

**SEC Historical Society**  
**Interview with Eugene I. Goldman**  
**Conducted on February 21, 2023, by Kenneth Durr**

**Ken Durr:**

This is an interview with Eugene I. Goldman for the SEC Historical Society's Virtual Museum and Archive on the history of financial regulation. Today is February 21st, 2023, and I'm Kenneth Durr. Eugene, it's a pleasure to talk to you today.

**Eugene Goldman:**

Thank you, Ken. Look forward to it.

**Ken Durr:**

Well, let's start from the beginning and get a little bit about your background. Where are you from originally?

**Eugene Goldman:**

I'm from New York originally, and I came to the Washington area in 1969.

**Ken Durr:**

What brought you to D.C.?

**Eugene Goldman:**

I attended American University.

**Ken Durr:**

Okay. Now, I understand that you were involved in some political action work back at that point. Tell me just a bit about that.

**Eugene Goldman:**

Yes. I was fortunate to have Allard Lowenstein as my Congressman, and we became quite close, and that was a motivating factor for me to want to go to school in Washington.

**Ken Durr:**

Were you involved in the Dump Johnson movement back then?

**Eugene Goldman:**

Not the Dump Johnson campaign explicitly. I did some work for Lowenstein when he ran for Congress in '68. I did not know him during that campaign. It was only until after he got elected when I started to work out at his district office not too far from my home, basically coordinating media relations with 20 weekly newspapers in his district. I got to know him quite well and was very active in his reelection efforts as well as in another campaign years later in Brooklyn.

**Ken Durr:**

Okay, so you studied political science at AU, is that right?

**Eugene Goldman:**

Yes, right, government.

**Ken Durr:**

Okay. Was your thought to become a lawyer at some point or get into government?

**Eugene Goldman:**

Public policy, yes, that was in the back of my mind.

**Ken Durr:**

Okay. How about law school?

**Eugene Goldman:**

I went to Catholic University at night, and I worked during the day for a nonprofit organization that was being run by Governor George Romney after he had left government. The organization was The National Center for Voluntary Action and was basically a national advocacy for volunteer work. They had affiliates in a lot of counties and cities called Voluntary Action Centers and they matched volunteer opportunities with individuals. My job was to advocate, on behalf of the volunteers and the charitable sector—various pieces of legislation and regulations impacting their work. He was a great man and, again, I was privileged just to work for his organization and to get to know him. A wonderful person.

**Ken Durr:**

You got out of Catholic with a law degree.

**Eugene Goldman:**

Right.

**Ken Durr:**

Did you get any securities law along the way in there? Or did that come later?

**Eugene Goldman:**

Corporations, course on corporations.

**Ken Durr:**

Okay. How did that take you to the SEC?

**Eugene Goldman:**

Well, in the first four or five months of the Carter Administration, I went to work for the head of the Action Agency, which housed the Peace Corps, Vista, and other federal volunteer programs. I worked on inter-agency and legislative matters. It was basically the federal version of the Romney private nonprofit group. I knew the head of the organization, former Colorado State Treasurer Sam Brown, from mutual friends from the Eugene McCarthy campaign. I was waiting to hear whether I had passed the bar. At the same time, I thought of the SEC because I was very cognizant of the fact that the SEC was at the

forefront in efforts to clean up corporations for the betterment of capitalism and free markets and I was waiting to hear whether I had passed the bar.

In the meantime, through a mutual friend, I met Richard Kraut, who was Assistant Director of Enforcement under Sporkin, and had an interview with him, which led to interviews with others, including Stanley. We were at the end of the interview, slouching on his couch and using his elbow, Stanley pressed the intercom button and said, "Get the papers going on this guy," so I had a choice to make basically, to enjoy the Carter administration, and the dynamic Sam Brown. He did a great job there with the support of civil rights icon, John Lewis, who was Action's Associate Director for Domestic Affairs. I felt the best use of my legal skills would be to go to Enforcement and join what was well considered the best law enforcement unit in the federal system at the time.

**Ken Durr:**

This was '77? Is that right?

**Eugene Goldman:**

Yes.

**Ken Durr:**

Okay. Give me a little bit more on Enforcement. When you came in, what was your impression of the place? I would assume that Sporkin's personality set some of the tenor, but just characterize how Enforcement worked, what the office was like at the time.

