

Securities and Exchange Commission Historical Society
Interview with Isaac C. Hunt, Jr.
Conducted on July 21, 2015 by Will Thomas

WT: This is an interview with Isaac Hunt, Jr., for the SEC Historical Society's virtual museum and archive of the history of financial regulation. I'm Will Thomas. The date is July 21, 2015, and we're at Mr. Hunt's home in Washington, D.C. Thank you very much for agreeing to speak with us.

IH: Thank you for coming over.

WT: I'm very pleased to be here. The resume that you sent us was very interesting, so I'm eager to hear about the entirety of your career as well as your time at the SEC. First of all, could you tell me a little bit about where you're from and how your career got started? I understand you're from Southern Virginia.

IH: I am a native of Danville, Virginia, which is a town or city right on the border of North Carolina. My mother taught her whole forty-five years right across the border in North Carolina. We had a farm in North Carolina. I think there was nothing extraordinary about my life except I never wanted for anything, and then, two, I went to college a month after I turned fifteen.

WT: I saw that. You said it was a Ford Foundation program?

IH: A Ford Foundation program for early entrance at Fisk, yes.

WT: Of course, this was in the 1950s that you were in school, so that was still the segregated school system at the time.

IH: Yes, yes.

WT: So tell me, with only a couple of years of high school behind you—

IH: I was there with a whole group of people who had a couple of years of high school behind them. Johnnetta Betsch, who became president of Spelman College; David Levering Lewis, who won two Pulitzer Prizes; and a lot of other people. We all were there with two or three years of high school. It was ridiculous.

WT: So how did you learn about that program in the first place, and what was the selection process like?

IH: A next-door neighbor who was a Fisk graduate informed my parents of it and said, “This might be something you'd like your son to look into.” So we applied and I had to go to, I guess, Roanoke, Virginia, to take the test. I hadn't even thought about college. You understand that. You're in the tenth grade, you haven't thought about college. But then if you're in the tenth grade and you're already a year ahead of you at that—what have you

thought about college? Then I had to do this ridiculous thing of writing an autobiography. What does a tenth grader know about writing an autobiography?

But in any event, we went and my parents were very supportive, I think. You know, I've thought about this. I don't know what my life would have been like without that experience. I will never know. You know that. But I think it was a decent experience. I was an exchange student. In those days, one of the things colleges did was you had black kids go to white colleges, and white kids go to black colleges. I was the first black kid to go to Denison University in Ohio, which was, I guess, a decent experience.

WT: And you studied mathematics and economics?

IH: I studied mathematics and economics. Yes, sir.

WT: What attracted you to those fields?

IH: Well, I always liked mathematics because I like geometry. And economics, I guess because of my father and his interest in business. I think that over time—not when I started up, but over time—knowing how successful Dad had been with absolutely no foundation, I just got attracted to it.

WT: Then you did a lot of other activities there besides, your resume said. Why don't you just tell me about some of the activities?

IH: Well, I was on the debate team, and we debated a team from Oxbridge. You know what Oxbridge is, Oxford and Cambridge? I was head of the Men's Senate. I did the photography work for my class yearbook. I was the photographer editor of that. I tried to, unsuccessfully, get an honor code into the university. But, of course, I went to a law school that had the oldest honor code in the country, but I didn't know that at the time when I was trying to get one in. I played intramural ball: basketball, tennis. So I had a decent life there.

WT: At what point did you decide that you wanted to do law school?

IH: I think my father decided that for me. He said, "If you don't know what you're going to do with your life, go to law school." So that's what I did.

WT: And you went to the University of Virginia?

IH: Yes.

WT: What made you decide to go there?

IH: It was my state law school. It was very cheap for an in-state resident. I think my whole law school cost less than one of his years at St. Alban's. That's how cheap it was—about \$300 in tuition a year.

WT: Did you have any idea of what sort of practice you wanted to be in after you left?

IH: Well, I got an offer to go to the SEC as a staff member, and that sounded somewhat interesting to me, so that's what I did.

WT: Staying a little bit longer with the University of Virginia, they had only just begun to admit black students.

IH: I was the second black graduate of the University of Virginia School of Law.

WT: Could you tell me a little bit about that experience?

IH: Well, I think the law school was probably less segregated than any other part of the university. That is, after you took away UVA graduates, the top graduates came from Harvard, Yale, and Princeton, so there was not a lot of racial animosity, in my experience, in the law school. My best friends in the law school were from Harvard and Princeton and Rutgers. And although I saw a lot of segregation in the rest of the university, because it was a very segregated place, it was also almost all male at that time. There were no undergraduate females. But in the law school, in terms of the faculty and the student body, I thought it was a pretty open place. I'm still in contact with some of my friends from the law school. That's over fifty years ago now, but some of them are still friends. So it's a great law school. I've been back a couple times for programs. I

have a former sister-in-law who's on the faculty there, so I'm in contact with the place a lot.

