

The Man from Merced

Growing up, Gary Hernandez was anxious to leave,
but he keeps coming back

by ADAM WAHLBERG photography by LARRY MARCUS

Gary Hernandez was born to have calluses. “My family, my community, my people, everyone worked in the manual labor force,” says the amiable Hernandez of his upbringing in Merced in the central valley of California. His parents were both first-generation Mexican Americans. His father worked as a printer for a local newspaper, coming home covered in ink. His mother, when not taking care of him and his sister, worked as clerical assistant at a private school. He figured he’d do something similar. “Very few people leave. You’re born there, you work there, you stay there. For a lot of reasons you’re not exposed to opportunities.”

College didn’t occur to him. But it did to Mrs. Gray. She was his English teacher at Merced High School. She saw that other kids were drawn to him. He was magnetic, a leader. And he was smart—even if he didn’t know it.

“Starting when I was a sophomore, she had me write a paragraph a day,” he says. “She would give me a topic and then the next morning she would correct the grammar and go over it with me.” It was a ritual that would continue for three years. “Believe me, when I started I was like Tarzan holding the pencil. But by the time I graduated I was literate. I could write.

“It’s what got me out of the Valley.”

TODAY THE 51-YEAR-OLD Hernandez is ensconced in the Market Street offices of Sonnenschein Nath & Rosenthal in San Francisco, where he is one of the managing partners of the firm’s business and regulation department. He has views of the Bay out his window and a painting by Latino artist Simon Silva on the wall. He’s a long way from Merced.

And not just 130 miles. And check out his hands.

They’re huge, and Jim Brown strong. They’re the hands of a workingman.

Those hands gave him his first passion in life, which was wrestling. He was a standout heavyweight, and if he could get a grip on you, you were through. “I had a move called the head and arm. You grab somebody’s arm and you take him around and throw him over your hip onto his back. I could hit it from anywhere,” he says, with a look in his eye that leaves no doubt he still could.

He and three of his teammates—two of whom ended up making the 1980 Olympic wrestling team—were good enough to attract college recruiters. Close friends, they made a decision to explore their collegiate options together, a strategy that benefited Hernandez in particular. “What we did was sort of an early form of collective bargaining. We announced that all four of us were going to the same school. Now, I was a decent wrestler, but I was nowhere near the caliber those guys were. But I got to go along for the ride and take recruiting trips to schools, even though we never had the intention of going to the same one.”

Those visits changed everything for him. “It gave me a glimpse of what the future could be,” he says.

He ended up requesting admittance to the University of California-Berkeley, partly because of the wrestling team, which was good; partly for the academics, which was better than good. He got in thanks to wrestling. “I consider Division I college athletics to be the single purest form of affirmative action there is,” he says.

Upon arrival on Telegraph Avenue, it took him some time to comprehend where he was. “I spent my freshman year calling it Cal State Berkeley because I didn’t understand the difference between the university school system and the state school system,” he says.

Hernandez came to insurance law through public service.



He didn't end up wrestling all that much as a Golden Bear. His freshman year, the team already had an All-American heavy-weight. His junior year, the program was canceled. But he came to love another competitive sport, politics, and after graduating with a degree in political science, he started looking at law schools. "It just seemed like an incredibly flexible license to do things—and I wanted to go into government," he says.

Itching to try some place new, he applied out East, but didn't get in. "My test scores were nowhere near where they should have been," he says. He had a fall-back school, UC Davis, and decided to take a visit. "I remember almost crying when I saw it for the first time because it reminded me of Merced," he says. "I thought, 'Here I am returning to where I was trying to get away from.'"

Yet that's where he went. And here, his Clinton-esque people skills really served him well. He was elected president of the student body during his first year, and served as the student speaker at his commencement in 1984, where he pointed out that he was one of only four minority students in a class of 150. Not everyone got the message. "There was uproarious applause," he remembers with a smile and shake of his head. "The audience thought, 'Wow, four minorities, that's fantastic, what an achievement!'"

While others filled their time outside of class with internships and clerkships, Hernandez worked on political campaigns. His job was to ask people for money. He didn't mind it.

"I hooked up with the pre-eminent fundraising guru in Democratic politics at that time, Don Muir, who took me under his wing," he says. "I went from one Democratic campaign to another. Fundraising is a skill that is useful to this day in terms of being able to communicate and ask people for something,

and not flinch when they say no, and go on to the next person."

He loved the energy and teamwork of campaigns and figured he'd ride one into an administration job, but he hit a roadblock. "I never had a winner," he laughs. Subsequently, there was no offer from a President Walter Mondale or Gov. Tom Bradley. Instead, he took a job in the San Francisco City Attorney's Office.

"I was a civil litigator and tried my first case two weeks after I got there," he says. "Brutal caseload. But it was great experience. I got to try five jury trials to verdict and learned how to be a trial lawyer."

Then he found a dynamic opportunity from an unlikely source. "There was a sleepy little state agency just a couple blocks from here called the Department of Insurance. Around that time a law had passed that created a mechanism for there to be a prior approval of insurance rates—for property and casualty industry, for automobile insurance rates, homeowners rates—and so within two years the agency went from 400 people to 1,000 people," he says.

He started out as an administrative law judge and tore through the ranks, asking for multiple assignments beyond his duties and getting them. Before long he was appointed chief of enforcement, which came with a badge, which he keeps framed under glass, along with another badge he earned while serving on the board of a state conservancy agency. He also had a remarkably broad portfolio. "Being chief of enforcement is like being the sheriff and undertaker of the insurance industry because you're responsible for all disciplinary actions against the insurance companies and agents and brokers, and you're responsible for the insolvent insurance companies. I had 600 people who reported to me. It's where I learned how to manage."

