Securities and Exchange Commission Historical Society
Interview with Richard B. Smith
Conducted on June 19, 2002, by Richard Rowe

RR: This is an interview of Richard B. Smith, former Commissioner of the Securities and Exchange Commission, being held at the offices of Davis Polk & Wardwell in New York City, on June 19, 2002, at approximately 2:00 p.m. The interviewer is Richard Rowe of the SEC Historical Society. Dick, you were Commissioner from 1967 to 1971.

RS: Correct.

RR: How did you come to the SEC? What got you interested in being a government servant for four years?

RS: Well, as a lawyer I'd always thought it was appropriate, and I always wanted, to give some years in public service. I had an opportunity at one stage in my career for a judicial clerkship, and at another stage, assistant U.S. attorney. I had already started a family, and I just couldn't afford those things at those times. Then there was a search during the [Lyndon Baines] Johnson administration for a Republican Commissioner to replace Barney Woodside. His term had expired and he had resigned. He wanted to retire. My understanding is that the search was focused on the Northeast because of the geographical dispersion of other Commissioners, and Barney, having been a Republican, it would be a Republican. I also understood they were looking for a relatively young person. I was thirty-six or thirty-seven at the time. And several people talked to me about that, lawyers in other firms who had come to know me.

I, frankly, thought that if there were any agency that I would go to, it would be the CAB, because I'd done a lot of airline work. But I let my name be entered, and Bill Cary, former SEC Chairman and a good friend of mine, I think was perhaps very instrumental in my being selected. Anyway, I was selected, and went down with the idea of staying three years. I ended up staying four.

RR: Who were your colleagues on the Commission at that time? Manny Cohen was the Chairman.

RS: Manny Cohen was the Chairman, and the Commissioner for whom you formerly worked, Frank Wheat, was on the Commission at the time. Frank and I became fastest of friends, up until his death several years ago... last year, I guess. And Hamer Budge, Hugh Owens, and myself.

RR: Well, those were interesting times at the Commission. There was an Institutional Investors Study going on, I believe.

RS: That was later. That was something that Congress enacted while Manny Cohen was Chairman and Manny actually selected the staff just before he left the Commission, which would have been, I think, '69.

RR: But you were there for the study?

RS: Yes. Hamer Budge became Chairman and asked me to be the Commissioner overseeing that. It was an interesting experience. I think one of the reasons that I was asked to do that, and I think Manny had that in mind as well, was that I was an early advocate of more presence of economists at the Commission. I myself felt, when I arrived at the Commission, my own lack of background in economic analysis, and I thought it was an aspect of securities regulation that was under-attended to. Indeed, while Manny was Chairman, I persuaded him, and there was organized an Economic Advisory Council that had some interesting people on it. When the Institutional Investors Study was authorized, the idea was that it be basically an economic study, as distinct from a lawyer study, although not to exclude lawyers. So the basic group were economists, none of whom had had any prior regulatory experience.

The economists were mainly econometricians, and utilized statistical analysis to a great extent. I think one of the difficulties of the study was that the SEC itself was not at that time geared for heavy-duty statistical analysis, and I think the economists in the study relied on SEC computer support people, which were quite new at the time, and the equipment was fairly new. It was an early stage of computer-driven analyses, which was a problem for the study. But I think the study had more to do with getting to competitive commission rates and so on than it's been given credit for. It was also the background for the concept of the central market system, as distinct from the then prevailing doctrine of competing markets.

RR: The study also led to the 1970 Amendments to the Investment Company Act?

RS: No. The '70 Amendments preceded the study. They grew out of a study that was conducted within the Commission—Public Policy Implications, PPI or something like that—that was completed before I arrived at the Commission. During my first two years at the Commission, a lot of attention was being given, particularly by Manny, to getting the legislation that was eventually enacted in '70.

RR: The economists at the Commission have always taken a back seat to the lawyers, it seems to me, over the years. I think the current Chairman professes to want to get more economic input, more professional input and analysis than one can get from lawyers, or most lawyers, at least.

RS: Right. I think that's true, and I think it's logical that the SEC would be a predominantly lawyer enterprise because of its enforcement responsibilities. But I think too often rules and regulations have been adopted without sufficient attention to economic study. That's improved considerably. The Congress has also come to the view, as, I think, the Institutional Investors Study recommended, there be an economic staff at the Commission, and it's become more useful, but it certainly isn't staffed the way the Federal Reserve Board is.

