

# Daily Journal

## Q&A with Steve Anderson

*Steve Anderson helps guide a family business that now provides wealth-management services for some of the nation's wealthiest families.*

### **Steven Anderson**

Executive Vice President and General Counsel  
Whittier Trust Co. and Whittier Trust Co. of  
Nevada Inc.

South Pasadena

**Age:** 59

**Size of legal department:** 1 lawyer



When Steven Anderson joined in 1981 what would become the Whittier Trust Co., the office's sole client was the wealthy Whittier family that built its fortune from the oil industry. Since then, the company has branched out to provide comprehensive wealth management services to more than 260 other clients whose assets and investments total about \$8 billion.

As the company's sole acting attorney, Anderson works closely with clients' in-house lawyers and accountants to help administer the trusts and estates of some of the nation's wealthiest families. The work is as complicated and contentious as ever thanks to the boon of a temporarily lapsed federal estate tax balanced by the risks of the stock market in the soured economy.

The UCLA School of Law graduate and former 9th U.S. Circuit Court of Appeals clerk started his career at the firm now known as Parker Milliken Clark O'Hara & Samuelian, where he first dipped into trust and estate work for the Whittiers as an outside lawyer.

In 1989, the South Pasadena-based investment company began taking on outside clients, opening a Nevada affiliate five years later to take advantage of the state's favorable tax and trust laws.

Anderson recently spoke with Daily Journal staff writer Jean-Luc Renault about the varied legal issues he faces each day, which include everything from investor litigation to how to get a parrot in and out of foreign countries without it being killed by customs officials. Here is an edited transcript of what he had to say:

**DJ: Can you describe how your legal department fits into the investment company's operation?**

**Anderson:** I get involved in things that the trusts themselves are doing. That may be managing a business, or buying and selling real estate that they hold. It may be dealing with intellectual property that a trust itself may have as an asset.

**DJ: What legal issues do you face most often?**

**Anderson:** My job will change pretty dramatically from time to time. I take a look at all the trusts' and estates' documents that are coming in the door. Our clients are coming in the door with excellent representation. They generally have these pre-existing relationships with regards to the estate-planning side. I'm not creating their estate plan, but I'm working with the estate planner in understanding our role as trustee or adviser. We identify problems or issues in advance and work them through.

**DJ: What kind of situations would prompt you to hire outside counsel to work for the company?**

**Anderson:** We have corporate matters, contractual circumstances, pension and employment circumstances and investment or regulatory issues.

**DJ: But in the company's legal department, you're it?**

**Anderson:** I am it, although I rely on a lot of other people around here to consult with from time to time. I've got a very unique job. We have clients who come up with some very interesting circumstances - international law situations where we're dealing with an illegitimate child and what the forced heirship rules may be in another country.

In the U.S., you could just say, "I'm going to disinherit, other than my one natural child." But according to these laws in other countries, you can't do that. That gets into a question of ties with the country and what assets might be in that country. It can get very complicated.

**DJ: If a dispute erupts within a family, how involved are you in that dispute?**

**Anderson:** Our experience has been more that we are brought in when there's already been a dispute. We have been brought in by lawyers who recognize our ability to play this role, where they foresaw that there was going to be a legal dispute down the line unless it was dealt with. They had, more or less, a pre-will contest where they said when the principal passes away, if nothing's done, we're going to have a fight between a new spouse and children from a first marriage.

**DJ: You oversee the legal departments for the Whittier Trust companies of California and Nevada. Those two states have different laws regulating trusts and taxes. Can you describe the relationship between the two companies?**

**Anderson:** The relationship is extremely close. We started out with just the California operations. It soon became clear that it made sense for us to have a non-California situs. Nevada is also a very progressive jurisdiction, as far as trust matters are concerned.

**DJ: Is that related to the fact that trusts in California last for 90 years, and in Nevada it's 365 years?**

**Anderson:** Correct. Nevada tries to stay right up there with the states like Delaware and Alaska and South Dakota and really competes on an equal footing with all of those trust-favored jurisdictions. Nevada and a few other states have put together these self-settled asset protection trusts, which allow an individual to establish an irrevocable trust in that state and provide that if that trust is in existence for a certain period of time and somebody is not a creditor of the estate, that those assets could be protected against future creditors. This is an area where Nevada is unique and certainly different than California.

**DJ: Where do most of your clients live?**

**Anderson:** We've got clients in 31 different states. Most of our clients are West Coast, but we've got clients in Florida, the Carolinas, New York, Pennsylvania, Michigan, Illinois.

**DJ: Stocks are one of the company's core investment vehicles. How have the weak markets translated into work for you?**

**Anderson:** On a relative basis, we did well, but that's on a relative basis. We do have clients concerned with the stock market's ups and downs, they're concerned with the economy generally. But it hasn't really translated into a particular change in the amount of work I'm doing in a particular area. I think it would be a negative if you saw people who were claiming we mismanaged their assets and, although this is not the case, if their account went down that we did something wrong. We've really not had that. Some clients pulled almost entirely out of the market. That was their determination, we did not suggest that to them. But if they're saying, "We're too worried and we can't sleep," well, that's what they've got to do.

**DJ: One thing I understand you've advised on was ironing out the legal wrinkles of transporting exotic animals in and out of the country. Can you elaborate?**

**Anderson:** A client who lived up in the Pacific Northwest liked to travel around in his big boat. He said at one point he was going to take the boat into Mexico. He said, "Oh, and I'm bringing Magic along." Magic happened to be his parrot. We started looking at what issues there might be in bringing the parrot into Mexico. We ended up calling the Mexican consul and at one point we're told you can't do it - if somebody brings the parrot into Mexico, we kill it. That's not a very good answer. We ended up finding out the appropriate ways of getting this done with the bird having all the appropriate certificates and putting a band on its leg by the vet. It ended up that, as with many of our legal struggles, it turned out not to be an issue as he was never asked about the bird.

**DJ: What legal issues do you see becoming more prevalent over the next year?**

**Anderson:** I think it's a mindset out there that if something that's not gone as well as someone hoped for whatever reason, it's somebody's fault. I think the trusts-and-estates litigation is

probably going to continue to be a growing business. We're mindful of that and we try to do things as best we can. We certainly can't guarantee results of how the markets are going to do.

**DJ: Are there any pending legislation efforts affecting your field that you've got your eye on in the coming year?**

**Anderson:** Everybody is very interested in seeing if we're ever going to have an estate tax law that makes sense. That's something that is certainly of interest. The general thinking has been that we wouldn't find ourselves where we are, that Congress would have acted and something would have been put in place. Nobody really expected that the reality was going to be we'd have a year without an estate tax.