**Eugene Goldman:**

Through Sporkin's efforts and the others in the division, through the Voluntary Disclosure Program, where 500 companies disclosed questionable payments, Congress had enacted the Foreign Corrupt Practices Act in 1977. That's the year I joined the Commission. That was viewed as a confirmation and a recognition of the need for legislation as a result of all the efforts that the SEC was making in the improper payments program. That obviously contributed to an enthusiasm for the work of the division.

We also understood that Stanley, through the use of equitable powers of the courts, he understood that getting an injunction was not enough to deter, and he had envisioned the need to have federal courts go beyond the injunction and grant ancillary relief, including disgorgement and restrictions on board membership, things of that nature. It was a very important time, very aggressive time, and it was being recognized, I think, in the country as doing great public service.

**Ken Durr:**

Right. Now, foreign corrupt practices work was in the news, but I assume that the work in Enforcement went way beyond that. Where did you fit in when you joined?

**Eugene Goldman:**

I was in the branch of Corporation Finance, so this is a branch which received referrals from our Corp Fin colleagues who had the job of reviewing SEC filings. Through the comment process, at times they would seem to believe that something was amiss at the company. The filings, the disclosures, were just not right. The unit I was in, the branch of Corporation Finance, would get the referrals from Corporate Finance, There was also a branch of Investment Management, but there were no strict restrictions that

you couldn't do work on an improper payments case because you were in one of these branches. That was the principal goal of the branch that I was in, but the work branched out into other areas.

**Ken Durr:**

You might end up working on one of the Corp Fin referrals, something like that.

**Eugene Goldman:**

Yes. I also ended up working on an improper payments case.

**Ken Durr:**

Okay.

**Eugene Goldman:**

For example, we did have a great referral that led to a big case called SEC v. Catawba, and that was a result of a referral from Corporation Finance where just something just was not right. We brought that action against multiple commonly controlled public companies and fiduciaries—involved undisclosed self-dealing, misrepresentations regarding related party transactions, and compensations flowing to management through management agreements, so that I could say that that referral worked out and Commission approved the action and we obtained injunctions against several people and companies with cash payments and forgiveness of royalties totaling about \$900,000.

**Ken Durr:**

Take me through how the process works. You've got a referral from Corp Fin and they said, "We've got some reason to suspect there's something going on here." I would assume that it wasn't much information, it wasn't enough for you to build a case. Talk about building that case, doing the investigative work that it required.

**Eugene Goldman:**

After reviewing Corp Fin's referral and analysis, we would huddle with the branch chiefs, assistant director, sometimes the associate director, and we would decide what requests we would make to the company for further information. Depending on the response, we then would have to go to the Commission. In those days, the Commission had to approve formal orders of investigation. Once we get the order with subpoena power, we would then be able to take some testimony and get further documentation. It would allow us to go outside the company to the extent there were related party transactions and transactions with third parties so we could test better what the company was telling us.

But again, a lot of my work was not confined to referrals and a lot of the work in my branch by others was not constrained. The front office would say, "Well, give this one to Sundick's people or somebody else's people." Some of it depended upon whether a particular unit had time to dig in, so it was basically a work management issue as opposed to staying in a lane and only getting referrals and then going to work on those referrals.

**Ken Durr:**

Right. If you were open, you'd get the case.

**Eugene Goldman:**

Right.

**Ken Durr:**

Who was your superior?

**Eugene Goldman:**

I had in my time, and I was there from August of '77 till October of '83, I had several branch chiefs. I had Rich Morvillo, I had Ken Lay, Paul Fischer, and Joel Goldstein. Gary Sundick was the Assistant Director after Dick Kraut left, and I think he remained my Assistant Director throughout. Obviously, I would also interface with Ted Levine and others as matters came up.

**Ken Durr:**

You mentioned the Voluntary Disclosure Program, which led to the Foreign Corrupt Practices Act, and then that sort of a legendary spark of innovation. Talk about some of the other ways that Sporkin was reorienting Enforcement: gatekeepers' theory, access theory, for example, going after lawyers and accountants. Were you involved in cases that worked along those lines?