RR: No. And the Commission's also now required by statute to do cost-benefit analyses.

RS: Right.

RR: Although I must say, some of the numbers that they come up with are interesting, to say the least.

RS: Yes. Well, cost-benefit analysis is a very worthwhile concept. I've done a lot of work in that subject, apart from my life at the SEC, since leaving the SEC. But the great benefit of it is that to the extent that cost and benefits can be quantified, it reduces the unexplored open area that necessarily is involved.

RR: You mentioned that the Institutional Investors Study laid the groundwork for, I guess, eventually freeing up commission rates, but while you were on the Commission, if I recall, there were fixed commission rates.

RS: I left in June, and in March the Commission reached the decision to go competitive. There's an interesting background to that. The staff conducted negotiations with what was then called the Cost and Revenues Committee of the New York Stock Exchange, to reduce commissions at the high end, and virtually simultaneously, or in the same general time period, proposed a rule, which was then called 10b-10, to require investment companies to recapture commissions not for the benefit of sellers of investment funds, which is how it had been done, but for the benefit of investors in the funds.

I dissented from the proposal Rule 10b-10, I was the sole dissenter, because to me it made no sense. If there were problems with the high end of the commission rate structure, by the high end, I meant for large share purchases and sales, it was a problem not just for investment companies, but for banks and pension funds and other institutions, large foundations, other large investors, and there shouldn't simply be a requirement on investment companies simply because they were directly regulated by the Commission, to affect the commission rate structure. It should be addressed frontally.

Manny was, I think, initially a little annoyed about my dissent, but then decided, well, we will then address the commission rate structure, and so the commission rate hearings were established, in which the Justice Department intervened. When it came to decision-making time after those hearings, a number of which I sat in on, I had always thought, the question was, how do you justify fixed rates. The only justification I could think of for fixed rates in the American economy was that such as common carriers and public utilities had, or you had competition. Like telephone companies at that time, the justification was based upon requirements for large, fixed capital. Wherever something could be competitive, that was left to the antitrust laws. So the question in my mind had been, despite the wonderful people who had been Chairmen and Commissioners over the years, I could not understand, myself, the theory on which brokerage commissions were fixed.

As you know, back then if you had a 10,000-share order, it was just a hundred times the price of a hundred-share rate. I let people know that there had to be, to me, some valid theory on which some standards for the reasonableness of the rates could be judged, outside of just individual negotiations. I said unless that, they would have to be competitive. When it came to a vote, I think there were only three of us there at the time, and I said that I thought that to transist all at one time to competitive rates would be too much of a sudden change, and that we ought to start with something larger. I think initially we said $50,000; later we adjusted that to $500,000.

But there was no way in which one could say that the rates, say, for a Donaldson Lufkin, a Morgan Stanley, or a regional member such as Raucher Pierce, could be judged on the same. They all had such different capital structures and so on. There was no standard that one could fix. I recognized at the time that you couldn't have a rate structure that was partially competitive and partially fixed. So it was to be a transition. I took a lot of heat, a lot of phone calls when that decision was made, but we stuck to it. Then Hamer left the Commission, and Bill Casey succeeded him. Then Casey left the Commission and Ray Garrett came in. The level at which competitive rates existed was reduced, and then at the end, during Ray Garrett's administration, the whole structure became competitive. But the process really began back in '71.

RR: That wasn't your only dissent at the Commission, was it?

RS: No.

RR: I seem to remember that there was an administrative proceeding against a brokerage firm, where the alleged conduct was a violation of what was then Rule 10b-6.

RS: Yes. That's the one that I'd forgotten about, and which you reminded me of—Jaffe and Company. I since got it out to refresh my recollection, and you're right. I also remember that. That was early on, I think. It would have been in 1970. It was April of '70. The question there was to what extent 10b-6 should be applied to market makers who were buying shares, The doctrine that the Commission there espoused was that anything that was in '33 Act registration was per se a distribution for 10b-6 purposes. I didn't agree with that, as my dissent said.

Then about three or four years later, the Commission reached a different result, and said they were now agreeing with my dissenting opinion. I remember that Phil Loomis, he succeeded me on the Commission, called me to say that they had reached a decision that was being published that day, and I should look for it, that I'd be very pleased about it.

RR: It must have made you feel good.

