

Securities Exchange Commission Historical Society
Interview with William Wood
Conducted on January 7, 2004
by Mickey Beach, Bill Morley, Peter Romeo

PR: Today is Wednesday, January 7, 2004, and a group of us are gathered here at Bill Wood's residence to talk with Bill about his career at the SEC. I'm Peter Romeo, and with me are Mickey Beach and Bill Morley, all of the Division of Corporation Finance. Bill had a sterling career at the SEC, and we're going to talk to him now about some of the highlights. Bill, perhaps we ought to start at the very beginning, when you came to the SEC, I gather, back in the mid-fifties, after being a Korean War vet, and then going to AU. Is that not correct?

WW: That's correct.

PR: What level did you come in at the SEC, and how did you end up at the SEC, as opposed to somewhere else?

WW: I was in my senior year at American University, working for a bachelor's degree, and I was in the final several months of that. I had a part-time job here and there to help me with expenses of school. I was majoring in economics, and I heard about a job at the SEC. A few years before, they had had a big reduction in force, and they hadn't been hiring anybody.

BM: This is the early [Dwight D.] Eisenhower years. Is that correct?

WW: Exactly. The strings were loosening a little bit, and the only way I could get in the SEC, which was in 1956, was on a part-time basis, as a Grade 3 clerk-typist.

BM: Wow.

WW: I had to go to civil service and pass the typing test, etc., which I barely passed. And so I started in the Office of Personnel as a Grade 3 clerk-typist. I worked there about, oh, maybe six months. Then I graduated, got my bachelor's, and I interviewed with Barney Woodside, who was Director of Corp[oration] Fin[ance], sometime in early 1957, and I switched from personnel as a Grade 5 financial analyst into Corp Fin. So, in essence, my time at Corp Fin started in early 1957 as a Grade 5 financial analyst.

BM: Now, Bill, what sort of training did they give you, if any, when you went into the division, and what did you start off doing? I assume you went to a branch.

WW: In those days they were called sections. There were two sections in a branch, and I really don't remember the makeup of the branches under the A.D.'s in those days, but God almighty, this is really going back. I was assigned to an area that we called the bullpen. It was a big open room with desks, and there were staff members seated in there. And there really was no training. There was nothing formal. My desk was head-to-head with another young man who had been there just about a year, and when he and I chatted, I

thought he was a brilliant guy. We were talking about the work, and I was in a section. If I thought real hard, I could remember some of the names of it. But anyway, the section chief was a guy named Reford Burney.

BM: Sure, Reef Burney.

WW: And he and I got along reasonably well. He was ex-army of the World War II days, and I was ex-Marine of the war in Korea, so we got along reasonably well. But he was a no-nonsense man on work assignments. I remember he started me out on S-8 stock option plans.

BM: That's what I started on, too.

WW: I remember reading the thing, and then you had to write an examiner's report and hand it in, and then a more senior guy would review it. Then he'd hand you your work back as though it was a college exam. Certain of the comments were marked out, and whatever you'd missed were written in, etcetera. However, this young man was in another section, whom I thought was a really smart guy, and he was an economics major. One day the fellow up in the front office, who it seems to me might have been Bob Bagley, he was the associate director or something; he was the only associate up there. Well, one day the phone rang for this young man, and it said Mr. Bagley wanted to see this young man. He went up. He was gone about fifteen minutes. He came back and his face was ashen. To

shorten the story, they terminated him. And this guy was married. At the moment, I was single. I wasn't married. This guy was married, had a wife; didn't have any children. But I mean, I was shocked. They, bottom line, informed him that his work didn't cut it, and he was gone.

BM: Wow. Don't do that anymore. You can't get rid of somebody . . .

WW: There was that one-year probation that they could let you go.

BM: Right. No, that's right, yes. Within the one year, that's right.

WW: And I don't know whether he had any advance warning or not. You know, you're supposed to give them some advance. But anyway, bottom line was they terminated him. Well, I was petrified, because I thought this guy was brilliant compared to what I knew. I remember that had me shell-shocked for about a week, that this guy had been terminated. I thought, "What chance have I got in this job?" But luckily for me, things worked out okay. So, the bottom line is, my first job was in a section.

BM: How big was that section, Bill? How many people were in that?

WW: There was a section chief. There was a senior attorney. It seems to me the guy's name was Schiller or something, who became an administrative law judge, ultimately. There

was a number-two fellow in the section. He wasn't called senior section chief or something. I really can't remember his name. But I'd say with the secretary there were probably about maybe ten people in the section.

BM: It's interesting. What was the makeup at that time? Was it more financial analysts than it was attorneys?

WW: Yes.

BM: It was a much different mix than the current situation. Is that right?

WW: That's correct. There was one attorney.

MB: There was just one attorney, usually about three or four financial analysts, one accountant.

WW: That's right. One accountant and a secretary.

MB: And a secretary.

WW: What year did you start?

MB: I started in '60, I think it was.

WW: Okay. Well, I was '57.

MB: Still the same.

WW: Yes. Sometime after that **CI** don't recall if it was before 1960 or just after, but there was a reorganization. The sections were eliminated and they became branches. Now, I don't really remember whether that was before 1960 or not. It was not right away, but it was a year or two later. There was this reorganization, and some of the section chiefs didn't become branch chiefs, and many others did. Pete, your father **CI** did some work as a new man, and I handed my work in to your father. I know he was a section chief, and he became a branch chief. And Reford Burney became a branch chief.

MB: Do you remember George Scully? That's who I worked for.

WW: The accountant.

MB: He was a section chief and he became a branch chief. That happened a little after I came, so probably in the very early sixties.

BM: I was going to ask you about . . . what was life like in that tarpaper shack? This is the headquarters at 2nd and D Streets.

WW: That's right; 425 2nd Street Northwest. The building hadCit was a prefab-type structure, built, I believe, during World War I, and it had a basement area, and then it had at least one level of professionals. I don't know if it had a third story or not. I think not. And there was this little tiny elevator that went down to the basement. It probably held, on a good day, maybe eight people, maximum, and it was this rickety little old thing. And invariably, it got stuck at least once a day.

In the basement there was a lunchroom. It was an old Hot Shoppe business. My vague recollection of it was it had awful food, but that it was the only game in town if you didn't pack your lunch. The place, maintenance-wise, was not in good condition. There were problems with the plumbing. The walls were cracking, and so forth. I do remember George Scully. He had a fistfight with somebody out front one time that caused World War III.

MB: I think that happened before I came, and I did hear about it. Yes. And I know who it was. It was another section chief, wasn't it? It was another professional.

WW: It was another fellow who had a hot temper. I can't remember his name. It seems to me he was not an accountant. He might have been a section chief or a high-rated analyst.

MB: George Scully wasn't an accountant. He was a section chief.

WW: Well, I thought historically he was an accountant.

MB: I don't think so.

WW: Really?

MB: No, I don't think so.

WW: Well anyways, the story was that they had words during the day over a work assignment.

And one thing led to something else, and at the end of the day the day ended at five-thirty, I believe, and everybody was leaving out the front, and they were on the front steps and the words continued, and Scully punched him.

BM: Took their work seriously in those days. [Laughs]

MB: They didn't do anything obvious to any of them.

WW: No.

MB: Because George stayed around for another twenty years.

WW: Yes, he did. He did. I remember the power that was, was this fellow Bagley.

MB: Bob Bagley, the colonel. We used to call him the colonel, Bob Bagley.

WW: That's right. He looked like the Kentucky southern gentleman.

MB: He was.

WW: And everybody was really in awe of him. I never did work for him.

MB: He was a very formal gentleman, very, very pleasant, and very courteous.

WW: That's right.

MB: Very formal. Nobody would have dreamed of calling him anything but Mr. Bagley to his face.

WW: That's right.

MB: None of this first-name stuff at all.

WW: I'll tell you something else. In those days also, there was the Chairman and then there was an executive director. His name was Scheidenheim. A.K. Scheidenheim.

MB: Yes, I remember him.

WW: And as I came up the ladder, I don't recall that he ever got involved in any of the fundamental running of the division. He didn't get into the work. He handled the budgets, the personnel. He signed all the promotions. He signed all those things. But I don't know who appointed him or how long he was there, but that was the then-function of the executive director, which as we go along in here, things changed, not for the better, which I'll even elaborate on. I don't care. That's right. So, I was in the branch mechanism for quite a while, till I became branch chief in 1965.

BM: Bill, what sort of interaction did you have with your branch chief, with registrants, with the Commission during this early period of your tenure there? I mean, did they allow people like you to talk directly to the Commission? As I understood, back in those days all registrations were reviewed by the Commissioners.

WW: That's correct. That's right.

MB: Yes. This is where we went to the Commission.

WW: That's right, yes. Certainly not as a junior man, but I was allowed to goCwe'd call it in those days "at the table." When you declared a registration statement effective, you had to prepare this rather lengthy memo where you identified the registrant, the nature and amount of the public offering, a little squib about the business of the company, and then what sort of problems you may have had in the review process. And this thing was typed. Each one was typed up. You would send the papers up, and as I remember, the mechanism for copying was extremely ancient and archaic. I'm not even sure how "the girls" handled it.

BM: They were probably carbon.

PR: I was going to say, carbon.

WW: LengthyCno, no. It was . . .

MB: No, they had some kind of white paper.

BM: Thermo fax or something.

MB: White paper, and they could scratch it out.

WW: It was white and the printing was blue.

MB: Yes, and they could make changes on it. They could scratch it out with a razor or something. You remember?

WW: And they'd put Wite-Out on it and type over it.

BM: Wow.

WW: Yes.

MB: Yes, you could do that. And there was some kind of special machine that you then ran it on or something.

WW: There was a machine that was manual, and it rolled over the copies, and the final product wasCit started out I guess, as eight and a half by eleven, but then it lengthened as they made the copies or something, and they would have to send up on behalf of the branch examiner, likeCI've forgotten what it wasCmaybe fifteen copies or something, up to the secretary's office. The secretary of the SEC then was a man named Orval DuBois.

BM: Oh, sure. Sure.

WW: And his office would receive these things, and they would log them in. And then they would take the five Commissioners, Chairman and fourCI believe that was the count.

BM: Right.