**Eugene Goldman:**

Yes, I did have a case involving an attorney for an underwriter. But what Stanley did, he dusted off the old Rule 2(e), which allowed the commission to authorize the staff to bring administrative proceedings against accountants and attorneys, and he made speeches about gatekeepers. There were cases brought against auditors under 2(e). That sent a big message. Again, he was looking for ways, giving his limited resources and limited statutes, how could he best protect the investing public with what he had. The 2(e), the gatekeeper concept was certainly an important one, and as I mentioned before, using the equitable powers of the courts that go beyond the injunction to grant ancillary relief was another very important one. The gatekeepers' program is still talked about today. I remember Steve Cutler, when he was Director of Enforcement, made a speech on gatekeepers years after Stanley left the commission, made a speech how important the program was to continue to serve as a watchdog over the gatekeepers.

**Ken Durr:**

Do you think that's continued in the years and decades since?

**Eugene Goldman:**

Yes.

**Ken Durr:**

Okay. Another thing Sporkin did was set up a Trial Unit. I think the idea was that the corporations have got these great lawyers, and these great teams, and he wanted to bring a little heavier firepower on the SEC side. Were you involved with the Trial Unit at any point?

**Eugene Goldman:**

I was involved in consulting the Trial Unit on my cases in the event we have to go to trial, and those cases settled. We had set up the strategy for trial. But I was very cognizant of the Trial Unit. Got to know Ben Greenspoon and joined scores of others in the division with admiration for Ben and what he was able to do. It resulted from the recognition that I just mentioned, that Stanley was going to push the statute and he would need great advocates in court to convince the judges that the equitable powers are fully usable by the courts in deterring fraud.

**Ken Durr:**

Talk about Ben Greenspoon. Tell me a little more about him. Did he come in from the outside? What was his experience? What made him stand out?

**Eugene Goldman:**

Don't remember exactly where he came from. What stood out to me was his toughness while having an incredible sense of humor. He would be full of jokes and stories, great lunchtime person to hear from, and so while he instilled a real determination to win in court, it was always with a great deal of humor and I think that served his program well.

**Ken Durr:**

I assume you started at the bottom and worked your way up. Talk about the process of doing that. What kind of work challenges were you given? How soon did you start to pick things up and run them on your own?

**Eugene Goldman:**

Well, I think one of the greatest challenges I had was when I was asked to work on the Textron investigation. The Textron investigation grew out of Senate Banking Committee confirmation hearings of G. William Miller to be on the Federal Reserve Board. He was Chairman of Textron at the time of the hearings, and many years before CEO or Chairman. During the course of his hearings, Proxmire's staff received information that suggested that improper payments were made by Textron in Iran and in Ghana. In light of that information, the commission authorized an investigation. I was assigned to the investigation.

It was a long investigation. We produced a staff report, which Proxmire published, which you have, and the SEC also filed an action. That involved scores of on-the-record testimony, international travel, a review of thousands and thousands of documents, and piecing together a story where the commission alleged a good number of improper payments all over the world. So, between traveling overseas, taking on-the-record testimony, I'm not sure whether I'll ever again be able to ask someone his occupation and person says Chairman of the Federal Reserve Board. It was very high profile for obvious reasons. Proxmire kept an interest in the investigation, had asked for a report on the investigation, which we provided, and I think that case kind of stood out.

**Ken Durr:**

What kind of travel did you do? Where did you go to get information for this case?

**Eugene Goldman:**

I took, in those days, Freddie Laker Airlines. It was deeply discounted so Stanley couldn't be accused of perks and, you know, wide expenditures. I met a sales agent for Bell Helicopter in London. Most of these Textron sales were sales of Bell Helicopters to governments all over the world, and a sales agent agreed to be deposed at the U.S. Embassy, so that was one trip. Then, there was another trip to Paris where we talked to another sales agent, but we didn't have cellphones to communicate with the foreign witnesses. A lot of that was done by telexes with their counsel, phone calls at appointed times, but it worked out okay.

**Ken Durr:**

It sounds like Senator Proxmire was pretty interested in this, how this case was being developed. Did you actually get to speak to him at some point?

**Eugene Goldman:**

I didn't speak to him personally, but we spoke to his Senate staff, one of whom later became an SEC commissioner. It came out that the committee was provided incomplete information in response to its inquiry about the Ghana transaction. It came out later that the day after Proxmire asked Mr. Miller about Ghana, a Bell Helicopter employee destroyed a key document and there were other efforts on the way where the real facts did not come out until our investigation. He felt, perhaps, just from talking to his people that he wished he had gotten the complete story. Not that Miller had anything to do with the destruction or concealment, I don't think he did, but there were folks, particularly at the subsidiary, that kind of tried to protect them.