RS: Yes. There were three different adjudications that I remember from my days at the Commission. One was the one you refreshed me on, Jaffe. A second was *Michigan Consolidated*, which was under the Public Utility Holding Company Act. Frank Wheat and I... I wrote the opinion, but Frank joined in it, and Hugh Owens concurred in the result. He had a different basis. Hamer Budge, who was then the Chairman, dissented. That permitted a public utility that was a subsidiary of a holding company in Michigan to invest in, do minor investing, in an entity that was organized under the National Housing Act to rebuild some of the housing in the central Detroit depressed areas.

One year later, the Commission reversed itself. Syd Herlong and Jim Needham had been added to the Commission. Hugh Owens and I dissented, on the same basis we had decided the same issue the year before, but that was then reversed. The problem was the tension between the strictures in the Holding Company Act from diversifications, investments that were not utility-related. But anyway, that was one opinion where I was in the majority, and then later it was overturned.

The other opinion I remember is my concurring opinion in Investors Management, I don't know, but I think I was the only SEC Commissioner who was actually quoted in a United States Supreme Court opinion, the Dirks opinion. Justice [Lewis] Powell quoted from my opinion. But Investors Management was an interesting case. It was a follow-through on the Merrill Lynch case involving Boeing. It was a case that was brought involving a lot of the institutional investors as tipees. It was an administrative case.

It was decided by the examiner, and none of the parties—neither the Division nor any other parties—appealed it. But as you know, the Commission can bring examiners' opinions up, and I argued strongly to have the opinion brought up so that we could do something that I hoped would become authoritative on insider trading questions. It was brought up, and it was one of the last things I did at the Commission, a concurring opinion. I also had some effect on the majority opinion. As you know, Commission opinions are usually drafted by an opinion-writing staff, although I think *Cady Roberts* was, in fact, written by Chairman Cary, and there have been various other Commission opinions written by Commissioners, but mostly it's done by the staff, and it's reviewed and commented on by Commissioners. But it's a separated staff. It has no contact at all with the enforcement Divisions.

I disagreed with some of the analysis but concurred in the result in Investors Management. I had hoped that that would be the guiding light to the staff thereafter, but it turned out not to be. The staff was reversed repeatedly by courts, I think, in later cases. I still think it's the right form of analysis.

RR: During your tenure, there was a back-office crisis on Wall Street?

RS: Yes. I think that was the most telling part of... I gave more thought and attention to that than anything else. I think all of us did. There was a very troublesome part. I think at one time there were something like seventeen major firms on private order because of the chaos in the back office, with all this paper around. I gave two speeches during that period, each of which were published in the *Business Lawyer*, one called "A Piece of Paper," and then "A Piece of Paper Revisited," advocating changes. We did a lot of work on the legislation that eventually became SIPA, the Security Investor Protection Act.

We did a lot of supportive work in the creation of DTC, Depository Trust Company. I had advocated the elimination of stock certificates at one point, but I think that the mutual decision between the industry and the Commission was that rather than approaching it that way, was to immobilize certificates, which is what DTC does. The essence of DTC is electronic transfer of ownership. A lot of my practice, after I left the Commission involved clearance and settlement, I was on the drafting committee to revise Article 8 of the UCC, which is kind of a follow-on. The way in which securities are held and transferred today became totally different from when I had arrived at the Commission in '67. It was one of the few areas where the banking industry and the securities industry decided they had to work together and find a solution. I think our so-called back-office systems are quite good now, and reliable.

RR: Now the holdup is to get the legal opinion to permit restricted shares to be traded.

RS: That's right, and you know, that's another interesting thing. When Frank Wheat left the Commission... do you remember when? It would have been about '69?

RR: I think that's right, because I left for a year in '69, and Frank wasn't there when I got back in '70.

RS: I think he left in '69, because he was there my first two years, and then was gone the next two years, but he finished the Wheat Report. I always felt that we wanted to get the basic stuff that he had recommended adopted, and that was a principal effort I had, too, during those last two years. At the same time, there was a lot of pressure for the publication of no-action letters, which I was in favor of. To me it never made sense that there would be particular firms that did a lot of work at the SEC and obtained no-action letters, and they knew what the law was, and it wasn't generally announced. That didn't make any sense.

At the same time, the doctrine was that you had to spell out changes of circumstances and give a lot of private details about marital situations or financial problems, in order to persuade the staff that there was a bona fide change of circumstance that permitted you to sell what would otherwise be restricted. I connected those two things. I resisted the publication of no-action letters unless and until that was changed, which was one of the basic Wheat Report recommendations. There was a bright line, after which you could sell. You didn't have to go through all this change-of-circumstance analysis.

