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K&S, Womble counsel mid-size bank launch

ATLANTIC CAPITAL raises \$125 million in start-up capital for *de novo* bank

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LIKE BOOKENDS, there are two types of banks in metro Atlanta. On the small side are small community institutions. Go bigger and one finds the super-regional and national banks.

Now a client of King & Spalding partner Paul A. Quirós and **Womble Carlyle Sandridge & Rice** partner Steven S. Dunlevie is looking to stake a claim in the middle ground.

Dunlevie and Quirós were legal counsel on the formation of **Atlantic Capital Bank**. Located in the Terminus 100 tower at the corner of Peachtree and Piedmont, Atlantic Capital is aiming for middle market-sized businesses, those with yearly sales between \$15 million and \$400 million.

Quirós led a team of King & Spalding lawyers who advised Atlantic Capital on corporate matters, capital-raising efforts, intellectual property, vendor contracts and real-estate leases. Quirós will remain Atlantic Capital's outside general counsel. Other King & Spalding lawyers involved were associates Matthew D. Bozzelli, Hilliard B. Hardman and William E. Morlan.

Dunlevie advised Atlantic Capital on obtaining regulatory approval from the Georgia Department of Banking & Finance, the Federal Reserve Board and the Federal Deposit Insurance Corp. Dunlevie also advised Atlantic Capital on corporate matters and its private placement offering. Womble Carlyle partner T. Clark Fitzgerald III and Thomas L. McLain and associate Erica L. Berg worked with Dunlevie on the transactions. Womble partner Charles C. Benedict worked on Atlantic Capital's lease negotiations at Terminus and other office space at Piedmont Center. Womble partner Theodore F. Claypoole in

Charlotte, N.C., advised on vendor contracts and operational matters.

Atlantic Capital's founders say they're the largest so-called *de novo* bank in U.S. history, having raised \$125 million in start-up capital. Most *de novo* banks raise between \$15 million and \$25 million, Quirós said. With \$125 million, Atlantic Capital is shooting for the middle ground between community banks and the likes of SunTrust or Bank of America.

"Small community banks don't have a lot of money or sophistication," Quirós said. "Larger banks have the money and sophistication, but aren't as focused on relationships."

Atlantic Capital's business clients will primarily be privately held companies.

"Coke can get financing from any bank in the world," Quirós said. "That's not the case for the hundreds of rapidly growing middle market companies in Atlanta."

Because of the complex ownership structure of Atlantic Capital, and due to its large size, obtaining regulatory approval for the new bank was a long, arduous process, Dunlevie said.

"[The regulators] drilled down really deep—as they're supposed to do," said Dunlevie, who started working on the Atlantic Capital formation in February 2006.

"Forming a *de novo* bank is an entrepreneurial enterprise for a banker," Dunlevie said. "When the bank doors open, those guys are back in their comfort zone. Bank lawyers have to guide them through [the formation of a bank]. The key is full disclosure to the regulators and impressing upon them that you will do everything you say you will do."

Advising bankers on forming their own banks makes up a big part of Dunlevie's practice. He advised on the creation of more than 20 *de novo*

banks last year, and he estimated he'll advise another 17 such banks this year. Past *de novo* bank clients include MagnetBank of Salt Lake City and Signature Bank of Georgia. But even with his long roster of *de novo* clients, Atlantic Capital was unusual, he said.

"It's the most exciting and challenging *de novo* bank that I've worked," he said.

Atlantic Capital, founded by former Synovus executive Walter M. "Sonny" Deriso Jr. and 25-year Wachovia veteran Douglas L. Williams, built its investor base through a private placement handled by investment bank Sandler O'Neill & Partners.

The bank's largest investor is Dallas, Texas-based private equity fund BankCap Partners. Other investors include a fund owned by a group of individual Goldman Sachs Group partners and the Greenwich, Conn., private equity fund Stone Point Capital LLC.

About 80 percent of Atlantic Capital's owners are from Atlanta, Dunlevie said. They include Kirkley & Hawker white-collar criminal defense attorney Dorothy Y. Kirkley and Turner Broadcasting exec Steven W. Smith.

While Atlantic Capital will offer retail banking services to individuals, its primary goal is selling to mid-market businesses. Atlantic Capital is also pitching a commercial real estate lending business and wealth management for high-net-worth clients.

Some lawyers also got in on the Atlantic Capital action. Troutman Sanders partners Thomas O. Powell and David W. Ghegan advised Sandler O'Neill & Partners. Sutherland Asbill & Brennan partner Don E. Wood of Houston advised BankCap Partners. **DP**