**Ken Durr:**

Who did you work with on this case?

**Eugene Goldman:**

I worked with Ken Lay and Gary Sundick. Let me just see who signed the complaint and then I'll tell you exactly. Gary Sundick, Paul Fischer, me, and another staff attorney, Jonathan Eisenberg. That complaint was filed January of 1980. The other thing, I think, that was bothering Proxmire was that, 500 companies had joined the Voluntary Disclosure Program—Textron had not. And that was I think also creating additional interest.

**Ken Durr:**

As we know, G. William Miller became Fed Chair. How did the case shake out in the end? What effect did it have?

**Eugene Goldman:**

Well, I think he was confirmed as we were launching our investigation, and it got renewed interest when he was nominated to be Secretary of Treasurer. Proxmire was still looking into things, and the issue of the payments came up again during his confirmation. I just can't tell you chronologically whether our report had come out by the time he was up for confirmation as Secretary of Treasury, but at some point, it became clear that there were millions in payments, questionable payments all over the world. It came out through our work.

**Ken Durr:**

Did you get a promotion, rise through the ranks at all during the course of that case?

**Eugene Goldman:**

After that case. I was promoted in April of 1982, after Stanley left, by John Fedders.

**Ken Durr:**

All right. Some other people from the Stanley Sporkin years, before we move over into the Fedders years. You mentioned Ted Levine. Ted Levine, Dave Doherty, Wallace Timmeny, they would have have Sporkin's lieutenants, is that right?

**Eugene Goldman:**

Right, and I had Wally in line with our branch, so I would obviously discuss things with Wally. He was in line of the supervision of my branch.

**Ken Durr:**

Tell me about him. What kind of leadership did he exert?

**Eugene Goldman:**

Thoughtful, probing, but also very tough.

**Ken Durr:**

Ted Levine?

**Eugene Goldman:**

Ted was not a supervisor of mine, although I interacted with Ted and Ed Herlihy quite a bit on policy issues.

**Ken Durr:**

You did some other interesting work you mentioned regarding the John Evans renomination. Sounds like you got in fairly closely with Stanley Sporkin, and he asked you to do some sort of additional tasks. Tell me about that.

**Eugene Goldman:**

Commissioner Evans was up for renomination. We were told that Chairman Williams advised the White House that he preferred that John Evans be replaced. The speculation was that between John Evans and Irv Pollack, Stanley still had basically what he wanted out of the commission. So, the word was out that Evans was in trouble. I talked to Stanley about that. I also spoke to Evans about that, and Stanley was quite willing to let me help in any way I could. I took it upon myself to do what I could, and that involved consulting the White House Director of Personnel, who used to be my boss when I worked for Congressman Lowenstein.

**Ken Durr:**

Huh.



**Eugene Goldman:**

I helped letter writing by prominent Mormons. John was from Utah. He came to Washington with what I call the original Senator Wallace Bennett of Utah, Chairman of the Banking Committee or ranking member. Evans was a Republican member of the staff, and then he comes to the commission with the philosophy that to be conservative is to make sure the capital markets are clean. To make sure the capital markets are clean, we need good enforcement. He was also very big on getting rid of fixed rate commissions.

He wanted competition, so when you make a trade, you could choose which broker had a better commission rate for you, and he was, in my view, a tremendous person—I got to know him quite well—carrying out that ingrained philosophy of his honesty. We need good enforcement. And Jake Garn was Chairman of the Banking Committee, from Utah, that was a good start, but other things were done. I communicated with Vice President Mondale's Office. I'm not saying at all that I was a reason why he got renominated. I don't know. All I know is that Stanley though if I wanted to do it, I could do that on my own time, and I did and just happened to be a very unique circumstance that one of my best friends was Head of White House Personnel for President Carter.

Also, the Bert Lance case had come out under Sporkin, the case authorized by Evans and others. That may have been a contributing factor to maybe replacing Evans with someone else, but he was renominated. He was renominated with Phil Loomis, another very fine commissioner, another Republican, former General Counsel of the SEC, so everyone's efforts succeeded.

I attended Commissioner Evans' swearing by Chief Justice Burger at the Supreme Court and provided the historical society with photos of the event.

**Ken Durr:**

John Evans had some headwinds. Talk about some other headwinds that the Enforcement group was facing at this point. Roberta Karmel would have come in roughly at the same time you did. You were also getting some second-guessing from the General Counsel's Office.