WW: And their office would get maybe one plus one copies or something, and then there might be one for Orval's office, and then the staff had their copies. So each registration statement that was being declared effective I believe there might have been maybe fifteen total copies. Then Orval would schedule a day and an hour that the examiner had to appear at the Commission. And you'd sit in the back and wait your turn. And as I moved up in grade, I would appear. One fellow in my section in the beginning of the branch was a guy named Matt Epstein.

BM: Later became assistant director.

WW: That's right. And so we would appear. In the beginning I would sit in the back, but as I moved up in the grade, I would go up at the table with him, and then eventually I'd make my own presentation. But you would walk up, sit at the Commission table. Everybody would be there, the Chairman, the other four. As I recall, in those days I don't think every one of them had a legal assistant, so the meetings were not a big deal. And we didn't have any sunshine laws in those days.

BM: And these were all non-public documents.

WW: Everybody in the back of the room were staff members waiting for their appointment.

But you'd sit down and the Chairman would say, "I understand you're here to talk about XYZ company," and then you'd make a presentation, etc. So, you know, in those days, as I vaguely remember, it was a big day on the New York Stock Exchange if you'd had five million shares trade, etc. So the volume that we had in those days really, I mean, it was nothing like you have today. But as time moved on, it became very apparent that that really was not the way to do it.

BM: Did the Commission meet virtually daily?

WW: Yes.

MB: Yes, I think they did, almost every day, not quite. There was a hot issues market in the early sixties, and that kind of accelerated a lot of things and changed the way things were done, because all of a sudden there were lots and lots of registration statements. And it evenCdo you remember, BillCit even changed the way they were reviewed in the branches. Remember? It got to the point that there was either no review or only one review, because they were trying to churn out more and more registrations.

WW: That came later.

MB: This all happened right before, I think right before you wereCbecause I got the advance in the same time you didCright before then, in the early sixties, everything got really busy. I think it was during that time that they began to change the way the registration things were made effective.

WW: Yes. That came about, I think, just about the time that I became branch chief, and I became branch chief in 1965. One thing that I did notice in those days, which had a big impact on what I did later on, was I did become aware that the time in registrationCwe called it something in the budget, and for the life of me I can't remember what it was. It was a name that there was an average that we had to report in the budget, how many days in registration, on average, and it had some little cute little name. But the bottom line was, it was the amount of time that lapsed from the date that the registration statement was received, to the first letter of comment. And I did noticeCit was at the tarpaper shack, because I had been in a softball game and I broke my ankle and I was in a cast.

BM: And I should add here that Bill was one of the all-time great softball pitchers. [Laughter]

WW: But they had such a backlog in those days, and my assistant director I believe was a guy by the name of Doug Dunn. Do you remember Doug?

MB: There was a Doug Dunn.

WW: Big tall gangly guy?

MB: Yes.

WW: Remember, he bought a snowplow one time, and the poor guy put his hand down in to unclog it, and he came to work with a big huge bandage. He was a wonderful guy.

MB: He was a nice guy.

WW: Anyway, I had the broken leg, and they determined that they had to work everybody overtime on weekends and so forth. I remember humping in there on Saturdays, and we were doing registration statements.

MB: What happened in that period of time, too, was that the law was changed so that companies that were not listed on the exchange remember when we first went to work there?

BM: About '64, yes.

MB: Right. We went to work there, you didn't have to file registration. I mean, you had to file current reports, continuous reporting, unless you were on an exchange.

WW: That's right.

MB: And then the law was changed in '64 to make it include what was then the over-the-counter market.

WW: Right.

MB: And any company that had certain size, and so all of a sudden the Commission was flooded with all of these new filings.

BM: Not only '33 Act filings. Now you had a great many more '34 Act filings.

MB: All the '34 Act filings, yes.

BM: Right.

WW: Well, I do remember in a branch, and I remember all the people that we've mentionedCOgleby. I had then moved out of my bullpen area. I had my office. But in the tarpaper shack, the walls didn't reach the ceiling.

BM: Partitions.

WW: Yes, partitions. And you have a little walkway, and then you had these little rooms off to the side, like. The branch chief was Reford Burney and the A.D. was Doug Dunn. And one of the branches had Ogleby in it as the accountant. I've forgot who was on the other side. But one day Doug Dunn came down there, and everybody had this massive workload. We had registration statements stacked up.

I wanted to make the point that I did notice in those days that the time in registration, before you got your first letter, was months. It was months, and it was upsetting everybody. It bothered me, and I wasn't the brain of the neighborhood, but you had to know that if you were a registrant and you filed a good document and you timed the market, you couldn't wait six months to get your first letter. I mean, my lord, the market would fall down and then everybody missed everything. So there was a big problem.

There were big stacks of 10Ks that were stacked over here. The paper was laying all over the place. I mean, if the fire marshal ever came in, he'd arrest everybody. But this one day, and everybody is so overworked, I remember Doug Dunn was coming down to visit somebody, and Ogleby was bored or something. He was shooting rubber bands over the partition. And he had a short round and it landed on Doug Dunn like this. [Laughter] And heCDoug DunnCthey could hear muttering out there. He put his head in my office, and the rubber band was still there. And he's sayingCI don't think he ever swore. He said, "What in the dickens is going on down here?" And Ogleby was so petrified.

Well, the real problem workload there was that the staff hardly had any time to look at any of the K-reports, because I remember distinctly the piles of 10Ks. In those days the branches were not alphabetized. We didn't have industry centralization, and so a branch would have a whole run of different types of industries and different types of companies. And then every examiner—that's what they called us—every examiner had his or her share of things. Well, you had so many registration statements that you didn't have time to do the Ks. So they found some money one time and they decided to work on this overtime basis.

MB: On Saturdays. We worked Saturday mornings.

WW: Saturdays; you could come in on a Sunday if you want. I remember Norma, my wife, was a little upset about it. We had little kids at the time and so forth, but I couldn't get around. I had my leg in a cast. So I went in. It didn't really bother me, but it bothered a lot of other people. But it was the only way to get the job done, and so forth. And even then we didn't really get the job done adequately.

BM: Did the Commission finally get some more resources when the [John F.] Kennedy administration came in? Because I know during Eisenhower's period the Commission got cut way back at the beginning, and didn't really get a lot of additional personnel until sometime later.

MB: It seems to me that a lot of people came to work about that time. Do you remember, Bill?
It would have been in the early sixties. '60, '61, '62, I think the staff size increased. Do you have something in front of you that you're looking at?

WW: Yes.

MB: That has statistics in it?

WW: I have an old booklet called *SEC Concise Directory*, and it's dated August 1987, just about when I retired. And in it they list the current and former Commissioners from day one, and what I'm relating it to is under the Kennedy administration, that would have been 1961 . . .

MB: '61 to '63.

WW: . . . and the Chairmen were Bill Cary from '61 to '64, and Manny Cohen from '64 to '69.

MB: It doesn't have the number of employees, has it?

WW: Oh no. I became a branch chief in '65, and the A.D. in '74. I don't have a recollection of any terrible budgetary problems in those days, and I don't recall that we had any big influx of dollars to hire staff members, but I don't recall we didn't have any reduction in

force. It seems to me that there may have been some additional staff added, but there was nothing magnificent, or I would remember.

BM: Well, it may have been another one of those situations where it corrected itself because the markets were not as strong. You didn't have the hot-issue registration market, which gave you more time to work on the '34 Act stuff.

MB: And there were other divisions, too, that may have been increasing their employment, because there was a lot of reorganization going on at the Commission. I didn't remember the years, but it used to be one division was both ways, now market rate and enforcement, and they split them in two divisions. Do you remember that, Bill? What used to be the Division of Trading and Markets?

WW: Trading and Exchange.

BM: That happened, yes, in the early seventies, I would say.

MB: When did that happen, early seventies? Was it that late?

BM: Yes.

BM: Peter and I started in '69, and I know from the time, from '69 right up until 2000, that the size of the Commission remained very much, you know, someCaround 2200 to 2500 people nationwide. All the way through that period of time, we never got a lot more people.

PR: Yes, even though the markets were expanding and so forth.

MB: Do you remember, Bill, what timeCremember when they changed the effectiveness of registration, instead of going through the whole Commission, they appointed one Commissioner? And one Commissioner was in charge . . .

WW: A duty officer.

MB: Duty officer, and he made the registrations effective, and the branch went up with that. And then they decided that the division could make them effective if they were repeat filings, and only the new ones went up to the duty officer. And then finally they got to the point that the division could. That was over, probablyCit seems to me that was after I became a branch chief, which was the same time as you did, '65. Between '65 and '70 was the time when they were doing that.

BM: Because when Peter and I started, they were still makingCIPOs still went to the Commission. Is that '69? And that was just the end of it.

MB: Slowly, they changed the process that Bill talked about, where everybody went up for every registration. They began slowly to move it down to the division level, and I think part of that was because a huge volume of filings that were becoming effective. The Commission didn't have time to deal with all of them.

WW: Oh, I think so. What they did was they delegated authority down to the A.D. level, to declare registrations effective. That was somewhere between 1965 and '74.

MB: Yes.

BM: Now, Bill, during that period, let's say from the mid-fifties through the late sixties, there were some pretty memorable division directors there, were there not? Barney Woodside, and wasn't Manny Cohen also a division director at some point?

WW: Yes. In my time I went back, looking at this document, and I estimated that in my time at the SEC I worked for twelve Chairmen and ten division directors, and twenty-four Commission members.

BM: But not during the '50 to '60 period, because it was Woodside and Shreve.

MB: Woodside and then Manny Cohen.

BM: Well, Manny Cohen, but very briefly.

MB: And then Shreve.

WW: Well, I did them in order. I came in 1956, and that was Barney Woodside. The next one was Manny Cohen. The next was Ed Worthy.

BM: Oh, I forgot about Ed. I forgot, yes.

WW: The next was a man named Charlie Shreve.

BM: Yes, right.

MB: Charlie was only there a short time.

WW: Short time. And then Levenson, Rowe, Greene, Spencer, Huber, and Linda, are the ones that I worked for.

MB: Levenson was there for about four or five years, but after Levenson it began to be a two-year job. I mean, everybody just held it for two years, almost. Yes.

BM: Yes.

WW: At about the end of the Levenson tenure, things began to get bad.

BM: In what way?

MB: They changed.

WW: Well, if you want to go chronologically, keep going. We'll come to it.

BM: Okay. Well, let's talk about you're now moving to becoming a branch chief in the mid-sixties. Was that sort of a progression in terms of responsibility? I mean, as I understood it, there were sort of assistant branch chiefs and then branch chiefs, and then if you were good enough, you moved on beyond that.

