

BUSINESS LAW NEWS

THE STATE BAR OF CALIFORNIA • SPECIAL EDITION • SEPTEMBER 16, 2011

ANTHONY PIERNO RECEIVES BUSINESS LAW SECTION'S LIFETIME ACHIEVEMENT AWARD

BY STEVEN O. WEISE*

I am pleased to write about the career of Anthony Pierno, this year's recipient of the Section's Lifetime Achievement Award. The Section presents its Lifetime Achievement Award each year to a lawyer who has made significant contributions to the Section or business law generally, or both, over an extended period and who is held in high regard in the profession. Tony has made substantial contributions to the development of business law, both as a government official and during private practice. He richly deserves this award for his vast efforts in improving business law.

Tony's Early Years

Tony was born in Pennsylvania, moved with his family to Cleveland, and then, after World War II, to California, graduating from John Burroughs High School in Burbank in 1950. The only child of parents who were each raised by hardworking Italian immigrants, Tony inherited a strong work ethic. His grandchildren's favorite stories are those about his young working days, for his various jobs ran the gamut from putting sticks in popsicles at an ice cream factory to unloading by hand boxcars loaded with 55-gallon barrels of petroleum products.

Tony attended Whittier College, where he was student body president and graduated in 1954 first in his class, meeting and hosting then Vice President Nixon who spoke at the graduation. He was drafted during the Korean War, but was assigned duty in France. After his discharge, he went on to Stanford Law School, where he was an editor of the law review. He married his college sweetheart, Beverly, in 1954. They were married for 53 years and had four children and eight grandchildren. Beverly passed away in 2008.

Early Career

After law school, Tony first worked for a small firm in Whittier and then moved to other firms, where he began to concentrate on business law.

Government Service

Tony left private practice in 1967 to serve as the chief deputy to Commissioner of Corporations Robert H. Volk, who was the principal proponent of legislation to revise California's Corporate Securities regulatory system. Bob Volk had just finished assembling a blue-ribbon committee of distinguished lawyers from all sectors of the Bar. UCLA Professor Harold Marsh agreed to serve as the principal draftsman. He worked diligently to bring the project to fruition, and the Committee met 8 or 10 times over a five-month period, often for 2 or 3 days at a time. The result was ready for pre-print Bill by December, in

an era when the Legislature convened in January. Tony participated in all of the committee's meetings and all legislative hearings leading up to the passage of the bill as the Corporate Securities Law of 1968.

Shortly after the Corporate Securities Law went into effect, Bob Volk resigned to return to the private sector. Governor Reagan then appointed

Tony as Commissioner of Corporations at a time when the Department was faced with implementation of the new law and the issuance of the initial interpretive opinions, many of which served to reinforce the intent of various provisions as they had been explained during the legislative process.

As head of the Department of Corporations, Tony was responsible for administering 17 separate business regulatory laws through offices in four cities. The sale of corporate and other securities, franchise regulation, the licensing of security brokers and salesmen, the regulation of companies in the consumer finance industry and independent escrow companies were among those included within the jurisdiction of that Department.

In 1970, the nation's number one business consumer complaint was franchise fraud. After a lot of discussion within the Department of Corporations, Tony decided to model an effort on Bob Volk's success with the Corporate Securities Law, to form a blue-ribbon committee to work with the Department of Corporations and the legislature to develop a law that would avoid the difficulties that faced a court when asked to consider the sale of a franchise as a violation of a typical securities law. His intention was to provide a strong enforcement aspect, but avoid unnecessary paperwork and regulatory delays that Tony thought was likely to occur if the law were too restrictive. Tony worked closely with a committee of eminent franchise and general business lawyers, his Chief Deputy, the late James L. Kelly, key department staff, and law-enforcement representatives. Governor Reagan concurred in the effort and made the proposed law part of his 1971 legislative program. The result, the Franchise Investment Law (1971) was the nation's



ANTHONY PIERNO

Lifetime Achievement Award

first franchise regulatory law. That legislation and the regulations under it, largely the handiwork of Asst. Commissioner Willie Barnes, later served in many states as a model franchise act and for the Federal Trade Commission's Franchise Regulation.

Tony did not rest on his laurels. As Commissioner, he was instrumental in preparing and having enacted legislation modernizing many other of the laws under the jurisdiction of the Department. Among them was one that (pre-ERISA) created a new Retirement Systems Disclosure Law, eliminating an outmoded and troublesome prior law, and another which established a privately funded guarantee program to protect depositors in industrial loan companies.