**Eugene Goldman:**

Yes. I just remember Stanley at the table when recommendations would be before the commission. He'd really have to go through a gut-wrenching process, trying to convince Roberta Karmel to authorize actions. It was a great burden on Stanley. It was a difficulty. At the same time, the General Counsel's Office was commenting on the Enforcement recommendations. I think Ted and Ed Herlihy basically would respond to General Counsel memos to the commission to the extent the memos did not support the recommendation.

Most of the time, the memos did support the recommendations, so I would say the burden on Stanley to have a successful presentation increased in light of the General Counsel's oversight. I don't know if you call it oversight, some would call it second-guessing. Then, we'd have Roberta Karmel articulating concerns she had with things that were before the commission.

**Ken Durr:**

You mentioned Senator Proxmire. It sounds like he had a pretty good relationship with Stanley Sporkin and the Enforcement group.

**Eugene Goldman:**

He did. He saw what Sporkin did with the improper payments program. He saw what Sporkin did as a result of watching the Watergate hearings at home and noticing descriptions of black bags of cash, corporate cash, shareholder cash being transmitted in various places, and raised the question, how is this cash being accounted for? Stanley's view was we needed a provision that required the companies to keep adequate books and records and to have systems of internal financial controls. Proxmire went a step further, had accepted those recommendations, and then had the anti-bribery provision tucked into the Foreign Corrupt Practices Act, so those two prongs together.

Proxmire was an admirer of Sporkin. I've read accounts where he would ask nominees to the commission, "Can you promise me you'll do nothing to get rid of Sporkin?" They had a very, very close relationship. Stan also had a very close relationship with the defense bar, you know, meaning members of the SEC defense bar were great admirers of Sporkin. You had that, and he also had Ralph Nader as an admirer. Nader thought that there was someone in government really doing something.

**Ken Durr:**

Ultimately, Sporkin decided to leave.

**Eugene Goldman:**

Right.

**Ken Durr:**

And it would've been... Was it during the Textron case? I guess it would have been that time.

**Eugene Goldman:**

He left after the Textron case.

**Ken Durr:**

Okay. Something that came up in that transition, there's the transition to the Shad-Fedders leadership. The Citigroup case is often mentioned, and it was a pretty big landmark in that you've got this big enforcement case and essentially Fedders pulls the plug and says, "We're not going to do it." Goes against his staff recommendation. Was that something that you viewed as a landmark?

**Eugene Goldman:**

I viewed it as a signal that showing illegality by itself would have a hard time getting through Fedder's office. Tom Von Stein worked like a dog, I think, for over a year on this case, and he found evidence of foreign currency manipulations resulting in tax avoidance, if not tax fraud, and that included false books and records, separate books were kept for various things. I never saw the report, but I just remember reading about it. I think Fedders' position was, "You need more to show violation of the securities laws."

That was a signal, I think, that you needed more than just violating other laws. But my understanding was if you have false books and records, there's no materiality threshold for false books and records. If the risk presented by the illegal activities, such as discovery by the foreign governments and imposition of fines and perhaps restrictions in doing business in those countries—things just like the Foreign Corrupt Practices Act had concerns with, you would think that that would be enough for Securities violations. This was a signal that these things would be reviewed very carefully.

**Ken Durr:**

Did that have an effect on staff morale in general?

**Eugene Goldman:**

I don't know for sure. It was not articulated to me.

**Ken Durr:**

Okay. How did your job change when John Fedders came in?

**Eugene Goldman:**

John Fedders was one of the defense lawyers for Textron, and here I am with a new boss who I interacted with quite a bit when he was at Arnold & Porter. Jerry Hawke was lead defense counsel at Arnold & Porter, but John was very actively involved. He knew I was a Sporkin disciple and he promoted me anyway, and I think he did others as well, so my view was he had a meritocracy in mind that he wanted for the division. We got along fine. I didn't agree with everything he did, obviously, but we got along fine.

**Ken Durr:**

Had the hobnail boots edict come down early on?

**Eugene Goldman:**

Sure, and to support that, Fedders was instrumental working with the State Department and working with the Swiss to loosen up access to information that would be necessary to identify overseas insider traders trading in the names of banks. That was consistent with Chairman Shad's dictates that insider trading will be a top priority for the division, and one thing holding that up were these foreign laws making it difficult to identify these people. I know Fedders had worked closely with our ambassador to Switzerland. Name escapes me, but they had a good relationship and I think it produced good results.