WT: Were you attracted to corporate law in particular, or did you have any sort of notion before you went to the SEC that that was an area you wanted to get into?

IH: I didn't have any sense of that when I went to SEC as a staff member, but I got interested after I became a staff member. I guess I got more interested when I became a law professor because I taught contracts law and corporate law and securities regulation and remedies, primarily. The corporate law stuff got interesting to me when I got into teaching, because, if you're going to teach, you've got to know something about it, and so I had to work very hard to know something about teaching corporate and securities law.

WT: So you were at the SEC in the 1960s then?

IH: 1960s, yeah.

WT: When did you arrive?

IH: 1962.

WT: Tell me a little bit about your experience. It was in the Division of—

IH: The Division of Corporate Finance. I think, as I was thinking about this interview, the SEC was, in those days, filled with a lot of very bright Jewish lawyers who could not get jobs in predominantly WASP law firms. So the SEC then was just not a discriminatory place. Now, when I've read about younger black lawyers who have had horrible times in other jobs in the federal government, that just was not my experience. I mean, I had wonderful friends at the SEC, still have friends from the SEC. And I think it was because so many of them just thought they could not get jobs in WASP law firms, to use a horrible word.

WT: At the same time, there weren't yet that many black staff members at the SEC.

IH: I was the only black lawyer when I was there.

WT: You were the only one. Did that impact your experience there?

IH: There was a woman who was the only black female professional, who I thought was brilliant. She didn't go to law school, but she was a financial analyst. She and I were close friends when I was the only black lawyer. But I guess I just—at the SEC at that time, I didn't feel oppressed at all. I remember going to the March on Washington and thinking that there were all these people here who think they've been oppressed—they have been oppressed—and I'm a lawyer at the SEC and I don't feel oppressed at all. I mean, I just felt comfortable being there.

WT: Did more black lawyers arrive during your original time there?

IH: Not a whole lot.

WT: Could you tell me a little bit about the work that you were doing? Was it reviewing disclosures and that sort of thing?

IH: It was reviewing disclosures under the Investment Company Act, the Securities Act, and Securities and Exchange Act. Because the division in which I worked dealt with investment companies, we had to look at the disclosure documents of all three major disclosure acts: the '33 Act, the '34 Act, and the '40 Act. So we were looking at disclosures in all those areas, and proxies in all those areas.

WT: Often when I've heard people talk about their time in that division, they say that really, when they arrived, they were pretty much thrown right in and had to learn on the job. Was that your experience?

IH: I had no idea what I was getting into. I mean, I didn't know what an investment company was. And they said, "You're going to be reviewing investment company disclosure documents." So it was learning on the job, yes. But no, in my memory at least, no harassment, no discrimination—just learn the job, get the job done.

WT: Do you remember some of the people that you worked with there?

IH: I do. I do. My first boss, whose name I can't remember now, was a branch director—a tragic person because he really was an alcoholic, and that destroyed him. But there were other brilliant lawyers I worked with in the disclosure area and in the general counsel's office: Dennis Lehr who's still a friend; Charles Blankford, who's still a friend. They were both lawyers from first-rate law schools. The woman I mentioned, Carolyn Lewis, who was a graduate of Hampton University but did not go to law school, although she could have. Fred Siesel, who was a member of what was called the Special Study of the Securities Market, which you may have heard of. He was not a lawyer, but he came down to work on the special study, and he became a very close friend and still is a close friend. So, yeah, I remember a lot of the people I worked with.

WT: Did you do anything with the special study?

IH: I didn't, I didn't. They were sort of almost in a room by themselves. I knew what they were doing, and I tried to read it when it came out, but I had no idea. When they were working, they didn't have any idea of how little they knew. One of the people in the special study told me, “We went to a meeting in New York and there was a Princeton guy there, and a Princeton guy there, and a Princeton guy there.” And the Princeton guy says, “What do you want?” and the guys didn't have any idea of what they want, because they didn't know how much the Princeton guys knew about the markets that they didn't know. So they started, essentially, from ground zero and said, “We've got a whole lot to learn

about how this stuff works.” So they did a great job, but they really started out almost from ground zero.

WT: Oftentimes that's kind of the best way to learn about something, is from a state of ignorance. But it must have been intimidating to be coming from the SEC and basically admitting that and then working up to an understanding.

IH: Yes, I think it must have been intimidating for them to say, “We're at the SEC and we don't know half of what these guys know sitting in this room, making all this money at Merrill Lynch and all the rest of the places,” but they didn't know. They didn't know what they didn't know.