WW: When I became a branch chief, which was in 1965, there would be an analyst that was known as the assistant, but in other words, in the absence of the branch chief, there would be a person that would normally be in charge. But there was no formal job sheet that was written up that way. And also, in those days, under each of the A.D.'s we did not have a senior analyst, a senior accountant, and a senior attorney. Everything was in the branch. There was the A.D. sitting at the top, but then under him were twoCwait a minute. There might have been three branches.

BM: At one point there were three.

WW: There might have been three. But in your absence there would be a person that would be in charge, and he or she was commonly known as the assistant branch chief. But there was no job sheet at that point. That came later.

BM: Now, I assume that when they were selecting new branch chiefs to fill positions, they would, what, typically take from the ranks of the so-called assistants, informal assistants?

WW: Yes, yes. There was a posting.

BM: You were an assistant then, I assume, at some point, effectively.

WW: Yes, I was. There was a posting, because these were competitive jobs. I guess Schedule Cs were able to apply.

MB: Didn't we have to post? Do you remember applying for branch chief?

WW: No.

MB: I can't remember applying. I don't remember that we went through the application process at all, Bill.

WW: I know I did for A.D., because I was looking through my junk.

BM: That was later on.

MB: Yes, that was later on. I don't believe we did. I know that I did not apply, because I know that Manny Cohen called me in and told me I had it, and I thought, "Great."

WW: You may be right, because I think the guy who called me in was Bagley. I remember I was so petrified I couldn't even talk.

BM: He's going back to his start. He thought he was being fired. [Laughter]

WW: No. I had worked in there was a branch chief by the name of George Hibbetts, whose wife is named Martha, and she is a secretary. He was really an elderly gentleman, and the last job I had before becoming the branch chief, I was the sort of senior guy in Hibbetts' branch. And then he retired. But I had worked for two to three different branches in a senior capacity. I worked for Burney and then I worked for Hibbetts. I did a little work for your father, and maybe some others. I'm not sure.

When Hibbetts retired, I remember his secretary at that time was a lady by the name of Olivia Roth. She was nice, but she was always an unhappy person. I remember she had all kinds of problems. But I do remember, when Hibbetts retired, I was asked to go up and visit Bob Bagley, and I went up and that's when I think you're probably right. There was no posting.

MB: Do you rememberCthis is kind of funny; I'm thinking about personnel methodsCdo you remember how the way you found out if you were transferred from one section to another was they'd put out a telephone directory? We had a telephone directory as a division. It showed the section chiefs and who was in a section. And they would put out a new directory, and then you'd look for your name. Don't you remember that?

BM: Wow.

MB: You'd look for your name and then that's how you knew.

WW: To see what job you had?

MB: Yes, to seeCwell, not what job you had.

WW: I remember the telephone. I don't remember that.

MB: Not what job you had, but who you had it under. You know, they didn't change it. Don't you remember that?

WW: No.

MB: Well, I remember the thing would come out and everybody would be running around looking to see where they were.

WW: [Laughs] We were a squared-away organization. No, I don't remember that. I do remember when I was a branch chief, and we were still in the tarpaper shack. When I worked for Reford Burney, I remember there are a couple of oddball incidents. He had this little tiny office and it was piled high with paper. He was really a packrat. But he was a good guy, and he was smart in the job. And one of his registrants was either AT&T or IBM or something, and he was going to have a meeting with these folks over something, over some comments or something.

And on the appointed day and I had been the junior examiner. On the meeting day, I'm in Reford's office and these guys come in with their \$500 suits in those days; maybe now they're \$2,000 suits. And Reford's sitting there behind his huge pile of paper, and he's got this little electronic thing that heated water in his coffee cup. As I recall, when it was ready or something, the water would boil and a little whistle would go off. He had it around behind the desk and there was this big pile of something there, and these guys were seated. They were all cramped in the room there and this whistle went off.

And I remember these guys glancing around. "What is this?" One of the problems on that Cit may have been a stock option plan or something. I've forgotten what it was. As you folks remember, you had a registration statement, and if the data in there became

more than sixteen months old, the law said you had to update it. And that was part of this problem or something, and these fellows were trying to understand exactly what we were talking about.

And Reford, when his bell went off, and Reford's in the middle of his sentence explaining I've forgot the numbers of the statute, but that you had to update in accord with section so-and-so and so forth, and Reford is sitting there. The whistle went off and these guys are looking, and Reford said, "Goddamn it, update means update." [Laughter] When that meeting ended, I remember I was a little embarrassed, but anyway, they got the message. I think they were still allowing exercise of options with a dormant document.

BM: Well, that was before automatic amendments.

MB: Yes. That happened a lot.

WW: Oh, yes.

BM: In the old days, then, yes.

MB: That happened a lot. The companies would forget, or they said they'd forget.

BM: When did you move to 500 North Capitol?

MB: Right after '65. When I became a branch chief, we were still there, but we moved right after that, Bill. It was probably the end of '65.

WW: No, it was a little later than that, but certainly it was before . . .

MB: It was by '66, anyhow.

WW: It was the latter part of the sixties, yes.

MB: Well, it was at least '66, I think, Bill. I think it was '66.

WW: The leaseCas I remember, I don't recall whether the SEC was leasing the building. It was assigned to the SEC by GAO or something.

BM: GSA, probably.

WW: Or GSA, yes. And there was a big thing thatCnow, about that time we must have needed a little more space, or maybe they were hired, but I don't think they came to Corp Fin. But we needed a little more space. I know Enforcement was raising hell because they had investigatory files lined up in the hallway. They didn't have any storage room. And

so there was a big movement about relocating a building, and there was a place in Southwest or Southeast Washington called Buzzard's Point.

BM: No, that was later.

MB: That was later.

BM: That was later. That was out of 500.

MB: That was when the lease was renewed. That was when it was time, I think, to renew the lease on Capitol Street.

BM: That was back in the early eighties.

WW: That was after 500 North Cap?

BM: Yes.

MB: Yes. Well, it was when they were renewing the lease on 500, that time. When we first went over we went right over there.

WW: Well, I do remember the move to 500 North Capitol, because that's when things started going a little bit bad morale-wise for the staff. That's a place when we moved in, every floor had a color code. You'd have the orange floor, the green floor.

MB: Yes, I remember that.

WW: And the file cabinets were painted those colors.

MB: Yes, I remember that.

WW: They spent some money on that, but the secretaries were all complaining that they had old-fashioned branch typewriters, you know. They all wanted electric typewriters. Selectrics hadn't even appeared.

BM: Yes. No, that was later.

WW: But they were all unhappy. And all this money was spent on the color coding thing. I thought the Buzzard's Point was before that, but it was after.

BM: It was after.

MB: The next time.

WW: Well, that was a debacle, the Buzzard's Point thing. Okay.

MB: That was a big debacle, but that was later.

BM: Bill, I've heard rumors that the assistant directors, in particular back in that era, were rather imperious.

WW: Some of them.

BM: And kind of laws unto themselves. And I've heard stories about, for example, Charlie Eisenhart's deep freeze that he had for registrants, that he really didn't care for them so he would kind of put their filings way in the back of the pile, and they'd never get to them, or whatever. Is that true?

WW: I never worked for Charlie Eisenhart. I heard those as well. I don't know. I can't confirm or deny that.

BM: Well, I did hear a story from Joe Bernstein. [Laughter]

MB: Did you interview Joe Bernstein?

BM: We were not able to. Joe said he really wasn't up to it. He's eighty-eight years old now, and just didn't feel that he could do it.

MB: I do remember that the assistant directors had meetings. Was it like twice a week they'd have meetings at five o'clock? It was before we became assistant directors. I never before you became assistant director.

WW: Meetings about what?

MB: They met, that all the assistant directors met. It was all part of this I wouldn't say it was a secret thing, but it was all the assistant directors.

BM: Is this back in the sixties?

MB: Yes. The assistant directors met once or twice a week as the assistant directors, and nobody else was allowed to come. They ran the division, basically, is what they did. The assistant directors ran the division. You don't remember that?

WW: No, not that. My A.D. was Sid Scanlon. He's the fellow that I replaced. He died of a heart attack on the job.

MB: He died very young; yes, very young.

BM: Sid was only fifty-seven.

WW: Ralph Hocker.

MB: A legend in his own time.

WW: Ralph Hocker was a legend.

BM: Yes, yes.

MB: Oh, boy. He was one of the biggest characters at the Commission. Do you remember him?

BM: Absolutely. A very soft-spoken guy, but he was one guy you didn't want to cross. I know that.

WW: Is he still alive, Ralph?

MB: I don't know. I doubt it.

BM: I don't think so.

MB: I don't know. I remember, you couldn't hear him talk. Remember? He was so soft-spoken, and you'd keep getting closer and closer. And I remember . . .

BM: Where you'd go into a meeting and . . .

MB: . . . everybody's all around the table. And he came into our office.

BM: What did he say?

MB: Whatever it was, you'd better listen. He came into my office, and I had a roommate whose name escapes me right now. It was just the two of us. Remember, we shared offices? And my roommate was trying so hard to hear what he said, he was on his knees in front of him, leaning over the chair. He was unbelievable. Don't you remember?

WW: Did you say that he may be alive?

BM: I don't think so.

MB: He would be quite old.

WW: I used to wonder well, I don't know.

BM: Well, Ralph would have to be in his mid-eighties at the least, at this point.

MB: Oh, at least, yes, because he was older than Joe.

BM: Because he was associate director when I came here.

MB: I think he was older than Joe.

BM: Is that right? Well, then, he'd be close to ninety.

WW: Well, he had an incendiary personality. He really did, particularly if, for whatever reason, if he didn't like you, he was really, really bad. And he had a secretary, Evelyn Strawbridge . . .

MB: I remember her.

WW: . . . who was strange, as well. For some reason he kind of liked me, or maybe he tolerated me; I don't know. But I remember one day in a meeting in his office, and there was a young branch attorney in there, and I've forgot what he had worked on, but, boy, and he had written something. It may have been a no-action letter or something. I don't know what it was.