**Ken Durr:**

Ultimately, there was the MOU with Switzerland.

**Eugene Goldman:**

Yes.

**Ken Durr:**

You were involved in an insider trading case. Talk about the Santa Fe case. Take me through that one from the front to back.

**Eugene Goldman:**

Okay. The Santa Fe case involved an impending acquisition by the Kuwait Petroleum Company, which is basically a foreign entity, a foreign government entity. They were going to take over Santa Fe International, which was an oil services company, quite a big one. There was concern that some members of Congress would be concerned over an Arab country taking over a U.S. oil company and that there would be a need to do some legwork ahead of time to calm the waters. Therefore, that led to

Santa Fe engaging a public relations firm with ties to the Congress and, therefore, the public relations firm knew in advance that this merger, this acquisition would take place.

There was trading by someone at the public relations firm, trading by one of that person's good friends, trading by brokers at the brokerage firm that was used to execute their options. I think one person put in \$2,000 for out of the money call options and made \$200,000 overnight, that kind of thing. We took a look at it, took a lot of testimony, and a lot of it did not make sense to us. We were concerned about what was being told to us under oath, but instead of recommending an enforcement action, we wrote up the recommendation to the Commission that they refer the matter to the Department of Justice, criminal referral. The Commission approved the referral. The U.S. Attorney of the District of Columbia and Department of Justice took the case and ran with it.

Carol Bruce was the Assistant U.S. Attorney, and she believed that someone was not being truthful, and she conferred immunity on that person who finally came clean and broke the log jam, and then everything flowed from there. It resulted in a couple of criminal convictions and SEC actions. I think the press release quote was that "U.S. Attorney for the District of Columbia called this the most significant inside trading case yet ever referred to the U.S. Department of Justice from the Securities and Exchange Commission." I work very closely with the U.S. Attorney's Office. I don't know if I was a Special Assistant U.S. Attorney, but we worked very closely. I was authorized as part of the referral to share information.

**Ken Durr:**

What kind of work did you do?

**Eugene Goldman:**

Just making sure that all the facts that we had developed were fully understood, where there were gaps based on the information given to us, and we did a very thorough investigation. For example, one of the brokers had told us that he traded because he had overheard someone mentioning the deal at the bar at Nathan's Restaurant, which used to be a hot Georgetown place, had my first date with the woman who became my wife at that restaurant, but he overheard it at the bar. We then subpoenaed all the credit card receipts for that night. No matchup.

There was also a private club where someone said they might have heard something, so we subpoenaed all the chits from the private club. I mean, we heavily used phone records. There was a very curious "while you were out" message slip taken by a secretary at the public relations firm at, I think, 11:57 PM—minutes after the announcement. Someone who traded left a message for his friend at the firm, and it had two words on it, home run! Then, there were some excuses as to what home run meant, and we said, "You know, let's package this up and give it to the DOJ and see what they can do."

**Ken Durr:**

How long did that investigation take?

**Eugene Goldman:**

Oh, I don't know. Let's see. A good year.

**Ken Durr:**

Okay. I'm just trying to get a sense of how things worked. While you're working on this case, would you also have others? Or would Enforcement attorneys essentially be on one case and then move to another to another?

**Eugene Goldman:**

I would say I devoted 80% of my time to this case, and I wasn't the only one working on it by any means.

**Ken Durr:**

Okay. Anything else we should talk about on the Santa Fe case?

**Eugene Goldman:**

No.

**Ken Durr:**

Okay. Another case you're involved with was a regulated entities cases, SEC v. Agron.

**Eugene Goldman:**

Well, SEC v. Agron involved a practice by which a company that was going through an underwriting would under disclose to the investors the amount of compensation the underwriter would receive. There were something like eight to 12 of these companies that all used the same underwriter. If I remember correctly, there were roadshow expenses for private aircraft owned by the underwriter and other expenses that were not included in the disclosed estimates as to the total amount of underwriter's compensation. I believe the executives of these companies bit their tongues when they got the bills out of concern of not getting the underwriter's support in the aftermarket. In terms of regulated entities, well, you had the public companies, then you had the regulated underwriter, and that was a case out of the Denver Regional Office that needed some support in breaking through and piecing this together. It took a long time, and the case was actually filed after I left the Commission.

**Ken Durr:**

Okay.

Anything else we should talk about regarding your time in Enforcement?

