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JOHN SHAD TO BE SWORN IN MAY 6
AS 22nd CHAIRMAN OF THE SEC

John Shad, an investment banker from New York City, will be sworn-in as the 22nd Chairman of the SEC by Vice-President Bush in a White House ceremony scheduled for 4 p.m. on Wednesday, May 6.

Mr. Shad, 57, has had 32 years of experience in the securities industry, most recently as Vice Chairman of the Board of the E. F. Hutton Group Inc., where he also served as Chairman of the Underwriting Committee and other committees and was a member of the Executive Committee.

For the past 18 years, he has been in charge of Hutton's corporate financing and merger activities. Last year Hutton was the managing or co-managing underwriter of \$5.6 billion of corporate securities offerings and was instrumental in consummating the Dart-Kraft and other mergers and acquisitions. Mr. Shad has personally assisted scores of companies in consummating billions of dollars of corporate financings and mergers, and has served on the boards of 17 publicly owned corporations, ranging from small domestic to large, multinational concerns.

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During Mr. Shad's confirmation hearing before the Senate Committee on Banking, Housing and Urban Affairs, Committee Chairman Jake Garn (R-Utah) said he thought that President Reagan "has made an excellent choice." Senator Alphonse D'Amato (R-N.Y.), Chairman of the Subcommittee on Securities, and Senator Patrick Moynihan (D-N.Y.) reflected similar sentiments. Mr. Shad was unanimously approved by the Committee and confirmed by the full Senate without opposition.

In response to a question during the hearing from Senator Paul S. Sarbanes (D-Md.), Mr. Shad noted that the Securities and Exchange Commission "enjoys great national respect in the business and financial community," and said: "It is a proud agency."

Mr. Shad expressed support for the integration and simplification of the corporate disclosure process in which the Commission is engaged, and indicated he believes part of the problem of overly complex disclosure documents lies with the private securities bar. He said some attorneys more than comply with regulations in order to protect their corporate clients, but that "voluminous proxy statements, prospectuses and 10Ks, larded with disclaimers and boilerplate, are of limited value to investors. Even securities analysts and professionals find it difficult to sift through such material and form sound conclusions." In subsequent amplification of his hearing remarks, he indicated he believes well prepared, succinct documents that disclose "not only the material negatives, but that also provide the essential facts and a balanced view, are exceptionally useful; in addition to investors, they serve a host of other corporate constituencies and interests."

Mr. Shad stressed the necessity of effective anti-fraud enforcement, disclosure and industry oversight, to maintaining the integrity of the securities markets. He believes "the vast majority of businessmen believe in compliance . . . with the securities laws and regulations.

"They want to see those who lie, cheat and steal exposed and prosecuted," he said. "They want to compete in a fair environment in which the rewards go to those who deserve them."

During the hearing, Mr. Shad raised industry concerns over aspects of corporate governance initiatives and the Foreign Corrupt Practices Act. Questioned about the Federal Securities Code authored by Professor Louis Loss, he called it "a monumental accomplishment" that eliminates conflicts and overlaps, provides common definitions and reduces "a virtual library of laws and regulations to two volumes." He said he thinks the Code warrants serious Congressional consideration.

While acknowledging the severity of the problems with which thrift institutions are presently confronted, he said he does not favor imposing reserve requirements on money market funds at this time. Asked about the controversial Transition Report on the SEC that recommended a 30 percent reduction in the Commission staff and other drastic changes, Mr. Shad affirmed that he was not part of the team that prepared it and that he does not consider it to be a "guideline, path or map" to the Commission's future activities.

Mr. Shad is only the second Chairman of the Commission to be appointed directly from the securities industry. (The first was Harry A. McDonald, who served on the Commission from March 1947 through February 1952). Asked if his background might create the appearance of a conflict of interest, Mr. Shad responded, "I do not feel it is a problem. I intend to do what I think is right . . . to act in the national interest."

In an unusual arrangement, Mr. Shad was appointed by the President and confirmed by the Senate to serve as Chairman under two different terms on the Commission. He will initially occupy the unexpired term of former Chairman Harold M. Williams, which expires next year. But on June 5th of this year, Mr. Shad will resign from that term and succeed into a five year term which expires in 1986. (Commissioner Stephen S. Friedman, whose term expires on June 5th of this year has announced that he plans to return to private life.) It is expected that in June the President will appoint another Commissioner to fill the remaining year of former Chairman Williams' term.

Mr. Shad, a native of Brigham City, Utah, worked during his first two years of college as a riveter in an aircraft plant at night, while attending classes during the day. During and following World War II, he served in the Pacific and China as a naval officer. He received a B.S. degree with honors from the University of Southern California in 1947, a Masters degree from the Harvard Business School in 1949 and, in the midst of a successful investment banking career, obtained an LL.B. degree in 1959 from New York University Law School.

Asked by Senator Sarbanes what prompted him to attend law school while working full time on Wall Street, Mr. Shad responded with a smile: "My wife, Pat, and I decided it was more interesting to attend law school together in the evening, than to watch television." He added that his legal training has proven very helpful in identifying and resolving at an early stage the legal and tax problems involved in corporate financings and mergers. At law school he received recognition for high academic performance in corporate and mortgage law. He has also served on the executive committee of the NYU Law School Alumni Association and he taught investment banking at the NYU graduate business school.

Mr. Shad began his career in New York in 1949 as a security analyst. In 1960 he became a general partner in charge of corporate finance at Shearson, Hammill & Co. (now, Shearson, Loeb Rhoades Inc.). He joined Hutton in 1963 as a Vice President and initiated the firms' investment banking activities. He subsequently progressed within Hutton to Vice Chairman of the Board.

A member of Beta Gamma Sigma and Phi Kappa Phi academic honorary societies, Mr. Shad is the author of articles on corporate finance and mergers and received the Investment Banker of the Year award from Finance Magazine in 1972.

Pat Shad graduated from Wellesley College with honors and from New York University Law School, where she was on the Law Review for two years. She practiced with Legal Aid for several years and has served on the boards of community activities. The Shads have two children, Leslie, 23, and Rees, 17.