RR: I remember that there was one chief counsel in the Division of Corporation Finance that said, "Death is not a change of circumstances, because that's foreseeable."

RS: [Laughs] Oh, there were so many crazy doctrines involved with that, and I was using it, in a way, as a pressure point to get the new rules adopted. We changed some of the things from the Wheat Report, but the basic thrust of it is what we wanted to keep. There was a lot of pressure on us to do the right thing, to publish. I said, "But you can't publish this private detail. It isn't fair. It's like giving someone a Hobson's choice." So we did the two things, virtually together... publication of no-action letters, adoption of the rules that eliminated the change of circumstance, the need for spelling all that stuff out.

RR: Now lawyers have to read hundreds of no-action letters. [Laughs]

RS: That's true.

RR: But again, the technology is there to assist them.

RS: Oh, yes. I think it's amazing what can be done now. Things that I can't manipulate myself on my computer, the young associate down the hall can come in and whip it out for me. It's wonderful.

RR: You mentioned early on the Enforcement Division. How did the Commission handle recommendations from the Enforcement Division in those days, and how did they hear the other

side of the story? I mean, was it a one-sided presentation, or was there some way people could communicate?

RS: I was really appalled by that when I first went down. Indeed, you know, Stanley Sporkin was then Assistant Director in Trading and Markets—this was before there was an Enforcement Division—and he would bring enforcement cases up, and he would go on about how terrible someone was. I complained privately to Manny. I said, "Manny, you don't get a sense of what this case is about. You don't know what the issues are, and we're asked to issue investigation orders or to approve settlements." I said, "Something more needs to be done so that we can make a reasonably informed decision and haven't been prejudging the case if it ever comes up to us on adjudication."

So, Manny, I think, helped to organize Stanley's presentations in a more orderly way, or got him to, led him through it. I often did not disagree at all with Stanley's feeling that something was unlawful and needed to be enforced against, but it was the manner in which it was done. Eventually, I don't know whether it was under Bill Casey, but eventually, growing out of all of that dissatisfaction, the Wells Committee was formed.

RR: I believe that was under Bill Casey.

RS: Yes, it was done sometime after I left. I overlapped. Bill Casey was Chairman, I think, for about four months before I left the Commission. I welcomed that, because it made a lot more sense to have as balanced a presentation to the Commission before it issued an order.

RR: Did you have the Government in the Sunshine [Act] when you were on the Commission?

RS: No, no. To me it is counterproductive. We used to have wonderful—well, "wonderful" isn't the word, but we used to have very vigorous arguments at the Commission table when there was nobody present. If Frank and I disagreed, or Manny and I disagreed, or any of us disagreed, we would speak up and argue it out. I think it's untoward to have that kind of collegial discussion and arguments in front of the staff. That's the only way it can be done now. As I understand it, if more than two Commissioners get together, then it's subject to the Sunshine Act. While a lot of the Sunshine Act makes sense, that, to me, doesn't.

I think that one of the purposes... why have five Commissioners? You have five Commissioners so that you get a balanced judgment, and if someone disagrees about something, there should be a chance to discuss it. You have to write a dissent. There were a number of times while I was at the Commission that I either persuaded the majority of the Commission to see things my way, or I was persuaded to see it the other way, when there was disagreement.

There was, I thought, a useful institutional sense that one would dissent or write a separate opinion only where you really felt strongly and that the issue really mattered. On the whole, I certainly changed my views in the course of discussions more often than I dissented during my period there. That was because we could have these non-public collegial discussions, and I think the process suffers from not being able to do that anymore.

RR: You could also, I suppose, meet informally. I mean, it didn't have to be the five of you around the table. It could be two or three having lunch together, discussing something.

RS: Yes. Well, I don't know. My understanding is, though, that if you have, say, three Commissioners who get together and discuss an issue together, that's subject to the open meeting.

RR: I believe it is now. And I think something is lost there, too.

RS: Oh, absolutely. At that time, yes, we had meetings of smaller groups, but usually we liked the five of us to be there and be present for the discussion, for the arguments, and we did that. We just asked the staff to clear out, and we would have it out.

RR: Executive session.

