addition to its summer internship program, the company has sponsored innovative programs in which new lawyers were trained by Pillsbury Winthrop Shaw Pittman LLP for two years. While benefitting from the infrastructure and training a large law firm can provide, these externally trained attorneys devoted 80 percent of their time to matters relating to AT&T. As a result, these attorneys are able to hit the ground running when they join AT&T—a win-win for all involved. The program, which started in California, may be adopted in other major AT&T offices in the United States.

Lisa Wally, who joined AT&T in 1999 after working for both plaintiff and defense firms in labor and employment law, is part of a six-attorney labor and employment group in the Bay Area. AT&T has a large unionized employee base, and the labor and employment group often handles labor arbitrations and National Labor Relations Board allegations. The team spends much of its time on advice and counsel, although it delves into litigation as well. As chair of the legal department’s LGBT Diversity Initiative, she also keeps track of the LGBT diversity numbers as reported by outside counsel and ensures that part of the legal department’s Diversity Committee budget is spent on matters supportive of LGBT diversity in the legal profession.

Betsy Granger joined the company in 1986 after graduating from UC Hastings College of the Law. Like others in the department, she has switched hats



several times, working in federal regulatory matters for seven years, then in the mobility area, and now with the company’s consumer sales centers in California. Her work, she says, is primarily preventative. “When an issue results in litigation, the matter is referred to the litigation team and I continue to work with them as needed,” she says.

Another longtime member of the team, Marylou Karp, joined the company twenty years ago after spending more than six years at Orrick, Herrington & Sutcliffe. “The labor and employment group is structured so that we can do it all,” Karp says. “It’s never a dull moment because we handle so many areas of the law, and the law in the employment area is constantly changing.”

Joining the company in 2001, Michael Johnson works in the company’s San Ramon office and focuses on business and transactional issues relating to government, education, and health-care clients. Although he started his career as a trial lawyer, he switched to the transactional side four years ago because, he says, “I wanted to learn more about the business and my clients. I wanted to see all aspects, both on a business side and a consumer side.”

Johnson has also long been involved in diversity efforts, both locally and throughout the state. Among other activities, he has been involved in the Charles Houston Bar Association, the State Bar’s Committee of Bar Examiners, and the State Bar’s Commission on Judicial Nominees Evaluation or JNE Commission, and is the past chair of the State Bar’s Ethnic Minority Relations Committee.

Scott Paisley, an AT&T lawyer for twenty-seven years, is the head of the company's California nonemployment civil litigation group, which includes six attorneys in San Francisco, one in Los Angeles, and two in San Diego. The group handles a wide variety of work, ranging from torts to contract to consumer class actions.

Paisley, who has worked at law firms, says there are two advantages to working in-house. "First, you are working for the same client and you really get to learn all about the company and how it works so you can engage in more preventive legal work," he says. "Unlike a law firm, where you might write a ten-page legal opinion, a lot of what we do here is on the phone. It's a lot like being an old country lawyer."

He says it's liberating not to have to bill by the hour. "You get to spend as much or as little time as [the project] deserves," he says. "The old view was that [in-house] was where lawyers go to retire. That's definitely not the case today and definitely not at AT&T. We do a lot of our litigation in-house. You really keep your skills sharp that way."

The company, he says, has had a long-standing policy of trying to keep as much as possible in-house. That approach, he explains, is the most cost-effective. "Also, because we know the company so well, we don't have to reinvent the wheel," Paisley adds.

Although he has a background in environmental litigation, Vince Sood, another member of the litigation team, has



MICHAEL JOHNSON



SCOTT PAISLEY



VINCE SOOD

become a generalist at AT&T. There his work can range from personal injury to complex business litigation to real property issues.

Like many of his colleagues, Sood says he prefers working in-house. "You are much more aligned with the client and their needs and interests," says Sood, a member of the South Asian Bar Association of Northern California. "You are able to look at the bigger picture. Sometimes being this close to the litigation helps our client examine their business decisions a little more."

The company does turn to outside counsel on cases that are simply too big to handle in-house, require a legal specialist, or when the case load exceeds the in-house attorneys' capacity. From a diversity standpoint, Paisley says AT&T has definitely involved minority law firms. In litigation, for instance, it has hired Lafayette & Kumagai, an eleven-attorney minority-owned firm in San Francisco, and the women-owned Miller Law Group, also located in San Francisco.

"We hope law firms will realize their clients care about diversity," says Wally. "We use minority and women-owned firms and big firms that are staffing with more diverse attorneys."

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