**Eugene Goldman:**

I don't think so. Perhaps the best six years of my professional life. I made the right choice.

**Ken Durr:**

In coming to the SEC?

**Eugene Goldman:**

Yes.

**Ken Durr:**

Okay. How about the choice to leave?

**Eugene Goldman:**

Choice to leave? Six years, I wasn't intending to be a career person. Stanley had left a few years before to go to the CIA. He did ask me if I would be interested in coming with him. He said he would guarantee me sufficient foreign travel, presumably to set up dummy corporations overseas, but I was still enjoying

it and decided to stay at a disclosure agency instead of going to the ultimate in nondisclosures. He had a very dear friend who was the CIA Director, former SEC Chairman himself, in Bill Casey, so it made sense why Casey would want Sporkin over there. I declined, and then when I left, I went into private practice starting at Steptoe & Johnson as an associate until I got a call years later from Judge Stanley Sporkin.

**Ken Durr:**

Is this in the early-to-mid-80s? Something like that?

**Eugene Goldman:**

Yes.

**Ken Durr:**

Okay. What did Judge Stanley Sporkin want to talk about?

**Eugene Goldman:**

This is in the early 1986. He had just been confirmed as U.S. District Court Judge for the District of Columbia, and he calls and says, "Gene, there's no way I can get clerks in from the law school system." Would I consider coming over as his first law clerk along with Bob Laprade? Bob was even older than I was. We would be the first two law clerks. Bob worked for Stanley at the Commission for years. I said, "Well, this is usually a job for someone right out of law school and I'm in private practice," and he says, "Oh, come on. We'll have fun. I can't get these people in until the fall," and all this stuff.

I thought about it and I said, "Okay, I'll do it." I had made arrangements ahead of time that I'd go back into private practice after the clerkship. and I hooked up with a white-collar boutique practice that was a pretty hot firm under the direction of Paul Parito, a highly regarded alum of the SDNY US attorneys office. So it was planned out in advance. At the end of the clerkship, I would go to the Paul Parito's group. I did it, and I clerked from April of '86 through September of '86.

**Ken Durr:**

What was it like going back to that position that normally people get right out of law school?

**Eugene Goldman:**

Well, I was able to draft some pretty good opinions for Stanley's review, including one that extended immunity to people at the FDIC who were being sued personally for not approving some arrangements that led to the demise of some S&Ls. Stanley knows how important it is for the government folks to do their job without worrying about the personal liability in the absence of tremendous wrongdoing. It was the Biscayne case. I got to draft that one. It was wonderful to see his interactions with the jurors. He had tremendous respect for the jurors. Would make sure they were well treated, well taken care of, but I did see some signs of what he had put forward during his time at the SEC.

We had a case involving alleged police brutality where a mentally disabled young man was walking down the street and he saw the police chasing him, so he ran. For whatever reason, he had to go to the hospital with some injuries. The injuries were fully documented in the hospital records. Something happened. Someone had reported the incident to an association for disabled persons. The youngster was able to get a pretty good attorney to bring suit. The problem was they couldn't identify the police officer who led the attack on him, a physical attack on him. I think they had only one of the numbers from the badge, a police badge, but that was about it.

You had the Metropolitan Police blaming the Capitol Police, the Capitol Police blaming—we have something like three or four various police jurisdictions protecting us in the District of Columbia. Stanley's hearing this and he says, "We got to find out who this person is." So he says, "I'm ordering the D.C. Police Department to conduct an internal investigation to find out who this police officer is." I remember sitting in the courtroom, and the lawyer for, I guess it was the D.C. Corporation Council representing the police, said, "Your Honor, we're not sure you have the authority to do that." He says, "I think I do." He ordered it and they found out who it was.

**Ken Durr:**

He was willing to push boundaries there as well.

**Eugene Goldman:**

At least in that instance, yes.

**Ken Durr:**

Okay.

**Eugene Goldman:**

It was a retooling process for me. I mean, to be back in the court on a daily basis, from slip and fall, diversity cases, to constitutional cases. I got to know other judges, other clerks. He was very close to Judge Richey, and when Judge Richey died, Stanley took in his clerks, and they kept working. That was quite a great thing that he did there.

**Ken Durr:**

Did you stay in touch after you moved on?