RS: Executive session. And I thought that was healthy and appropriate. Anything you decided of course then was a matter of public record. It wasn't as though... what was the Wilsonian doctrine? Covenants privately negotiated; covenants openly published. Something to that effect. That's not the quote, but the idea is that while you're negotiating something, you can't do that in a public forum, but once you decide something, it has to be immediately made public.

RR: We've been discussing weighty matters. Were there less weighty matters, matters of humor?

RS: Oh, sure. I was not one of those New Yorkers who disliked Washington, or one of those Republicans who disliked the government. I very much enjoyed the four years there, and I enjoyed living in Washington, so that there were very good times.

I was there during the period when Martin Luther King [Jr.] was assassinated, and there were serious riots in Washington. I remember getting calls from friends in New York. "Are you safe?" I drove in the morning after that, right through this area, and got to the office. It was as though nothing... it wasn't affected by the rioting. The calls amused me because there were so many concerns from non-New Yorkers about safety in New York, you know, and it just indicates the power with which the media can affect one's view of a whole large city because of troubles in one part of it. Not a happy time.

We had bomb threats during that time. We had a system—I assume they still do—where a Commissioner is kind of officer of the day. On a day I was officer of the day, I had a luncheon scheduled for downtown. Mid-morning, D.C. police came in and said there was a bomb threat against our building. There had been one the week before as well, and the building was emptied, and they searched and found nothing. It's apparent that people like to see the effect they can have, even though there isn't a bomb. I said, "Well, what do you recommend? That we clear the building?"

They said, "That's for you to decide." And I said, "Well, how am I going to decide that? I don't have the kind of information that you do." And he said, "We have nothing more than a phone call." He said, "We have dogs and policemen going through the building now, but you have to

decide whether to do it." I said, "Well, we're not going to abandon the building. We're going to stay in the building," and I said, "I just hope to hell there's no bomb here, but I'm not going to be away from the building during this period." I canceled my lunch, and there was no bomb. They went through the building. And I assume that sort of process still goes on down there.

RR: I remember a number of bomb threats and some evacuations of the building, but I guess actually the Denver office did have a bomb actually go off in it later.

RS: Really? Where?

RR: In the Denver regional office, some years after you left; in the men's room. It wasn't a very large bomb, but it was enough to deafen the Regional Administrator.

RS: Probably some mining stock operator. [Laughs] I don't think I would have been happy staying in the government, myself. I liked private practice too much, but I certainly thought it was one of the most interesting and fulfilling periods of my life, those four years that I spent down there, and created some wonderful friendships through it.

RR: You actually spent more time than most Commissioners do, I think.

RS: Is that right?

RR: I don't think that the average...

RS: Is four years?

RR: ...tenure is anywhere near four years. There were also issues relating to shareholder proposals from the Medical Committee for Human Rights, the *Dow Chemical* case.

RS: Yes. Yes. Section 14 of the '34 Act, the shareholder proposal rule—14a-8, was that it?

RR: Yes.

RS: It's been quite some time since I had reason to refer to that. I think it was the [Ralph] Nader group who wanted to have a proposal put in the General Motors proxy statement. This was before the case you mentioned.

RR: Campaign GM?

RS: Campaign GM. And we decided to permit it, but in a way that was quite different from what the Nader proposal was. We caused them to reframe it as a recommendation to the board, as distinct from being mandatory.

[End Tape 1, Side A]

[Begin Tape 1, Side B]

RR: Talking about Campaign GM.

RS: Right. Don Schwartz was involved in that. There are very few things that Don and I really agreed about, I must say. But we did agree on that *Michigan Consolidated* case. He wrote a Law Review article about it. I think he was also appreciative of the positions that I took on the shareholder proposals with respect to Campaign GM. We did a lot of fussing with the shareholder proposal rules for proxy statements all during my tenure there, attempting to refine it in a way that gave an appropriate vent to shareholder voices, but without compromising the basic responsibility of the board of directors, once it was elected, to manage the affairs of the company.

I think it went through many more changes after I left the Commission, as well. There were public hearings on it at one point, at which I was asked to testify. I remember preparing a long paper on the subject. So that's come a long way, and I think in the current environment, I suspect it's going to be liberalized even somewhat more.

RR: There's a doctoral candidate at Albany Law School who's written a dissertation and is writing a book on this.

RS: Yes, he sent me a draft of that.

RR: You're treated very well in that, as I am.