WT: Did you have a lot of interaction with the companies that were making their disclosures and so forth?

IH: I did. They came in often. The relationship was usually cordial. I mean, I don't remember having very many fights, but I remember their representatives coming in all the time, and having decent conversations.

WT: So they would actually come in?

IH: Oh, they would come in all the time. It was nothing for them to be in the building talking to us. Yeah, they came in all the time.

WT: Was there a lot of telephone work as well?

IH: Yes—no Internet, obviously, but a lot of telephone work. Not a whole lot of fax, but a whole lot of telephone work and a whole lot of interactive work when they came into the building. There was also some time when we went out, but it was much more usual, I think, for them to come into the building and talk to us. So that was the usual mode of communication, for them to come into the building.

WT: Did you have any involvement with things like no-action letters, interpretive releases?

IH: Yes, a lot of that, a lot of no-action letters. I mean, that was a big deal. “We will not take any action if you do so-and-so.” Yeah, that was a big deal.

WT: And at that point, they didn’t keep a central file of them or anything. I understand that came later in the ‘70s?

IH: You think so?

WT: I’m not sure. I’m not totally secure in my knowledge of that history.

IH: Because I think we kept a file of our no-action letters. Yeah, I think we did, because they were important precedent-setting things. You know, we did a no-action on this so we can do a no-action on that. So I think we did keep a decent file.

WT: There was a real effort to try and keep the interaction with corporations coherent—

IH: Oh, yeah. So we kept the no-action letters, I think that was an important file.

WT: Did you have a notion that you were going to stay there, or did you think that you were going to move on? I know that the next place you went was the Kerner Commission, was it?

IH: Yeah. One of my law school friends who was with a New York law firm came down to work on the Kerner Commission and called me and said, “We need you over here, so come over and join us.” And I said, “John, I don’t have any—” his name was John Boswell. He said he was from Chase City, Virginia. His father was from Chase City, Virginia; he was from Upper East Side, Manhattan, and went to the Putney School. Do you know where the Putney School is?

WT: No, I don't.

IH: It's in Vermont. It's one of the first coed boarding schools in the country, fairly prestigious. Anyway, John went there, came to UVA and went on to graduate school.

We became friends when we met in law school. He called me and said, "Come over to the Kerner Commission with us." So I went over. I essentially, since then, think that changed my life.

WT: Give us a little background on the Kerner Commission, since a lot of people who will be reading this transcript probably won't know a lot about that.

IH: Well, it was called the National Advisory Commission on Civil Disorders. It was called the Kerner Commission because the chair of the commission was Governor Otto Kerner of Illinois, one of the many governors of Illinois who had been to the prison, including one who my son's wife's friend worked for. What's his name?

CH: [Cosby Hunt]: Blagojevich.

IH: But they've had a lot, unfortunately. But anyway, he was the chair. The vice chair was John Lindsay, the mayor of New York City. I got to know two of his staff members very well: Peter Goldmark, whose daughter is a friend of my son, and Jay Kriegel. They were there all the time. So what we did was we went to all the cities that had had what was called civil disturbances in the 1960s and interviewed the leaders of the cities and essentially the minority leaders of the minority community. Now, what we typically did was the black people on the team interviewed the black people; the white people on the team interviewed the white. But in one instance that was distinctive to me, I was the captain of the team that went to Atlanta, and my bosses, both Harvard, called me in and

said, “You will interview the police chief,” because the police chief of Atlanta was the only police chief on the commission. They said, “If you’re going to Atlanta, you’ve got to interview him, and you’ve got to take somebody with you to take notes so there’s no discrepancy about what you said and what the chief—” They didn’t have any question about Chief [Herbert Jenkins]. He was a fine man, terrific guy. So that’s what we did. Except for that interview with the police chief of Atlanta, we almost always divided up black and white. But we worked very hard back at the office.

WT: Where was the office?

IH: At 1016 16th Street, right across the street from Capitol Hill. So that’s where we worked out of. And we worked very hard. A couple times, I remember coming in from work at 8:00 when my wife was going out to work, because we worked all night. But I thought we did a great job. There are a lot of people who don’t know a thing about the Commission now, and I think that’s a real tragedy that people don’t know anything about it, because I thought it was a major piece of work.

WT: How did you feel the Commission’s work was received? I mean, was it used?

IH: I didn’t think it was used. I think Lyndon Johnson wanted it used, but I don’t think he had the backing of the country behind him.

WT: And this was in ’67, ’68?