**Eugene Goldman:**

Yes. He appointed me to be special master in a case where I would resolve multiple discovery disputes just clogging things up. Both sides agreed to the appointment, and I would have meetings to discuss the discovery disputes and that was all worked out. Yes, I was Special Master. When he left the bench, I asked him to help me assist a foreign auditing firm in approving their compliance procedures as an auditor of a foreign company with U.S. listings. He would come overseas with us occasionally on that. One of the things he liked to do when he was a judge was to have receptions for his current clerks and for his interns. I tried not to miss those, and fortunately one day I did go to one and I met someone who I eventually married, so he considered himself the cause, and he was. He was my best man at that wedding.

**Ken Durr:**

How about that?

**Eugene Goldman:**

We kept in touch. I did use him when I could when I needed his prestige and knowledge to help clients looking at improving compliance. We would have lunch in his law office, and I kept it going until he became very sick.

**Ken Durr:**

Okay. Something I noticed that was interesting is after you were in private practice, you continued working on SEC topics, writing, teaching. Tell me about the work you did. Particularly, you did a study of ALJs.

**Eugene Goldman:**

Yes. There were a lot of statements being made that people could not get their day in court by going before an SEC administrative law judge. So what we did, we went back a few years and we looked at the relief that was being requested by the staff, and what the ALJ ultimately decided. We found quite a few instances where the staff did not get nearly what they had asked for and sometimes would even lose the case. We documented those findings, and the National Law Journal published them ("SEC Has No Home Court Advantage," Oct. 1998). It was the first inventory of how respondents fared when they were named as a respondent in SEC administrative law proceedings. We got quite a wide reception and we updated the data for the NLJ two years later ("Challenging the SEC Pays Off," Aug. 2000). I think others have updated it in the years since. Yes, I'm pretty sure I saw someone update it in the years since.

We did that one, and then we came to the 10th anniversary of the PCAOB, and I noticed that no one had done an inventory on how they had fared in the 10 years of their existence. We took a close look at that. Let me just grab it for a moment. We basically took a look at key enforcement cases, the development of the new standards, the PCAOB standards, inspections process, which was very important. We put it together and Bloomberg published it. It was called *The PCAOB Mission: Improving Audit Quality Via Enforcement Standards and Inspections*. One of my areas of concentration is auditing defense, so this fit in with that quite well, and the book got some good play. It's already outdated, obviously, yes, but so we did that.

The University of Texas has a Washington unit called The LBJ School of Public Affairs. They have a Washington component to that program, the University of Texas program, and I put together a course for their Master's in Public Affairs program for the folks in the program who were there during that period of time. What I did was, I tracked harm to investors, financial crises, and what was the legislative reaction to what apparently were gaps in what the SEC could do. We started with the Depression and worked our way through Dodd-Frank, heavy emphasis on Sarbanes-Oxley, the Remedies Act, so that hole that Stanley tried to fill in through the equitable powers gave way to express law that gave him the powers he always dreamed of having.

The course was basically taking everyone through those statutes, Remedies Act, Sarbanes-Oxley, and Dodd-Frank. We relied on Professor Seligman's book, *The Transformation of Wall Street*, for the early days. I took all the students over to see Commissioner Stein when she was an SEC commissioner so they could hear from her directly about what it meant to be an SEC commissioner and the role and mission of the SEC. That was a lot of fun, so I've tried to keep my hand in it. I judge moot court at Georgetown law and Catholic Law, and I've written multiple articles while at McDermott on various securities law issues.

Finally, at the request of Sen. Dodd, Chair of the Senate Banking Securities Subcommittee, I testified on issues following the Supreme Court's Central Bank decision on aiding and abetting.

**Ken Durr:**

Well, the teaching in particular is interesting because you've been able to go back over and take a look at the history that you participated in.

**Eugene Goldman:**



Right. I think you have the syllabus, so you can see how it migrated through the FCPA and the accounting provisions, which are, I think, more often used for non-bribery cases than for bribery cases and how important they became.

**Ken Durr:**

Well, is there anything else we should talk about from your time at the Commission?

**Eugene Goldman:**

Let's see. No, I think you covered it well, Ken. I appreciate it.

**Ken Durr:**

Well, I appreciate it. It's been a lot of fun. It's been a lot of fun talking about your time there, talking about Stanley Sporkin, and the history overall. Thank you very much.

**Eugene Goldman:**

All right, Ken. Thank you.

**Ken Durr:**

Take care now.

**Eugene Goldman:**

Bye-bye.

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