He also served at the request of Governor Reagan in the additional position of Insurance Commissioner of California during an interim period.

In 1971, Tony resigned as commissioner to return to private practice.

Private Practice

After his time as Commissioner of Corporations, Tony worked at several firms, including Memel, Jacobs, Pierno & Gersh and as head of the Business Practice group in the Los Angeles office of Pillsbury, Madison & Sutro.

Tony was then recruited in 1988 to be Senior Vice President and General Counsel of MAXXAM Inc. and of each of its subsidiary corporations, including Kaiser Aluminum & Chemical Corporation (also a publicly held company) and The Pacific Lumber Company.

Bar Activities

Tony did not forget about law reform when he returned to private practice. He served as chairman of the Committee on Corporations of the State Bar of California from 1971 – 1976, before the creation of the Business Law section. At that time the primary purpose of the committee (which, in fact had been largely responsible for the previous (1931) version of the corporations law) was to review pending legislation on business matters, to keep the Board of Governors apprised of those developments, and to develop, debate and approve positions for consideration by the Board of Governors. If the positions were approved, the members of the Committee were sometimes called upon to explain the Bar's position at legislative hearings.

Tony believed that after more than forty years under the then existing Corporations Code, it was time to modernize corporate law in California. Tony approached Professor Marsh, who had worked as a draftsman on California's adoption of the Uniform Commercial Code and the Corporate Securities Law of 1968, and various parts of the federal bankruptcy codes, to serve as draftsman of the new Corporations Code. A drafting committee was formed, with a mandate to examine the entire corporate law. The committee completed an exposure draft in 1974 and the Legislature enacted the law in 1975, effective in 1978.

Tony's last act as Chairman of the corporations committee was to propose a complete re-write of the non-profit corporations law, it being the last of the major parts of the Corporations Code that had not

been updated. R. Bradbury Clark (recently deceased), the editor of *Balentine & Sterling*, became the principal draftsman of what became California's present Nonprofit Corporation Law.

Tony served in numerous other public service activities. He served on and chaired the Board of Investment of the State of California, on the Executive Committee of the newly formed Business Law Section of the State Bar, as Chairman of the Conference Committee and of the Uniform Securities Act Revision Committee of the North American Securities Administrators Association, as Chairman of Governor Reagan's Task Force on Higher Education; on the California Attorney General's Volunteer Advisory Committee, on the Advisory Board of the New York Institute of Finance (Law division), on the National Arbitration Committee of the NASD, as a member of the California Secretary of State's Citizens' Advisory Committee, as Chairman of the Franchise Committee of the California State Bar; as a member of the Los Angeles County Children's Services Commission; as a Director and President of ICAN Associates, Los Angeles; and as a member of Texas' Committee of Twelve, a group that played significant role in bringing about recent judicial reform in Texas.

Tony has written for legal publications on a wide variety of topics including, by example, Supreme Court jurisdiction, title insurance, corporate disaggregation, securities, commodities, and franchise regulation and general corporation laws.

"Retirement"

Tony retired from the full-time practice in 2008, but continues to practice part-time, concentrating on matters involving corporate conduct. He has been the recipient of the Whittier College Alumni Achievement Award in 1970, was named the Lancer Alumni Distinguished Service Honoree in 1974. In 1983, he received the Emcalian Award presented by Marymount Palos Verdes College for "Distinguished Achievement by an Eminent Californian." He was recently awarded the Honorary Degree "Doctor of Humane Letters" (LL.D.) for lifetime achievement by Whittier College. He has been separately cited by the Governor of California, by that state's Attorney General, and by the Los Angeles County Board of Supervisors for his efforts in support of organizations battling child abuse.

In addition to his professional activities, he recently completed service as Chairman of the Board of Trustees of Whittier College, and is past chairman of Marymount College, Palos Verdes, California.

Conclusion

Tony has made dramatic and extensive contributions to modern business law in California. He has been a leader in business law in the California State Bar and is widely admired for his humility and steadfast integrity. His professional and personal activities call for his receipt of the Business Law Section's Lifetime Achievement Award. ■

** Steven O. Weise is a former chair of the Executive Committee of the Section and a former recipient of its Lifetime Achievement Award. Steve is a partner in the Los Angeles office of Proskauer Rose LLP.*