IH: Yeah. I think Lyndon was ahead of his time on race relations. I had an interview with, I guess, Roy Wilkins, who was also on the Commission, and he said, “You know, when Lyndon Johnson was running against John F. Kennedy, I was in favor of Lyndon Johnson. But if you ever tell anybody that, I’ll say you’re a liar, because nobody will believe that a black man would have chosen Lyndon Johnson over JFK.” But Lyndon was stronger and deeper on race relations than JFK or RFK ever were, and I’ve always believed that. I’m a Southerner. Lyndon was a revised Southerner who had in his bones that racial discrimination was just not right. JFK and RFK I don’t think ever seriously had that belief. I think Teddy may have, but I don’t think JFK and Robert Kennedy ever did.

WT: You think that just comes from their backgrounds, that Johnson was in a position where he had to confront that more directly?

IH: That’s a very interesting question.

CH: Well, Johnson had been a school teacher.

IH: Johnson had been a school teacher, and Johnson had come out of poverty in Texas, and he knew what poverty was like. I mean, where did the Kennedys come from, right? Although, two of them went to my law school, so I can’t disparage them too much. But Johnson came out of poverty. There’s this great article by a guy who did a book on

Lyndon and did this article for the Cosmos Club, of which I'm a member, in which he described Johnson's fanatical work with Franklin Roosevelt to get water to the Texas Hill Country, because he knew if he got electricity and power to the Hill Country, he would change people's lives because women wouldn't have to haul all these things of laundry every week if they could have electricity and make it work. Anybody who wasn't from there didn't understand that, but Lyndon did. And finally I guess FDR said, "Oh, give them a dam," and they gave them a dam and so they got electricity and power in through Texas. And Johnson just had that, in my view, real sense of what it meant to be poor and to come out of being poor that I don't think a lot of people who didn't come from that background had. So I've always just thought that Lyndon was a real significant president.

WT: So coming back to your work on the Kerner Commission, you mentioned that it was a transformative experience for you. Could you tell me more about that?

IH: Well, after the Kerner Commission, I went to New York City to do some work with the Lindsay administration through a company founded on the West Coast with the Air Force. We did work in a lot of areas in the city government, and I was assigned to do work on increasing minority recruitment in the New York City Police Department. So I saw a lot of files that other civilians had not seen.

WT: Police files?

IH: Yes. And it drove the policemen crazy. “Who is this to sit in here looking at our files when no other person, no other civilian, has ever been able to see these files?” And then Jay Kriegel and Peter Goldmark just said, “He will see those files. If he thinks he needs to see those files, he will see those files,” and so they gave me the files. The reason I thought it was transforming was because I don’t think I would have, one, become a law school professor without that experience on the Kerner Commission, and then the work in New York. And if I hadn’t become a law school professor, I would never have become an SEC commissioner.

WT: The work in New York, that was, I’m recalling from your resume, was with the RAND Corporation in Manhattan?

IH: Yes, the RAND Corporation.

WT: That didn’t last a long time. I happen to know a little bit about that, RAND’s New York City work. But that was in that period when they were doing that sort of thing. How big of a team was it?

IH: We had a big team. We had a big office on Madison Avenue and 55th Street. It was a fairly fancy organization. I’m not sure that I think the work produced that much effort in a longstanding way, in the sense of transforming New York City, although it started out as, with John Lindsay’s help, “We’re really going to turn this city around.” But I don’t think we did. I think maybe the work on minority recruiting may have helped some. I

think it helped improve minority recruiting, because there were a lot of people who came through our questionnaire, which we designed, which indicated that there were a lot of young people who wanted to be policemen but just thought they didn't have any chance to because the system was rigged against them.

WT: Well, it was a very long process of reform in that department.

IH: Yeah.

WT: Did that work involve doing a lot of interviews like the Kerner Commission did, or was it more kind of that document-based work you were talking about?

IH: It was a lot of interviews. The heads of the police department were open—they really were—to talking to me and to my colleagues. I mean, I'm sure that was—without knowing, without being able to say it—I'm sure there was some disgruntlement about what we were doing, some disgruntlement about what the Lindsay Administration was trying to do to open up the police department. But by and large, the heads of the—that's what has troubled me so much about the recent incidents with the police, because my memory of the New York City Police Department was that they were trying to be fair. And then when I see this stuff in all these small cities around the country in the last six months, it drives me crazy because it's like, what didn't they learn? How do they not know you can't do this?

Now, I've not been arrested here, but every incident I've had with police in this city, Washington, which I love, has indicated to me that police, white police, are uninformed, uneducated, and manifestly without judgment. Right around the corner, a guy stopped me and didn't believe I lived here, of course. He said, "Keep your hands up because you're making me nervous." I said, "M— f—, arrest me. What are you going to do? Shoot me? Are you crazy? I'm a seventy-six-year-old guy driving a Mercedes and you say I'm making you nervous? What is wrong with you?"