RS: As are you, as well. Right. It was too long for me to read all the way through, but I read parts of it, and he interviewed me, too. It was interesting to me that he is one of the few non-lawyers to have a sufficient interest in the SEC to write about it. In connection with that, one of those things that I like to think back upon was my effort to increase the role of economists at the SEC. Somehow, knowledge of that became known, and I think I was the first SEC Commissioner and lawyer to be asked to speak at the annual dinner of the National Bureau of Economic Research, which is a totally economist organization, and I think I was the last, as well. [Laughter]

RR: Can you think of anything else you'd like to add?

RS: No. I applaud the organization and the Historical Society and their interest in trying to get some sense of the old fogies who were there. So I appreciate your having come to ask me to say a few words, and if there's anything more or further that occurs to you after this that you'd like me to respond to, I'd be glad to do so. I have a continuing interest in one aspect. The Commission historically, in a special study that preceded my years at the Commission, had this concept of competing marketplaces. I, in the course of the Institutional Investors Study, began to come to the view that that was a wrong or at least inadequate model, and that what we really needed was a central market system, with competition within it, as distinct from separate unconnected marketplaces competing with each other, which I thought led only to lowering standards and to a fragmenting of trading volume. To me, the market model ideal should be that all buying interest and all selling interest is present in the same substantial market. That doesn't mean you have to have one physical marketplace or only a specialist system.

I think that the Institutional Investors Study transmittal letter, which I drafted and signed—Hugh Owens was senior Commissioner at the time, and he asked me to sign it—was the first official declaration by the Commission that a central market system utilizing modern technology was the model that should be followed. That was reflected in the '75 amendments that grew out of the Institutional Investors Study recommendations, although I think the Congress conducted its own study after the Institutional Investors Study, so that it was probably more a direct result of that than the other. But the idea came from the transmittal letter.

I sometimes worry today that this visible presence and effect of all buying interest and all selling interest in a market is being lost sight of. At least it doesn't play as dominant a role as it had from 1971 to within the last several years. I hope that when the problem of how you deal with Instanet, e-trades, things like that, gets resolved, the Commission will continue to insist upon the publication and centralizing of information about not just quotes, but transactions.

RR: Now we have the phenomena of marketplaces going public, becoming profit-making institutions.

RS: Of course, in a sense that's existed. The value of a seat on the Exchange is a way of capitalizing the value of a market, and they're transferable. A new person has to be approved. Major elements in the market, such as the major securities firms, are now publicly owned. Indeed, that was another development that I didn't mention that occurred during my years there. When I first came to the Commission, you couldn't have institutional memberships on the New York Stock Exchange and you couldn't have public ownership.

RR: I remember Jeffries left the New York Stock Exchange membership just because of that.

RS: And Donaldson Lufkin came down to the Commission to try to get permission to sell subordinated debt, publicly, in itself. I very much supported it, because, to me, one of the weaknesses of the securities industry at that time, which was becoming evident with the back-office crisis and the problems of accurate accounts, was that there was very little capital in this industry. Some of the block positioners had capital, but most of the firms were partnerships and the money was taken out. They kept in just enough as operating capital.

RR: Like a law firm.

RS: Yes. But so there wasn't any real permanent capital there, and I, at the time, asked, "Why are you just asking for debt? Why not equity as well, in order to get a permanent capital structure." Of course, eventually that happened. But it began with that Donaldson Lufkin. You could see the banks had massive capital. They were all incorporated. J.P. Morgan, a number of private banks were members of the Exchange that left the Exchange for that reason, in order to incorporate and build capital. There have been many, many changes since the days when I went down there. I remember when I first went down, all initial public offerings came to the Commission for order.

RR: I remember you rewriting some front pages of some prospectuses.

RS: I got into that too deeply, and I know, in retrospect, that was not a good use of a Commissioner's time, but it was what I knew. I suppose I was simply reflecting that, and I always felt that the writing of a prospectus was an important thing. It was sort of my early premonition of the idea that became known as plain English. I didn't focus much on plainness, but I did think it was important to describe and write about something accuratly and in an intelligible way. Some disclosure documents—prospectuses—were just in terrible condition. But anyway, I think that lasted about a year, less than a year. Even I recognized that this stuff should all be delegated. We had more vital things, or crucial things, to concern ourselves with.

So I think the first year as a Commissioner is very much a learning experience, and why I think two years is too short, because one should repay the education one gets the first year, in some way.

RR: Unless you have something else, I thank you on behalf of the Society, and the interview's over.

RS: Thank you very much.

[End of interview]