One person who noticed his talent and stamina early on was John Garamendi, the state's first-ever elected insurance commissioner.

"First of all, Gary was very intelligent and willing to work very hard," says Garamendi, who today is California's congressman from the 10th District. "He had a strategic mind, an ability to figure out how to get things done."

Hernandez stayed five years. He had what he always wanted; a civil-service position with real job security. A policy job. It was already more than he could have dreamed of. But he noticed something in his years in government that emboldened him.

"While I was in the Department of Insurance, I saw the entire insurance regulatory bar cross my desk. Now, there are incredibly talented lawyers in that bar, but I came to a conclusion: If these guys can do this, I can do this," he says.

He prepared before he jumped. "I wrote a business plan on how I would build a world-class insurance regulatory department," he says. "That was my calling card."

The first taker was Long & Levit, a midsize firm in San Francisco. He anticipated almost everything. "I completely underestimated the amount of travel that would be involved," he says. Since insurance isn't federally regulated, face time with state insurance commissioners was often required. He got quite deft at taking his shoes off. "I've been a 100,000-mile traveler since my first year in practice."

In 1998 he went to a bigger firm, Sonnenschein, with more than 700 lawyers in 12 major cities. He became chairman of the firm's insurance regulatory practice. He got a seat on the firm's management committee. And just when you might think the man couldn't extend himself any further, along came WellPoint.

IN THE SPRING OF 2004, California-based HMO WellPoint Health Networks and Indiana-based HMO Anthem Inc. decided they wanted to merge forces and form the largest managed-care company in the U.S. It would be tricky. More than \$16 billion would be involved. Shareholders would have to approve it. The Department of Justice would have to bless it. And 11 states would have to come on board, the biggest being California, where Garamendi was serving his second term as commissioner of insurance. Hernandez wasn't surprised WellPoint tapped him. "Who else would it go to but somebody who had been one of Garamendi's deputies and who has a regulatory practice that specializes in doing these kinds of transactions?"

But on this issue, he and Garamendi weren't in sync. Garamendi took issue in part with the lucrative executive payouts that would result from the deal and held up the transaction. Hernandez was fine with them.

"In that instance, you were taking a company in WellPoint that had been a nonprofit and turning it into a for-profit company. When they did that, you compensate the executives for all they do to make it a profitable company," he says.

Garamendi only relented after securing assurances that the newly formed entity would pour \$265 million, an estimated equivalent of the executive payouts, into state clinics and health programs. He doesn't harbor any residual annoyance with his former protégé over the battle. "Well, there's this thing called friendship and this thing called professional work," Garamendi says. "We were on opposite sides of that issue, but he was very professional and represented his clients well, and that's just what I would expect him to do."

The historic merger went through in November 2004 and Hernandez was hailed in the legal press for pulling it off. He was named a "California Lawyer of the Year" by *California Lawyer* magazine and made many national influential Latino lawyer lists. He was a star.

But instead of taking victory laps, he went back to work. He had another massive deal he was helping close. This one in Merced.

WHEN HERNANDEZ FIRST STARTED to ascend to positions of leadership, he pledged to make time for serving on boards. Not just show-up-once-a-quarter-and-read-the-minutes time. Real time. He's had years in which he's spent 1,000 hours on board work. Coastal conservancy is big with him. So is legal aid. But one issue has always been a priority.

"Educational opportunities for Latino youth—I've always had a very clear focus about that," he says. "Right now, over 80 percent of California's Latino fourth-graders don't read at the level of reading they should be. Over 80 percent. That's not acceptable."

He worked in leadership positions with the Latino Community Foundation, helping to improve those numbers in the Bay Area. But then he started to look toward home. He wondered: What if kids who looked like him and lived in the Central Valley could attend a university right in their own community? What if they didn't need to master the head and arm to get a chance to see a campus?

"Of all the different public service things that I've tasted and done, helping to bring a University of California campus to Merced really stands out," he says.

It was Garamendi, as chairman of the University of California, Merced Foundation, who brought him on board, asking him to be the chairman of the finance committee. At the time the university was just a speck in the community's eye; there wasn't even a location yet. And private money would need to be raised to really make it happen. Hernandez was asked to get it. He hit the phones, just like Muir taught him, and dollars came in. Buildings got built. And in September 2005 the university opened and students took their seats.

"It was a marvelous thing to see happen," he says.

ALL THIS ACTIVITY begs the question: What in the world does he do to unwind? Turns out, for a long time, nothing.

"For nearly my entire life, I have been in search of a hobby. At one point my hobby actually became asking people what their hobbies were," he says.

He thinks he may finally have one: digital photography. "I took some classes at Berkeley and I enjoy it," he says. "It's something I can do with all my travel."

He does one other thing to decompress. He goes with his wife (no kids) to their getaway home in the Dry Creek Valley in Sonoma. It sits majestically on a ridge and they call it Cresta Sueno, which in English means "Hill of Dreams." He doesn't travel for fun; he gets enough of that in his work life. (He logged 165,000 miles last year on United Airlines alone.) He's content working and volunteering and relaxing at Cresta Sueno and taking photographs. That's plenty. It's a full life, and a happy life, and one he never would have imagined as a kid in the Valley.

"I feel like the Mexican-American Forrest Gump because I've ended up in some of the most amazing places I don't belong," he says. "I'm the luckiest guy in the world." ◀