Well, that's what you have to do to confront people. And sometimes people won't do it because they're afraid they might get shot. They really are. That guy in—what was the name of that town in Arkansas or Texas—who pulled out his gun on a couple of kids, he would have shot those kids. He would have shot those kids. He finally resigned after the video came out. He was a Navy veteran, but he was a maniac. He was out of control, out of control. And that's what I think about a lot of the policemen who have been in these incidents. How do you shoot a twelve-year-old kid two seconds after you got out of your car in Cleveland? Tell me how that makes any sense. And he still hasn't been indicted. It's outrageous. Why hasn't he been indicted? We've got the video. We know what happened. Why hasn't he been indicted?

WT: Back when you were working on these issues, almost fifty years ago, in New York, did you look into things like police training and that sort of thing?

IH: You know, we didn't, and we should have. I think, as I've thought about it recently, within the last six months, I don't know what the—is it recruitment? Do you bring in the right people? I don't know that. I really don't know that. Or is it training? Or is it a combination of the two? In New York City, we had a friend who worked in the busiest fire department in the world, which is in Brooklyn. He went to Howard here, but dropped out, I think. But the firemen and the police essentially come from the same class of people. But I think firemen don't get the prejudice police people have because they don't see the worst of people. They see people in distress, houses are burning, but they don't see people on the street shooting people, and I think that makes all the difference in the world in the sense of you don't hear about firemen having problems dealing with black people—only policemen. But they come from the same class of people, in my view, you know, provincial, Irish Catholic, from Queens, yadda, yadda, yadda. But the firemen don't have any problem. Policemen do.

There's been a lot of talk recently about is it training or is it selection, and I've got to believe it's a combination of the two. I really have no clue as to how you pull that off to get the right combination of people. I know we don't want policemen shooting people in the back who are running away. I mean, that's absurd. That's really absurd. But I don't know how you get there. That's not something we dealt with when I was working with the police in New York City. In retrospect, maybe it's something we should have worked on. But I don't know that we had the tools then to know how to do it. I don't know if we have the tools now to know how to do it. But I know we didn't have the tools then to

say, “This guy should be a policeman. This guy, keep him away from – if you give him a gun, he’ll go crazy.” I don't know we had the tools to know that.

WT: There are a lot of people who ascribe the problems to just a failure to change racial attitudes. Now, you refer to the differences between firefighters and police officers. You say at the SEC, as far back as the 1960s, you didn't experience that much discrimination.

IH: I didn't.

WT: So what's your take on all that? You've seen a very long history of racial relations in America in a lot of different contexts. Do you think it's just a general failure to change attitudes, or do you think it's a more technical, if you will, issue than that? Maybe that's a too philosophical question.

WT: No. I think my experience at the SEC, which, as I said, was essentially a Jewish agency at the time, and my experience in law school, which was essentially a WASP law school at the time, an upper class WASP law school, gave me a perspective on how things could be okay between people of different races. But I think, looking at what's going on today with the police, I think it's a class thing, and I don't know how you get around that. My experiences with police here in town, although I say I've never been arrested—I've gotten a couple tickets but never been arrested—is that they just are a different class of people from the white people I knew when I was in law school or at the SEC, more provincial, less educated, and I don't know how you change that.

Because you're not going to get Ivy League kids, unless you're Donald Graham, to go into the police force. They come from a different class. And then when Donald Graham went in, everybody knew he was Donald Graham. I mean, what are you going to do? He's the son of the guy who owns the *Washington Post*. How is he going to be treated? He's going to be treated pretty well as a policeman. Even though he's on the street, he's going to be treated pretty well. But those are not the kids who go into the police force, by and large. They are provincial, relatively uneducated kids, black and white, and this is their way out, to join the police force.

And I have no idea as to how to make them—we have this crazy, almost us-against-them thing about the police. It's the community and then it's the law, the long blue line, and we're opposed to one another. The Baltimore situation is a prime example of that, because God knows Baltimore has a lot of problems. A lot of problems. More than this city has in terms of the integration of communities and all the rest of it. But the dichotomy between the police force and the citizenry of West Baltimore was just striking to me when I saw what was going on in that city. It was like a war. It's us against them. We need to bring out all of our storm troopers and our military weapons, because we've got to keep these people at bay. I thought it was awful.

I mean, I hope it's gotten better. They've gotten rid of the police chief, who I don't know anything about. I don't know anything about the mayor or the state's attorney there

either, who are both black women. Although Cosby knows I guess somebody who went to college with the mayor.

WT: Just for the recording, you're referring to your son just now, Cosby.

IH: Yes. But we've got to get this sort of we-against-them sort of thing out of, in my view, the attitude between the police force and the community at large. And I think it's gotten worse since we got the current admin. I really do. I don't know why, but I think it's gotten worse. In most large cities, and I don't know why that is, because I haven't lived in most—you know, I've lived here, I've lived in New York, but it's gotten worse, I think, and I don't know why that is. I really don't. But I think it's true. And we've got to change that. We've just got to change that.