And Ralph didn't like that young man, and he didn't like what he had written down. And Ralph had this Cit was at 500 North Cap, and his room was long and narrow. He had this big long table, and at the end of the table was Ralph's desk. It was shaped like a T. Ralph was trying to tell the young man that he had problems with the draft, and the young man was sitting at the end of the table, and he was trying to hear Ralph. And he's leaning like this, and he's saying, "Mr. Hocker, I can't understand you." And Ralph took that document Cit was a multi-page Cand he threw it. And he didn't mean to throw it that far, but the thing hurtled in the air and hit the kid right in the face.

BM: Oh, my.

WW: And I thought, God almighty. And the kid didn't know what to do. You know, had it been man to man, it probably would have been a fight. But I mean, here he is with the A.D., and this was a young man. And I don't remember anything about the job assignment, whether the young man had it wrong or not, but I mean, that was really terrible. And at the end of the meeting I said something to Ralph, and he wasn't about to apologize. I often wondered why he was the way he was, except that Cdid you know that he had a handicapped child that was completely bedridden?

MB: Yes, I did. Well, I knew he had a handicapped child. I remember now CI'd forgotten, but now that you mention it, yes. But he also had other children. He had a daughter that won the spelling bee. Remember that?

WW: Yes, right. Well, I'm not trying to defend what he did.

MB: But he was a brilliant man. He probably was one of the smartest men, and he was like ten steps ahead of you, and that's why you were always trying to catch up. He's like so far ahead, talking. But he was hard to get along with, and he had a hard time. He wanted to be very polite. There weren't too many women around, and I was one of the few women professionals. And I remember we were in a meeting once and he was so mad, and he was complaining about it. That's when he said, "Those dirty, dirty bunnies."
[Laughter] I said, "I don't think bunnies is what you had in mind."

WW: Yes, he was. He was something.

MB: He was volatile. Volatile was what; he was volatile. But, yes, he liked me, too. And I don't think either one of us would have survived if he hadn't liked us, really. I think he was that powerful.

WW: I don't remember the A.D. meetings that she's speaking about. I mean, they certainly might have happened. Eisenhart did get into; if he thought something was wrong or otherwise, with a particular registrant, I think he did put anchors on their movement in the system.

BM: Well, Joe Bernstein told me a story about how a registrant complained to Manny Cohen. He was then the division director. About how Eisenhart was just not moving his filing. And Joe said he was in the room with Eisenhart when Manny came in and said, "What's going on with this filing?" And Eisenhart said, "We've got problems with this registrant. I don't think we should ever make him effective." He said, "Listen. That's not the way we work around here. Move this thing along."

He walks out of the room, and he doesn't hardly get around the corner, Joe said, before Eisenhart said, "Joe, just leave that alone over here." [Laughter] But let me get to another aspect of life at the SEC back then. I heard rumors that there was so little turnover, as compared to today, that somebody almost had to retire or die for anybody to be promoted. Is that true or not true? What was your perception?

WW: As regarding the senior graded jobs, that's true. The branch chiefs on up, that's right. That's right.

MB: The attorneys, there was some turnover in the attorneys, even in those days. I think the average time for attorneys was probably lower. But that was certainly true, and as you said, branch chiefs. Branch chiefs never left unless they were either promoted or died.

BM: I think there is a split between the attorneys and the financial analysts, just because the job market for attorneys on the outside was more volatile. There were more places for

them to go than there was for a financial analyst, who, even if he was a branch chief, to go at that point. I mean, it's still the case. There's just so few people that aren't attorneys anymore.

MB: That's been a marked change in the Commission over the years.

WW: Now, I became an A.D. in '74, and I think that these staffing problems had begun before that, a little bit before. I don't recall when we started getting the three-year commitment from attorneys, but it was around '72, '73, or '74.

MB: Did you give a commitment?

BM: When I started, no, I don't think so.

PR: I didn't either.

MB: It came right after that. When did you start?

BM: Started in '69, yes.

WW: '59?

BM: '69.

MB: Must have been the early seventies.

WW: Yes, that's about right. And I didn't become really involvedCand it was against my better judgmentCwith the budget of division. I went up in '76 as the associate, and up until that time the budget had been handled by others upstairs. But the last one that I knew about it was Neal McCoy. I remember him meeting me at the door when I was promoted, and he with this big grin from ear to ear because he dropped the budget on me. That's when I really became aware of the turnover and the three-year commitments, and there were some problems in that regard. [End Part 1 Tape 1](#)

[End Tape 1, Side B]

[Begin Tape 2, Side A]

[Start Part 2 Tape 2](#)

BM: What I was saying was I think that a lot of it had to do with the civil service requirements because the lawyers were the excepted service. You could hire them without having to go through civil services rolls. If you were a financial analyst or an accountant, you had to be hired off the civil service roll, so you couldn't just go out and get people to come in, because they might get bumped by somebody who had veteran's preference, or so the hiring was much more difficult for non-attorneys. So, because it was easier, because the staffing levels changed so quickly, it was much more easy to react, to hire attorneys, than

it was financial analysts, that I think that's one of the reasons that the mix started to change so dramatically, because it certainly did. I mean, there are no financial analysts in branches anymore, I don't believe.

MB: Only the real old-timers.

BM: There's a few there, but most of them have actually been transferred to other offices. They work for Herb Scholl or in someCso, almost exclusively, there are attorneys and accountants in the branches. And then, of course, the accountant change was something, a much later change.

WW: Well, I'll be frank. I always thought that you'd have a better division if you had longevity. Now, there are some exceptions and I certainly remember some of the problems. Even some of the branch chiefs during my time were no longer branch chiefs after I found out what they were doing. There were some imperfect individuals in those jobs, but I always thought that when you have rapid turnover, particularlyCnow, I didn't know that you don't have any more analysts, by background, who are branch chiefs. I think that's unfortunate.

BM: There may be a couple, but there are not many.

MB: I would say if there are any, there's one or two carryovers. Yes. Just because there's no analysts coming up, I mean, because they're not hiring any new analysts. There's no analysts coming up. I think Shelly was an analyst.

BM: Shelly Parry was a financial analyst.

MB: And she went to law school, but she was a financial analyst. And Daly . . .

BM: Jim Daly.

MB: And so there are some, but very, very few, and as time goes on there'll be none, because they're just not hiring financial analysts anymore.

BM: Yes, if you don't have anybody to get experience and to move up the line, then there's no way you can have financial. And they just don't.

WW: Interesting. Well, I know that the non-attorneys had to be hired off the competitive service arrangements. And back in the C before '65, yes, the branch chiefs and the A.D.'s, yes, they tended to stay right there. In a sense, I never looked upon that as anything bad. You really grew, you know, inbred knowledge of the work, the division, the Commission, etcetera. I was a great advocate for promoting from within. We'll get into that later on, I guess, but I always thought that under the [Richard M.] Nixon administration, where you have the Plum Book after elections, in my time . . .

BM: Careful now. That's how I got hired. [Laughs]

WW: In my time, the only job in a regulatory agency was the executive director. But that went out of the window under the Nixon administration. They began salting agencies and departments at the senior level, and then it got all the way down to the Grade 14 level. And in my experience you know, my experience is only with the SEC; Marine Corps and the SEC. I have some friends that work in some other agencies, and they were experiencing the same thing. But I think it undercut morale. It caused some problems, and it certainly didn't help the maintaining of good efficiency to getting the job done, for example, protecting investors and so forth. That's what I thought, and still do.

BM: Speaking of people being brought in from the outside, what is your recollection and not to single him out, but only because he became famous of Fay Vincent, who came in, I guess, in the late seventies as an associate director, and only stayed for a few months, I think?

MB: About a year. He got a job in the entertainment industry.

BM: Yes.

WW: That was Coca-Cola in the beginning. Those were not good times. In my opinion, he was a lightweight in regards to securities knowledge. He was brought in under the Williams administration. We didn't know it at the time, we being Rowe and I. I know you were up there, but I don't recall where the hell you were in those days.

MB: When Fay was in there CI was an associate director when Fay came onboard. Yes.

WW: So was I.

MB: Yes, you, me, and Neal had left, hadn't he?

WW: Oh, yes. Yes.

BM: He probably took Neal's position, I imagine, briefly.

MB: Yes, he probably did.

WW: Well, we're getting ahead of ourselves a little bit, but since we're on that, what the hell. Williams came in and he appointed, maybe, Ralph CRalph may have already been up there. Ralph Ferrara was up there as the legal assistant.

BM: To the Chairman.

WW: Yes. And Williams appointed Ben Milk as executive director.

MB: Yes. I remember Ben Milk.

WW: And Amy Goodman was up there. But Harold came in, introduced himself. We had meetings. We had meetings in Rowe's office. Harold was there. It was Ralph Ferrara, and Harold was going around meeting the heads of all the major divisions, and introducing himself. And I certainly was naïve. I thought, well, gee, this is a great thing. Guy's wonderful. He wants to know what we do, how we do it, etcetera. And left, and we thought things were in super shape.

If you remember, these were the days after the Rod Hills regime, and the Foreign Corrupt Practices Act, and all the horrible screaming and yelling we used to do every day at the Commission table, and so forth and so on. And Neal McCoy left. I really don't know anything about that. I think he was going to leave anyway. He had a better job. We proposed, after talking to lots of people, we proposed Jack Hennigan as the associate, and we sent a memo up. And we waited and we waited and we waited and we waited. And it just went on and on and on and on. And there were tasks that Neal McCoy's office did that were highly important. He stuck me with the budget as he left, and all the personnel stuff, etcetera, in addition to disclosure operations.

But anyway, Neal left. And it finally dawned on Dick Rowe. He called me in one day and he said, "You know, there's something wrong." He said, "They're not going to approve this thing." So we didn't know what to. And then we re-nominated Roland Cook. Remember Roland Cook?

BM: Sure, yes. Of course, yes.

WW: We sent that name up and we waited and we waited and we waited and we waited and we waited, and finally Cand in the meantime, these memos began showing up from Harold, cc'd with Ralph Ferrara and Amy Goodman. And Harold Cit finally dawned on me; I mean, I'm not stupid, but I was little slow on the uptake. He came in with a preconceived notion that Enforcement and Corp Fin were not doing the right thing.

His big baby was corporate governance, of course, but he didn't understand how we declared registration statements effective. He didn't understand the carve-outs, the Tandy-letter thing, how we declared post-effective amendments effective. I don't think he liked delegated authority, in that sense. And he would send down these memos, and I would do drafting, and Rowe would polish them up and we'd send them up, and we'd wait and wait and wait. The memos would come back, and he'd say things like, "Well, I'm sorry I'm responding to your memo so late, but I've read your memo and I found them a little too lengthy and not all that enlightening." He put that in. And I'm not just talking; I have one in my file.