WT: Coming back to your career, I know you worked for a private law firm for a while.

IH: Jones, Day, Reavis & Pogue.

WT: Tell me about that.

IH: Well, it was a great law firm, centered in Cleveland with a major office here in Washington: extraordinary lawyers, incredible client base. I mean, we had clients all over the country. So it was a good experience to work there.

WT: What brought you into private law? Was this right after the New York City thing?

IH: No, I think this was after teaching.

WT: Okay. Well, maybe I better let you lead the way, because I don't have your resume in front of me.

CH: Wait, Dad, wasn't Jones Day after the Pentagon?

IH: Oh, I forgot that.

WT: Oh. Well, let's go back then and see if we can go forward in the right order.

IH: Cosby, my resume's up on my desk.

CH: Do you want to give that to Will, Dad?

IH: He has a copy of it. He just didn't have it with him today.

[The resume is obtained during a break in the audio.]

WT: Sure. Let me shuffle through there real quick. Oh, yes, so that was when you went to Catholic University, so you started teaching then.

IH: Uh-huh.

WT: So tell me how you got into teaching. What made you decide to do that, and how did you end up at Catholic and Bryn Mawr?

IH: I met the president of Bryn Mawr at the Aspen Institute, which was another great experience in my life, and he said, “Why don’t you come to Bryn Mawr and teach a course in law at our School of Social Work?” I don't know anything about teaching in the School of Social Work.

WT: Can I go back to the Aspen Institute? Could you give me a little bit of background?

IH: The Aspen Institute, the guy who’s head of it now wrote a autobiography of the guy who was the founder of Apple.

WT: Is this Isaacson?

IH: Yeah.

WT: Okay. I know him, actually, a little. I mean, I don’t know him personally, but I’ve seen him talk.

IH: I don't know him at all. But anyway, the Aspen Institute, when it was founded, was an institute founded by a German executive who came here, his name was Walter Paepcke, and he thought American business executives were essentially uncivilized, so he started this institute out in Aspen. The first guy he brought out was the Nobel laureate who's also a world-famous physician and organist who did leprosy work in Africa. He brought him to Aspen, Colorado, to be a musician and a world scholar. And so that founded this place. He founded this place that brought scholars from around the world, essentially for two weeks at a time. What you did was, at least in the winter executive institute that I was a part of, you studied great books all morning, and you skied all afternoon—not a bad deal.

WT: Not too bad.

IH: Free food. Free ski lifts. Free housing. Free transportation.

WT: Was this while you working on the New York police study? Maybe a little bit after?

IH: I think after. Yeah, a little after. No, because I was back here. I remember, I was back here. I went out there twice. I went out first as a resource person, because somebody who worked with me on the Kerner Commission got a job there and they said, "We need some black guys out here. This is an all-white institution." And so Bruce said, "Well, I've got two friends who worked with me on the Kerner Commission. Why don't we bring them out one by one to work at the Aspen Institute?" So Tex Wilson went out first

and then I came up later. And then they brought me back after I'd been a resource fellow to be moderator, which is the head of the two-week session. So that's what I went up for. Then they had a lot of extra sessions that they would bring me out in the summertime, often, so I would go out on special sessions. So it was a nice connection for a while.

WT: So that's how you got involved with teaching.

IH: It's how I got involved with Bryn Mawr. But in terms of Catholic, the dean of the Catholic University Law School called a friend of mine who was on the Harvard Law faculty named Derrick Bell, the first black tenured professor at Harvard Law School, and said, "I want to hire somebody to be on my law faculty. Who do you suggest?" And Derrick said, "Call Ike Hunt. He's right around the corner from you. Just call him. See if he's interested." So that's what happened. I was still in New York working with the police department, but he called me and said, "Why don't you come down here and talk to me about teaching at Catholic?" I said, "I don't ever think about teaching law." He said, "Come down, talk to me." And that's how I got into teaching.

WT: And so that's also when you really became involved with securities law, corporate—it says here on your resume, "Contracts, conflict of laws, remedies, corporations and securities regulation."

IH: Ridiculous, yeah. I only taught conflicts of laws once. But yeah, that's how I got really involved in corporate and securities.

WT: So tell me a little bit about teaching at Catholic then.

IH: One of my closest friends became dean and built the new law school building. His name was Ralph Rohner. But when I was there, it was not a Catholic law school at all. I mean, we had a couple of priests who were on the faculty, but there was no doctrine or anything about this is a Catholic law school and you've got to teach Catholic law. It was a law school. It was a law school, and we taught law. And so that's what made it really a good place for me to be.

WT: And then I see it was from there that you went to Jones Day for just a couple of years.

IH: Yeah.

WT: And then you were in the Department of the Army for a couple of years, '79 to '81, principal deputy general counsel.

IH: Great job. Great job. My son used to love to go over there and have hamburgers at the—they had something called the Secretary's Mess. You have to be a two-star general or above in rank to be a member, and it's like a club. You go every day and they send you a bill at the end of the month. You don't pay anything. No cash crosses the table. You just pay at the end of the month. And you can have, I guess, breakfast and lunch there, no dinners.

But what I thought about that job was, well, as in any profession, there are great people and there are assholes. I thought—and I’ve talked to a former ambassador about this as well—I thought the real cut in the military was made at the three-star level. That is, if you were just decent, you could get to two-star, but if you were really good, you could get to three or four-star. And they made the cut, and they knew they were making the cut at the two-star. If you were an asshole, you didn’t get the three or four-star. You just didn’t. And so, the guys who got the three—

WT: They were pretty good at making that cut?

IH: They were pretty good at making that cut. They were pretty good at making that cut. You can be a fool and be a two-star, but you can’t be a fool and be a three-star. We will not have that. So John Vessey, who became the chairman of the Joint Chiefs, who was a close friend of mine, John Vessey was an incredible human being, but he would say things like—because he came up through the ranks—and in our meeting he would say things like, “When have any of you been a first artillery observer on the front lines in World War II?” “Sir, none of us have done that, and you know that. Why do you keep asking us that, because you know none of the rest of us...” And then he would say, “Okay, then you don’t have the experience I have.” But he was a terrific guy, absolutely a terrific guy, terrific general—adored, absolutely adored by, I think, the whole Army.

So it was a very interesting job. The only experience I had had in the military before that, I had an uncle, my mother's closest brother, probably, who was a surgeon at the Tuskegee Air Force Base. Tuskegee had, at one time, the only veteran's hospital run by black doctors, the Tuskegee Institute founded by Booker T. Washington, and they were both in the same small town. And if you went there and you were Dr. Allan's nephew, the pilots would take you up and give you the plane for five or ten seconds. You know, fuel cost nothing then, so they'd take me up and take my cousin up and we'd fly the plane for a few seconds. That's the only experience I had in the military before, and I was eight years old. That was the only experience I'd had until that principal deputy general counsel.

WT: So how did that come up? Just tell me briefly about what sorts of things you were working on with the Army.

IH: A lot of personnel stuff—not stuff like AWOL; I mean, that's what the uniformed guys did, the JAG Corps—but serious personnel stuff: who gets promoted, who doesn't, who gets demoted. I guess you have to understand that the Army has more civilian personnel than uniformed personnel, and so a lot of stuff that we'd get was with civilian personnel as opposed to uniformed personnel. The other thing we did a lot of was procurement, and I don't think until this day that the Army has learned how to do its procurement well. We just don't do it well. We waste money. We buy the wrong stuff. Sometimes we buy stuff we don't need. Sometimes we even buy stuff the Army doesn't want, because some congressman says, "Well, you know, there's this plant in my district and we've got to

have this stuff coming out.” It’s incredible. It’s incredible. And I don’t think we still have got it right yet. I really don’t. And I think it’s a disgrace, and I think it’s very hard to get right. There’s so many issues there about what you do and what you don’t do right, in terms of the procurement.

But we got a lot of procurement and a lot of personnel. And some crazy espionage, like 5:00 in the afternoon, I get a call, “This is XYZ in the Berlin Embassy, and you’re my contact to say if I can do a counterintelligence thing with another embassy here.” “I don’t know who you are.” “Well, you’re on my list, sir, to call if I need authority to do a counterespionage thing on another embassy in Berlin tonight.” So I said, “Okay. Well, let’s get the documents and see what my authority is.” So every once in a while, that kind of thing would come up.

WT: That’s pretty crazy.

IH: Yes, yes.

WT: I suppose we should arrive at your time as an SEC Commissioner eventually, but you spend then a lot of the ‘80s and the first part of the ‘90s in academic administration at the Antioch School of Law and then at University of Akron School of Law. What are the highlights there? Did you continue to teach and be involved in that securities and corporate law area while you were dean?

IH: At Antioch, I taught once in a while. Antioch was a school here in town that had a great idea about doing clinical education, that is, kids doing practical work. But if we had had the Yale Law School student body and the Antioch model, we would have had the greatest law school in the world. But we didn't have the Yale student body. We had, essentially, disadvantaged kids, and getting them to try to work and study at the same time was a very difficult job. It was an almost impossible task to try to get those kids to do the work and do the study at the same time. They were just not prepared for it. It was hard to get my faculty to recognize, "Guys, we just can't do this." One of my closest friends there was a Harvard Rhodes Scholar, Harvard Law. I said, "Rich, what can we do?" He says, "There's nothing we can do. These people are ideologues and they want to do this and there's no way you're going to get them out of their mindset."