And I remember Rowe, the first time he got it, he didn't understand. The second time he got one he was really mad. Not long after that, Rowe got a call and went up and came back, and we got Fay Vincent.

MB: Well, Harold Williams had every intention of appointing the new director. That's what he was after.

WW: Yes?

MB: And his intent was, the person he was going to hire as associate director was going to be the new director, and that's why he wasn't picking any of these other people. He picked Fay Vincent and he named him associate director. But first of all, all the associate directors— and there were about three of us, you, me, and Fay Vincent. And we all treated him like an equal, like equal associate director, and that wasn't what he had in mind. So when Fay Vincent left after a few short months, remember that the next person that was appointed by Williams was Ed Greene.

BM: As the director.

WW: Deputy director.

MB: And he didn't make a mistake of making him an associate director. He made him a deputy director, so that he made it loud and clear that this was who he wanted for the director, as soon as possible. I mean, I think it must have been very awkward times for Richard.

WW: He brought in Vincent as a headhunter, because while Vincent was there—and that's right, we tried to work with him. We tried to be fully cooperative. But not long after he was—and I don't know the details. I know some things, but I don't want to get into that. Ruth Appleton retired. And I remember her coming into my office in tears. She couldn't understand what the hell was going on. And that's when I got my first inkling about Vincent.

BM: Now, Ruth had a regional office operation and she also had tender offers.

MB: Yes, right.

BM: Because they were combined at that point, yes.

WW: And I remember being in Vincent's office one day when he was—I think he was talking to the Chairman. And he had the balls to say in my presence that he wasn't getting full cooperation in the job. And he hung up and I asked him what cooperation was he talking about, because we had—I mean, he asked me simple things, things about S-8s. There was

something he had about the stock option plan or something. I went back and I wrote a memo and I sent it to him. He wanted to know about delegated authority in declaring registrations effective, and I've mentioned Harold Williams was off on that, too, with these memos and so forth. I never saw any real evidence that Vincent was really a knowledgeable Securities Act lawyer. He may have been, but I didn't see it. And we were so happy when he announced he was leaving and going and I thought it was Coca-Cola.

MB: No. He went to Columbia Pictures.

WW: He was at Coca-Cola.

BM: Columbia got taken over.

WW: Yes, that's right.

MB: And then he was there for a couple of years, and then he went on to be baseball commissioner.

WW: The things that began to happen under the Williams administration, in my judgment, at least for Corp Fin, and I think equally for Enforcement morale plummeted. Nobody knew what the hell was going on everybody started backbiting, really couldn't get the job

done. It was awful. And I'll tell you something else. When I was promoted in 1976 to associate, I waited three years to get my grade raise.

BM: Really.

WW: Damn right.

BM: Wow.

WW: Now, I do know . . .

BM: How'd they get away with that?

WW: Well, that was before the SES [Senior Executive Service], just before, and that job was a super-grade.

MB: It was a Grade 16.

WW: A Grade 16, okay. And in the civil service there are only so many super-grades, so if you applied and were picked, you would get the job, but you had to wait for civil service to free up.

BM: It's the same thing with SES. You only have so many SES positions.

MB: Some people sit in SES positions for a year or two.

WW: Well, I remember, probably Williams came anyway, it doesn't matter.

BM: About '77, I think, '76, '77.

WW: About '77 he came, and that's when Milk got upstairs. But before that, I remember when Ralph Hocker was associate, he had a meeting. That's when Ralph Ferrara was a branch chief for something enforcement. And there was a meeting in Ralph's office, and Ralph was in his worst case. And he lambasted into Ralph Ferrara over some meaningless thing, I mean, but it was terrible. I kept telling Dick Rowe, I said, "We're paying the piper for that." Because Ralph had retired. He was on his merry way, and if I had been Ralph Ferrara, I would have been incensed by the way Hocker treated him.

BM: Wow.

WW: But in any event, shortly after Williams was there he appointed Milk. And I remember one of the items that they wanted was a memo about the review process, you know, disclosure operations in general. And I did most of the drafting, and Rowe polished it up and sent it up. And somehow Dick Rowe got the original back, and written in the margin

was a note by Ben Milk that said "bullshit," and dated. And I'm pretty sure, even though I was waiting for my 16, I'm pretty sure that Milk was sitting on it up there.

But luckily, in the meantime Vincent left. Ed Greene came in, and Ed Greene, strangely enough, he and I got along reasonably well. There was one evening, and I just got furious about something, and I wrote him a memoranda I still have my copy. I wrote a memo to Ed Greene about the fact that I'd been in that job for three years and didn't have my super-grade, and so forth. He immediately zoomed a memo up to Ben Milk, and he jumped on Ben Milk. And then about that same time, the SES things came in, because I'm sure also with you, we were charter members of the SES. But money-wise, I waited three years to get the money on the job. Also in that time, if you don't know if you were there at the time . . .

BM: I was there, yes.

WW: . . . but the infamous move to First Street?

BM: Yes. I went over to First Street.

MB: You were in First Street?

BM: Yes. I was over there.

WW: Oh, you did? When?

BM: Yes. I was there for about a year.

WW: Okay. Well, Milk came down . . .

BM: That's where I did those pension forty-four releases.

PR: Yes. Yes, that's right.

WW: He came down and said that . . .

BM: Okay. And then you became the chief counsel and came back.

MB: Yes.

WW: He said that they needed more room and they were trying to decide who was going to have to move to First Street. We did time and motion studies, and evaluations, all that crap about how inappropriate it would be to split our division up over there, because we had to come to the Commission and interact with Chief Counsel's Office. And they started out initially having some stupid shuttle bus between First Street and 500 North Cap. But anyway, your bottom line was that it was going to be Corp Fin.

And I remember to this day, there was a staff meeting in a big room, and Harold Williams was there, and the whole division was there. Okay? And Harold made the big announcement that half our division was going to go to First Street. Well, Charlie Ogleby was so incensed. He said something to Harold Williams, and I remember Dick Rowe and I were cringing, because Ogleby said something like, "Well, this is one of the stupidest decisions I've ever heard, moving half of operations over there," etc.

Well, Harold excused himself and left the balance of the meeting up to Dick Kanyon, remember. Well, of course, the staff just chewed poor Dick Kanyon up one side and down, you know. It didn't make any difference. They had made the decision. And so we had to work up a movement to First Street, and then Harold had his stupid idea of having the copies of the paintings. Remember? He hung the paintings all around, like that was going to help morale. Well, anyway, I'm getting ahead of myself.

BM: Well, Bill, let's return just for a moment to the late sixties, early seventies, when you were, I guess, a branch chief at that time. Is that correct? You became A.D. in '74.

WW: I became an A.D. in '74. Right.

BM: Now, when I got there in '69, Bill and I, there was a hot issue period going on, and I gathered it was some sort of transition in the way filings were being handled, registration

statements in particular. You know, the Commission was no longer looking at these things all the time. What was your experience as a branch chief, in terms of this transition to the new method of looking at filings and not reviewing every one of them in detail, and so forth? Sort of the selective review; I guess that was sort of the beginning of it back then.

WW: When I became a branch chief in '65, the backlog was mounting. The time in registration was mounting. The staff wasn't happy about it. Registrants weren't happy about it. We weren't able to spend much if any time on the K-reports. We did work on the proxies, but the numbers were just against us. So we didCI don't really remember. I tried making some old notes here. I don't really remember which came first, the industry centralization of the selective review or . . .

BM: No. There was a selective review first. Yes.

WW: I think selective reviewCthat we decided that there had to be a way, the infamous phrase now, of doing more with less. I remember Levenson used to use that all the time. In my branchCthe branch chiefs in those days were kind of on their own, if you will, to get the job done, and I began to implement some things in my branch kind of along those lines. That's one of the reasons, when the disclosure ops associate job opened up and I applied for it, and I highlighted my systems that I was utilizing.

I remember when I got the job, I think Dick Rowe was the head of the division at that time. I think he's the one that picked me. But he said that we were going to have to do more, and make it across the board for all the branches, some of the systems that I had there. But I must say, if you had the scandals that we're reading about today, say Enron and so forth, where you have an accounting fraud where allegedly the independent public accountant is part of it, some of my systems probably wouldn't have worked, because one thing that we did look at was whether the registrant was a repeat registrant, had a clean opinion to the balance sheet.

Well, if you have an accountant that's a crook, and he's going to hide things, and then write a clean opinion, you know, you really have a problem. If you're not reviewing everything, you would probably miss something like that.

BM: Well, that was a different era, I mean, when you could rely on the accountants.

MB: Was it right? They're still going some of the criteria, clean opinion, also a well-known broker-dealer, a . . .

WW: Underwriters.

MB: . . . a national accounting firm. And so we really, in those days, were relying heavily on what we assumed to be professionals.

BM: And when it happened, that's what we'd been relying on.

MB: Sure.

BM: It's those same kinds of things, were the basis of how closely you looked at somebody.

WW: Well, we determined that first-time filers would be reviewed, and we had hoped that their first 10K would be reviewed, also, after becoming effective in marketing out. And the so-called repeat registrants . . . we probably did have some kind of a size factor in there, if total assets were over x amount of money, and it was repeat, and they had good counsel, whatever that meant, and it had good accountants, whatever that meant, we probably gave it a no review. We even did it, certainly, on their K-reports.

So, that was probably the beginning. I don't take the credit for all of it, but that probably was about the time where there was really public recognition in the division that we couldn't do it all. There was just no way in hell we could do it. So, little by little by little, we augmented the selective review system, which is, as we all gained experience it got a little keener and better laid out, and so forth.

BM: So, did you sort of initiate this on your own, in your branch?

WW: Yes.

BM: Just decided that we're not going to review everything, and these are the criteria we're going to use for deciding.

WW: I can rememberCI don't know if I was branch chief at the time, or a senior analyst, but we wereCit was just overtime work, so I guess I wasn't a branch chief, and I was trying to get some of the 10K backlog down. I remember there I had this big pile of 10Ks and I was looking at the name of the company, and leafing through and looking at the accountant's opinion, and if it was a clean opinion, I cleared it. [Laughter]

BM: You know, there was even a period, when we were under Levenson, there was a period when there was Saturday . . .

MB: There was also . . .

BM: What, I think we got paid, but you had to go in on Saturdays to clear up the backlog on . . .

MB: Yes, it was a Levenson thing.

BM: And in my branch, John Burnis, who was the branch chiefCno, no.

MB: Not Burnis.

BM: The guy who's now in the international office. I can't even remember hisCthat's terrible.
He was my branch chief for a long time. He left the Commission to go into private . . .

MB: Oh, he left the Commission, went over to . . .

BM: Anyway, but he was . . .

MB: Kirkwood Ellis, he went to Kirkwood Ellis.

BM: Yes, big blond-haired . . .

MB: Bob Strahota.

BM: Bob Strahota. Bob Strahota was my branch chief, and he was doing all the 10Ks. Our branch didn't have to do it, because I think he was probably using the same kind of system. He was an accountant as well as an attorney and a financialCI mean, he had it all, and he'd been cranking out 10Cin fact, on the day he left, he was in his office till six o'clock cranking out 10Ks. But we were a group; we didn't have a backlog, so we didn't have to do that.

MB: We had "clean" for the record. Do you remember that?

WW: Yes.

MB: And it was like certain thing, and all it meant was that you wrote clear for the record. I think we may have looked at a couple of things, like Bill said, like what it a clean opinion and was it a nationalCbut basically, we just cleared those, because the backlog . . .

BM: But that was in the early seventies.

MB: That was a Levenson thing, yes.

WW: That was Levenson.

MB: And I'm not sure when Levenson came.

BM: Well, I know it was between '69 and '72, because that was when I was in a branch, and that's what I was doing; or not doing it.

MB: Well, Bill, what about your period as an assistant director in the mid-seventies there. You weren't there for very long. You got elevated to associate director. Was there anything memorable that you recall about that particular period?

WW: I was an A.D. for two years. I became A.D. in '74, and associate in '76.

BM: I guess that straddled the period between Alan Levenson and Dick Rowe as division director.

WW: Right. Right. That's right. Well, again, work-wise, I think in those days there was one A.D. in two branches, I believe.

BM: Yes.

WW: Yes. But my two branches, you know, I just augmented the system that I had as a branch chief, into the two branches. I can't specifically recall whether in those days the A.D.'s had under them the senior accountant, the senior analyst, and the senior attorney. I'm drawing a dead blank on that.

BM: I think so.

MB: I think so, because I think when I was in a branch there was this Coh, but under the A.D.'s, no; that was just, each branch chief had a senior attorney, another undesignated C but no, that's right. I don't think that came in till later.

WW: Funny, I'm drawing a dead blank on that, because I do remember why we implemented that, because there was becoming a morale factor about the upward mobility, grade-wise.

BM: Yes, that's right. But I think that was a little later.

WW: We had big meetings with the Office of Personnel and with civil service, about the job sheets and this or that. We had the classifiers up there, what these jobs were, and well, if you have a 14 Senior Attorney under an A.D., then what about the grade levels in your branches, and who's doing CI mean, it was a nightmare. But we finally got it. It really opened my eyes that it's all politics, you know. If you have the blessings, if you will, of the Chairman and the executive director and certain elements over on the Hill, mainly the ones who oversee your budget. And I'm speaking now of the Proxmires, the Dingells. I have a letter on my wall down there from Proxmire. Luckily, he felt that he and I had something in common. I don't know what it was, except we entered the federal service about the same time. I don't know; I don't think he was a Marine, or what. But at that little moment in time, we had a window of opportunity, and the Congressional oversight entities were happy with us. And so we got those grades.

And even that was stopgap, because if you hire an attorney from the better law schools, if you will, and they stay for three years and learn the securities field up to that point, we can't compete salary-wise. They're just going to launch right on out, just roll right out the door, and that's what we were up against. And even then, we could only go offer them 14

there. I really don't know what year we implemented that, but it was certainly after I became an associate, which is '76.

BM: Yes, yes.

WW: As an A.D., no, I don't think we had any whirlwind matters that I'm aware of. I remember Levenson left and Rowe became head of the division. I do remember at some point in time under Levenson we had a budget problem, because I remember there didn't appear to be money for the maintenance to clean the damn building. I remember the floors were dirty, the bathrooms were off. I remember one time we had a meeting of branch chiefs in Levenson's office, and the staff was getting upset. And it was mentioned in that meeting CLevenson was there Cthat the staff was upset, the place was dirty, etcetera. And I think that they had overspent the budget, I guess, and they were looking for ways to get money, and they eliminated some of the nightly Cyou emptied trash cans and so forth.

BM: Well, it was worse than that. I vividly remember walking down one of the halls on a Corp Fin floor and I saw this big spot in the middle. I said, "What is that?" Turned out that the vinyl tile had worn through to the concrete underneath.

WW: Oh, yes.

BM: I mean, that's how bad it was in that building. There was no maintenance whatsoever.

MB: I remember that.

WW: Yes. So we were having some problems then under the budgets. But that's also about the time, as I recall, that the Commissioner's offices, staff-wise, began to enlarge, and you had to pay salaries, so money had to come from someplace. And for God knows why, they had to take it out of the maintenance, I think. Yes.

BM: Well, Bill, what about your period as associate director? Now, you were associate director for, what, about a dozen years or so?

WW: From '76 to '87, eleven years.

BM: You were in charge of the disclosure operations segment of the divisions.

WW: Yes. I replaced Ralph Hocker, when Ralph retired. It was disclosure operations. Yes, that's right.

MB: Actually, Bill and I became associate director at the same time, and at that time, remember, for a while we split the division three ways, and each one of us had a couple of assistant directors under us.

BM: Ernest, yes.

MB: And then gradually CI can't remember under who; I think probably after Dick left C gradually we began to be specialized, and had either operations under us. You began to have all the operations. And I remember in the beginning they just divided C they just gave each one of us a third, and we each one had certain assistant directors and branch chiefs under us. That lasted for a couple of years, and then they started moving more to functions.

WW: Yes. There were C and I really don't remember why, but there were some reasons. We had several reorganizations. We moved offices around, literally moved offices around. We moved around the who-was-in-charge-of-what.

BM: That was that whole period when industry specialization came in. Ernestine's office, they set up the office C the oversight office that Ernestine headed, it was over on First. The move to First Street, the industry specialization, all of that happened just about the same time.

WW: That's right.

BM: Well, there were also quite a few Chairmen of the Commission during that period, that each had his own agenda. I think in the first ten years I was there, from '69 to '79, there

was Hamer Budge; there was Ray Garrett; there was Rod Hills; there was Harold Williams, and then John Shad.

MB: Basically, I think, though, it was like much of the changes came under Williams.

BM: Is that right?

MB: I think the first ones you mentionedCJudge Budge; remember Judge Budge?

BM: Yes.

MB: Pretty much didn't make any major changes . . .

BM: Sort of a caretaker.

MB: . . . at least in the Division of Corporation Finance. They may have done it in other divisions. I think the big changes in the Division of Corporation Finance came under Harold Williams. Is that what you recall, too?

WW: Yes.

MB: I think that's when. You remember, Harold Williams was on the Al Sommer special studies. Remember the one that I was on?

WW: Yes.

MB: And he was on our committee, and he became Chairman, actually, before the committee would complete its work, but towards the end. That's how he came in.

WW: Well, in line, because I have them listed down here. After Hamer Budge you had Bill Casey, and then . . .

BM: Oh, Casey, of course. Yes, I forgot about Casey.

WW: And Cook, and then Ray Garrett, okay. And then the last four in my time were Hills, Williams, Shad, and Ruder. Well, under Rod Hills there were personnel problems and morale problems, etc., but more involved work between the professional staff and some disagreements. There were things going on up in the Chairman's office that shall remain nameless, etcetera. But it really reached a climax under Williams. And then, thank God, after that, then under Shad things mellowed out and got back to being more work-wise professional, let's get the real job done for what the hell we're here, and all this other stuff. Ruder, I was only under him just a few months. He seemed like a very nice guy, in my mind. I don't know. But under Williams it was bad. One of the last reorganizations

that we had was when we went to First Street, and we realigned the functions, etcetera, and we implemented under Ernestine the Office of Operating Procedures and Training.

BM: Who was the director?

WW: That was Rowe and Greene.

BM: Was that Rowe? Was it? Okay.

WW: And Ernestine was over there with me at First Street, and we'd have these evening meetings. Remember, you came over one time with John Mooney, and we were I've forgot what the subject was, but we were airing this out. And that's kind of when we had the brainchild of industry centralization. And I'll tell you, that idea really originated with Ernestine. Ernestine had the idea and then we talked about it.

But I'll tell you, at about that time Rowe left and Ed Greene was there as the director, and I don't know why, but he and I seemed to get along okay. Then shortly thereafter, Lee Spencer came in as the deputy, okay. Well, Ernestine and I talked, and we decided we were going to propose industry centralization, you know, moving the alphabet and the industries from this and that and who shot John. I don't recall that we really went into the A.D.'s and got input, but I'm sure we had a meeting, because I would never just jam it

down their throat. But I don't think we had much in the way of really, "Well, what do you guys think? And what's your vote?" I think we just drafted it up.

I rememberCyou know, a lot of things were going on in those days, a lot of which weren't happy times. But you remember, Roberta Karmel had a legal assistant by the name of Jack Wheeler.

MB: Oh, yes, I remember Jack Wheeler.

WW: But just before thatCand I'll elaborate in a moment, but Linda Quinn became available, and she was going to hire on as a consultant. Well, Ernestine knew Linda and really liked her. Well, I didn't know Linda Quinn, and I don't think Ed Greene did either. And it may have originated up in Williams' office. I really don't know. But they wanted to bring Linda on as a consultant.

BM: She's an attorney fellow.

MB: She's attorney fellow, yes.

WW: There was some debate on where to put her, and I remember that Ernestine stopped in my office and she thought it was a great idea. So she came in, you know. And I liked Ernestine. I thought she was okay. She was a little hard on some of the folks in her

branches if she didn't like them, but she was smart. And I remember telling Ernestine, "Listen. If you think it'll work out, fine. We'll hire her asC." I thought it was consultant, but anyway.

BM: She was an attorney fellow.

WW: And I said, "And we'll put her in your office," the Office of Operating Procedures. And that's where we did. And Ed Greene rang up and asked me if that was okay with me, and I said, sure. So we brought her on and she did a lot of work. She was helpful.

MB: She did the big manual.

BM: She did the proxy manual.

MB: Manuals, yes, the two manuals.

BM: During when she was over there. Yes.

WW: Then about a month later my phone rings. It's Ed Greene and he brings up Jack Wheeler. Well, I didn't know Jack Wheeler from Adam, and my only experience with Roberta was when she'd have those horrible meetings at the Commission table over an enforcement matter. She would sit on the left flank of the table, and Stan Sporkin always sat on the

right flank at the staff level. I remember there was a little post there, about like that. Roberta was there and Stan was here, and I don't care what the subject matter was, something simple, innocuous. And Harold would sit there, and I just know to this day that Harold put her up to this. And every time Stanley appeared, she would be all over him.

And eventually it would become a shouting match. We'd just sit there and they'd be going at it. So anyway, but when Ed Greene called me up and said that Roberta's legal assistant was being reassigned into one of the divisions, and our division was one, and Ed Greene rang up and said, "I don't know where to put him," etc. "And we were thinking, you don't have a legal assistant, and that would be good if we put him with you."

Well, at first I balked, because I didn't know who the hell he was. It had really fifty-fifty results, but I agreed to bring him down. And then what they tried, they brought him down there as a 14, and they were trying to get him a 15. And so it got involved in these desk audits, and the classifiers came down, etcetera. I mean, it went on and on and on and on. And they turned it down. But somehow, surprise surprise, between the Chairman's office and Ed Greene, he got his 15. You remember the time I went to Charlottesville to that school down there? I was gone about maybe three weeks.

MB: They were three weeks, yes.

WW: Well, when I came, my phone wasCI'd be in classroom and I'd get these goddamn phone calls, and it'd be either my secretary, who's hell on wheels on a good day. Geraldine Blunt, yes, or Jack Wheeler. And he'd be trying to go through my In box and she wouldn't let him. [Laughter] It was horrible. But meantime he was writing the book about the Vietnam War with all those guys. And one day I was out of town; he asked if he could use my office, because they were taping it and all this. They wrote the book; I have a copy of it, the guy that became Secretary of the Navy.

MB: He was involved in the memorial.

BM: Yes, Jack was very heavily involved in the Vietnam Veterans Memorial.

MB: Yes, very involved in that.

WW: Oh, yes?

BM: Yes.

WW: Well, then the problem with the newspaper reporter taped him illegally and all this thing. Lots of stuff, then. My wife says I ought to write aCthat's what Linda Quinn told me one time. I ought to write a book about all this silly stuff. Well, anyway, with Ernestine's office, that's when we really moved ahead on industry centralization. Oh, I know what I

started to say about Roberta. When I had Jack Wheeler, he thought it would be a wonderful idea if we invited Roberta over and introduced her to the staff of disclosure operations, and had a nice meeting at First Street. So I told him okay, and he brought her over, and Ed Greene was there. So, I'm making this little presentation about disclosure ops, and I said, "And one thing that we're seriously considering is industry centralization and then augmenting in writing the selective review system, and in writing these manuals about this or that."

Well, I made a mistake. I didn't tell Ed Greene about it. And Ed Greene is sitting in the back. Well, and he was the division director, so I erred. Well, Roberta Karmel, she thought this was just oh so wonderful. The branch chiefs were meeting her and shaking her hand, and she went back and sent me this wonderful memo about how wonderful it was, and so forth. I guess I made her a friend, and it was Jack Wheeler's idea. But anyway, about ten minutes after the meeting, Lee Spencer appears at my door, and he wants to take me to lunch. I said okay. We go to lunch and then he proceeds to unload on me how it wasn't very nice to be talking about all these wonderful things that he and Ed Greene didn't know anything about. [Laughter] So I couldn't even say, "Oh, I thought I sent you a memo. It must have got lost. It must have got lost on the shuttle bus between First Street and there." Well, I'll tell you another little story about being . . .

BM: But it all worked out, though.

WW: It all worked out. Yes. Well, Ed Greene, when he saw the drafts and he did some editing and stuff he loved it. He thought it was just wonderful, industry centralization. I don't think all the A.D.'s liked it all that much. They're assigned things.

MB: The thing was assigned at first, yes.

BM: They were worried about and branch chiefs didn't like it because they were worried about promotions, because they were afraid if they got typecast as being in this industry, that if another job came up in another industry, or an A.D. post that came up that had other industries . . .

WW: That's right.

BM: . . . that they would automatically be out of the picture, because they didn't know about those industries.

WW: Well, I got calls from that. Well, not really, but I think some of it was real estate folks with those limited partnerships and so forth. That's something else that I got stuck with. I had to go out and make the annual presentation for Dick Rowe at these real-estate thingamajigs. Well, they called me up and they weren't happy they were under Borochoff. They thought Irv was tough on them, etcetera.

BM: And over the years he was. [Laughs]

MB: By the time he left he really knew that industry, too.

BM: That's right.

WW: You know, in all candor, I really don't know if CI even had my reservations about the selective review system, because I thought we ought to do 100 percent of everything to protect investors. I'm not getting now into the integrated disclosure system. You know, I was a champion of it. That was a wonderful idea that made a lot of sense. But we had to do this, the industry centralization and the selective review system, in my opinion, because it was kind of the name of the game with the folks on the Hill, with the GAO, because also we underwent that horrible, that audit. Remember the audit? That was also under Williams.

MB: That was under Dick Rowe.

[End Tape 2, Side A]

[Tape 2, Side BBBLANK]

[Begin Tape 3, Side A]

WW: Well, at about that time I was speaking about the training manuals, and I believe at about the same time, we were undergoing a GAO audit of the functions of the division, primarily disclosure operations. We had already had staff meetings about the need for manuals which really spelled out our procedures and what the staff should be doing under certain circumstances, etcetera. I think, in general, everybody thought they were probably a good idea, for training purposes.

One factor that entered my mind at the time was that it would probably ring well also with the oversight committees, with the GAO folks. And I think it did. I think that was one of the end results of those manuals, because I think I have seen some correspondence from some law firms on the outside who thought that certain of the procedures that we adopted—industry centralization, selective review—I think the term that I recall reading as a quote was that they were brilliant.

MB: Yes. They originally were intended just for the staff, but as I understand it, under the FOIA they became public, ultimately, and I think they did get a very good review from some outsiders.

BM: Yes. They got most of the—I can never remember whether it was procedures or practices. One was more internal, and there were things expurgated out of them. But that was during—it was one of John Huber's big battles, was his attempt to keep them from being public, which he lost in the end, and they did become—that along with—and, of course,

that also led, in our area, to the no-action letters; not the no-action, but the telephone responses and those kinds of things being made public, too, which I think in the long-term actually helped the staff, because they helped people better understand on the outside what's going on. I think once you get past this sort of, "Well, we shouldn't be telling everybody our secrets," idea, you get to the point where it's actually better that people know what's going on, and I think it was a good thing.

WW: I do remember under this selective review system is when Linda Quinn was the director that I guess Ernestine had recommended that there be certain entities that involved proxy statements that we also wouldn't review their proxy statements. And I remember I felt that we should review all of the proxy statements, and shouldn't because that, in my mind, was a very important document for revealing information about stewardship of a company.

I remember we were at a meeting; if you were there, mention our voices were rising, etcetera, and I wasn't going to back off, and Linda was the boss, and I lost. But I remember we were going round and round about that, and I felt that particularly with respect to insider transactions, I felt was always that the proxy document was very important, that that's where you could get your hooks into them as regulators, etcetera. And I was concerned that the big entities weren't going to be reviewed, etc., and that the staff might miss things, etc. But I lost, and I guess the world hasn't quit spinning since we've done that.

BM: Well, it turns out that on insider transaction, a lot of companies weren't disclosing what they should have been.

PR: In the end . . .

MB: Whether it would have been caught by review or not, I don't know.

WW: Absolutely it would have been.

BM: Bill, you mentioned how you got stuck with the budget when you became associate director. Was the budget one of your responsibilities throughout your tenure, or was that just . . .

WW: Yes, it was.

BM: That was all throughout. Now, tell us about your experience, briefly, with the budget, in terms of when you first started CI guess it was during the [Jimmy] Carter administration and then later on with the Republican . . .

WW: Well, up through my time as an A.D. I was only generally aware that there was need for promotions and slots. When we felt we didn't have enough people, we wanted to hire

people, etc. I had no real idea of the formulas for staff years and efficiency factors, etcetera. So when I became an associate, the division's part of the budget had been handled by Neal McCoy, who really was the senior attorney, I guess, in the division.

BM: He was associate director, legal.

MB: He was the only associate director.

WW: And he had been handling the budget for quite a while, etc., so when I came up he was delighted to transfer that responsibility to me. And then I became aware of how the budget was put together. You would do a draft of the workload of the division, which would include, obviously, registration statements, proxies, no-action letters, referrals to enforcement, etc., and you would relate this to a piece of paper and staff years, which is a very significant element in the budget process. Then we would send it to Cin those days it would go up to the exec director's office and the controller's office, and then they would send back some thoughts.

But the budget process in 1977, I guess is about when I got involved, wasn't anywhere near as complicated as it is today, or at the time that I retired, primarily because of the onset of zero-base budgeting, and I had no idea. I went to a training session, and this was under the Carter administration, because as I remember, when Mr. Carter was governor of the State of Georgia he augmented ZBB. And they felt that it was wonderful down

there, that it you'd start out with what your mission was at the zero level, and then at various increments of staff years, you would demonstrate your effectiveness or efficiency with the input of additional staff years, and also you had to support and substantiate your existence, etc. And in my opinion, a then-small regulatory agency like the SEC, to be spending this much manpower preparing a budget of that nature, to me didn't seem to be effective and efficient.

And I complained a little bit. I lost that argument as well, because we went into ZBB with a passion, and it began to grow and grow and grow with each change in the stewardship up in the exec director's office, maybe the controller's office; I don't know. But we had to increment these various levels of efficiency, and then we had to add a final line, and that is, in the budget request, if we requested, let's say, fifty additional staff years, what could we accomplish with the fifty additional staff years? We had to have that at low points and medium points and high points, and the budgets became a mass of paper. And so, yes, I used to pull my hair out over that. And then with the input the workload system, about 1977, was all done on manual records, and so everything done on the budget at that time was based on these manual records. Well, with the augment of the computer system this was before EDGAR we tried to implement and it was Greek to me, and again, I think it came out of Ernestine's office, that you could tie your computers into the branches in what became known as a local area network.

And every branch, when they received workload assignments, would download at a computer at the branch level the filings that they had, and then as they issued their letters of comment or whatever, they would update that system. And then that local area network, at the magic moment, we could be able to generate a computer report which showed that information. Well, at the time I thought, well, this is crazy. But the more we worked on it, the better it got. Now, in my last three or four years, we used those workload runs and they became quite massive as the basis for workload reports in the division's budget processes. I don't know if they still use them or not. I know many staff members . . .

BM: Well, as of four years ago they still did.

WW: Really.

BM: And they still distribute. And, of course, as someone on the other end, those reports were also then generated every week, and then they became sort of yourCyou know, you had to keep looking at those to see how you were doing, because if you were falling behind the curve you were in big trouble.

WW: That's right. That's right.

BM: So they became sort of the thing that ran the, at least the division.

WW: But again, I think the systems, if you have the proper hardware and software, as well as the operators because the staff had to learn computerese in order to utilize the machines that it probably was a very good budget and workload control system. But the budget function I always felt that we needed a full-time person in the division to do budget. I mean, I only did it at night, at the end of the day there. And now I understand that Herb Scholl is the main budget . . .

BM: Yes. I think that's right.

PR: Well, he has been for several years.

MB: He has been for a long time.

BM: Even when you were well, Bill Carter was doing it for a long time for you, because he was after Jack Wheeler, Bill Carter was your assistant.

WW: That's right.

BM: And in the early years you were doing it, Bill was doing it with you.

WW: And Bill hated the budget with a passion.

BM: Well, he hated it and then he got back to the Chief Counsel's Office, and then I think Herb was the one who stepped in. Of course, now Herb has a complete office of his own, in addition to his budget stuff, and all that came with the advent of the computerization of the . . .

WW: Well, I'll tell you, in the history of thingsCwhen we were at First Street, and we were doing budgets and we were doing work, and Ernestine's office was up and running, and we had adopted selective review and industry centralization, and we were well on our way to the shelf rule and so forthCbut the time in registration still was longer than the twenty-day period that the statute refers to. And the staff at First Street really was an unhappy bunch. I will tell you that.

About that time, I think it was the Chairman had augmented a system where periodically representatives from outside law firms would drop in and we'd have a tête-à-tête about things. And those meetingsCwell, I had a couple in my office at First Street. I had this huge office over there, but the building was horrible. The carpets were mildewed. The water system was putrid.

BM: But the windows opened.

WW: The windows would open. That's right. So on this one day there was a meeting with the folks from these law firms, and it was over in the hearing room of the Commission. I went over and these folks wanted to talk about time in registration. And I was in a bad

mood. I've forgot what had happened over there. We sat down and we small-talked a little bit, and they wanted to know. Well, we really hurting staff-wise. We had been cut. We couldn't fillCthere may have been a freeze happening. And I kind of lost it a little bit, and I said if we didn't get some additional staff years, I thought that this term that represented the time in registration before the first letter would go off the Richter Scale, would beCmaybe at that time it might have been, I don't know, sixty-five days or something was the average.

And I said it would probably go up to six months or seven months or so, and I could see these folks just sitting there looking at me like, wellCand it's a true story, I swear to God, because that afternoon they apparently had a meeting with the Chairman, these same folks. And I get a phone call from Ed Greene, and he said, "What did you tell those guys?" And I told him that we have all these vacancies in the branches and the workload in on the rise, and I said, "We just can't stay up with it." And they weren't authorizing overtime at that time either, I think. Well, apparently shortly thereafter, in the budget process that we were involved in, the Chairman authorized a hefty increase in staff years for Corp Fin. So, I always thought, well, it might have gone either way. He could have fired me on the spot for being outspoken.

BM: Well, that little bar chart showing the number of days till first comments was the thing that ruled our lives.

MB: Who was the Chairman? What was his name? Remember the Chairman that started all thoseCwe used to get statistics for him every monthCBreeden.

BM: Yes, Breeden.

WW: Who?

MB: I guess that was after you. Chairman Breeden.

BM: Chairman Breeden, when Linda was the director.

MB: You wouldn't believe the statistics we got for that man. Every week it was a book.

BM: Yes.

MB: And it had bar charts and line graphs and everything, and it had all kinds of informationCfirst letter of comment, time for effectiveness, different kinds of filings.

BM: Well, then when he was so interested in international, there were pages about how many international filings there were.

MB: Small business filings, everything. Oh, it was a huge thing, and he'd get it every week.

BM: And weekly statistical . . .

PR: Information overload.

MB: It was a nightmare. Oh, it was.

BM: And the main thing was that the only thing that really meant anything was the first page where it showed how many days, whether if you'd gone up a half a day in your average review time, then you had a problem, you know? That was some and I don't know whether that still exists.

MB: I don't know. Did it exist after Breeden left? I don't remember.

BM: Well, it ended after Linda left.

MB: All those things, they take a life of their own on. You know, somebody gets it and then it just keeps on going.

BM: It started as Linda was leaving . . .

MB: It sort of died out.

BM: . . . then that no longer became the case.

WW: They probably pulled that data off that local area network.

BM: Oh, yes, they did. It was everything that got fed into the computers.

MB: Herb did all the statistics.

BM: Herb generated all those statistics.

MB: And we had all these pretty colors and everything. It was a beautiful little book.

BM: Bill, let's talk, if we can, a little bit about integrated disclosure, because that occurred during your period as an associate director. Whose idea was that? How did it get implemented and so forth?

WW: Oh, my God. Well, my vague recollection of that is that that started, the idea started before I became an associate.

MB: The Wheat Report.

WW: It was being talked about. The Wheat Report?

MB: Well, actually, the Wheat Report was where it first got started.

WW: That sounds about right.

MB: That was with Dick Rowe, and that was the first thing, and it moved dramatically later on, but that was the first suggestion.

WW: Yes. I remember when Wheat was Commissioner, his principal legal assistant was Dick Rowe.

BM: This is back in the late sixties.

MB: Dick Rowe really did a lot of work on the so-called Wheat Report. Yes.

WW: I remember at one of the old Commission meetings, and it had to do with when a company was going to be late filing its 10K, they would file an application for extension of time. I was a branch chief and Hocker was an A.D., and Mr. Wheat was Commissioner, and Dick Rowe was the legal assistant. There was a company that we had granted an extension of time to file the 10K, and then they filed a second one. I don't recall if the staff granted that or not, but if not, we were considering it. But in the meantime, the company blew up, and it was in the paper, etc. And we had to go up to the Commission and explain why we had granted the extension of time. And I didn't know Mr. Wheat at the time. I mean, I knew who he was, but I hadn't had any experience with

him. It was my branch that had granted the damn thing, and it was a routine application. Whether the company was fibbing or they weren't represented appropriately or what, I don't know, but the staff got it as a matter of routine, and granted it.

Well, Mr. Wheat was real mad. He was chewing Ralph Hocker and me out. We were at the Commission table and for some reason, the more he talked the madder he got.

Remember? And Ralph . . .

BM: That was Williams. You don't mean Wheat himself, do you?

MB: Yes, Wheat was . . .

WW: I mean Wheat.

BM: Oh, that's right. Yes, yes, you're right.

MB: He wasn't Chairman, but he was Commissioner.

BM: That's right.

WW: Well, whoever the Chairman was at that time, he just sat there and letCbecause I remember, Mr. Wheat was just a Commissioner.

BM: Okay.

WW: I remember him telling Che got so mad about it. He was really furious. And we were there, you know, mea culpa; you know, hindsight, we made a mistake, and what are you going to do? And he was so infuriated. I remember he basically threw us out of the meeting. He said, "You'd better get out of here while the getting is good." And Ralph Hocker was so mad when we were going back to the office, he couldn't even speak. To be treated like that, you know, etc. And I remember, we got a phone call from Dick Rowe that he was trying to kind of apologize for the thing, but I never will forget that. That was a bad time.

But no, the integrated disclosure, as I vaguely recall, it sort of started because there were some bright people on the outside who were kind of talking also about, "Hey, we filed a registration statement. We disclosed all this information in the S-1," let's say, "and then later on we filed the 10Ks in the proxy, and we have to repeat the same information," etcetera, "and then if we want to market securities, we have to prepare this big document all over again." I remember seeing a memo on that before I became associate.

MB: I think the Advisory Committee on Corporate Disclosure recommended that, too, and I think Cand Dick Rowe followed up with that. That was like the beginning of what's now Regulation SK.

BM: Yes.

WW: Yes.

MB: And that was the Advisory Committee of Corporate Disclosure recommended it, and Dick Rowe kind of implemented it, and with his Regulation SK. And that sort of got the ball rolling.

WW: An awful lot of intelligent manpower was spent on that, because as things began to move in the division, primarily in the rule-making area, the staff was struggling with it. And then they promulgated the different S forms, the SCwhat, S-9 was one I remember, etcetera. But in the meantime we were still having to fight, if you will, these audits and these internal strife matters. And the manpower that we had to waste on that Chad we not had to deal with Cand you know, maybe that's life, etc., but we had to deal with that. Had we not had to spend those hours there we could have spent it on these other matters, and really been able to make faster progress on these various things. Anyway, that's my general understanding of the integrated disclosure system. It made sense. It was a smart idea, wherever it initiated from, and it was long overdue.

BM: Yes. Well, Bill, we've taken over two hours of your time. Is there anything else that you think merits some discussion?

WW: No, not that I recall, from my historical perception, as I really, I kind of liked the idea when you called me up and said we were going to meet. I got out some of my old papers and refreshed my memory, most of which are good about it, and I appreciate the opportunity myself to refresh my memory on these things. I had a great time there. I still miss a lot of it. As I said at my retirement function, I don't miss the nonsensical aspects of the job. I don't miss the rush-hour headaches, which my sons tell me now is even five times worse than when I retired.

BM: I can attest to that.

WW: I don't miss that, but I certainly loved my time at the Commission, and I hope I've assisted your project.

BM: This has been terrific, and I tell you, if others are as forthcoming as you, in terms of talking about their experience at the Commission, I think it's going to be a great record here for the Historical Society. So, thank you again, Bill.

WW: Thanks a lot. My pleasure.

[End of interview]

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