WT: This had been in place before you came in?

IH: Yeah. I mean, they essentially didn't want me because I was so much a traditionalist and they weren't. It was just a different mindset. It was an incredible experience. Akron was a much more traditional law school. I loved Akron. I loved the people in the city. I loved the city. I think we had a great time there. They were nice to me, they were nice to my wife, they were nice to my son. It was a fine experience. It really was. And so I enjoyed that a lot. In retrospect, I don't think I would say I enjoyed Antioch a lot, because it was very hard. It was very hard. And I think it was an impossible task. I really do. But Akron was fine. Akron was just terrific. And, of course, I left Akron to come to the SEC.

WT: So how did the SEC Commissioner position come about? Do you know who it was who suggested you?

IH: Yeah, I do. My friend I mentioned earlier, Fred Siesel, was working for the New York Stock Exchange, but he had a friend who was working in the Washington office of the New York Stock Exchange. And they said, “Arthur Levitt would really like to hire a black Commissioner. He would like to hire the guy who testified for Clarence Thomas in his confirmation hearing, but the women have said, ‘If you hire that guy, we will be in the street outside the White House, so don’t even think about it. Don’t even contemplate it, because we will be in the street, in your face.’” So he said, “Well, I can’t do that. I can’t have all these feminists against me because I hired some guy who testified for Thomas.”

So he was looking around, and Fred Siesel, my friend, said to a guy who was working for the Stock Exchange, “Well, why don’t you tell him to think about Ike Hunt?” And the guy said, “Oh, I remember Ike. He was at the SEC with me on the staff. Why don’t I give his name to Arthur?” That’s what happened. Arthur called me and said, “Come down and we’ll talk.” I came down from Ohio, I guess, and we talked. We got along and he decided this is who I’ll nominate.

WT: And so at this time, I guess there had only been two—Arthur and then Steve Wallman—for a little while on the Commission, so it’s finally beginning to be fleshed out again, I

guess you could say. So did you get the sense that they had been inhibited before your arrival? And then you arrived at the same time as—

IH: Norman.

WT: Norman Johnson.

IH: Yes. Who became a close friend, although he was a Mormon from Utah—conservative, but we got to be great friends. And Steve and I got to be friends. Maybe you've talked to Steve?

WT: Yes, I've talked to Steve.

IH: So we worked together fine. The SEC is essentially not a partisan organization, in my experience. It is either non-partisan or bi-partisan. People try and do the right thing. You don't have the kind of division you have on the Supreme Court now. Like you know how five are going to go; you know how four are going to go. It's not like that. The Commission tries to do the right—my view is the Supreme Court deals with a lot of issues that are of importance to the society, but the SEC, essentially, deals with more sophisticated legal issues. So we can be more non-partisan in terms of trying to deal with those sophisticated legal issues. On the Supreme Court, you get this bipolar split about what you think is the right thing for society: Should we have non-secular marriage, or

should we not? Very important issues, but in my view, in many ways, not as sophisticated as some of the stuff that the SEC dealt with.

WT: You mean at a technical level?

IH: Yes.

WT: All the economics issues, all the legal intricacies.

IH: Yes. And the stuff about what's going on with the exchanges, how rapidly they are changing, the change in terms of how securities are bought and sold. It's just exploded. The stock exchange goes down for a few hours last week, but that's only 14 percent of the market in listed stocks anymore, because there's so many exchanges out there dealing with listed securities. In fact, the exchange in 1980, 80 percent of the listed securities were traded on the exchange. Now it's 14 to 20 percent.

WT: And when you were there, that's kind of really right at that inflection point when a lot of the alternative trading venues started getting going, computerized trading eventually.

IH: Computerized trading, program trading, all that stuff was going on. And the SEC was having a hard time keeping up with the changes that were going on, a hard time keeping up. We didn't have the technical expertise oftentimes that the guys at Goldman Sachs, JP Morgan had, because we couldn't pay them. And we didn't have the machinery. So they

were, in many ways, outdistancing us. I think it's gotten worse, although I know the Commission has tried to keep up lately. I don't know how the present Chairperson is doing. I really don't. I know her a little bit, but I don't know how she's doing. But it really got hard for us to keep up. There was this guy who did—I mean, those two brothers who did the scam. What are their names, in New York?

CH: Madoff?

IH: Madoff. Bernie Madoff.

WT: Of course, yes.

IH: I knew him and his brother. They were in the exchange, in the Commission all the time, really well respected. Nobody had a clue. Nobody had a clue as to what they were doing. Everyone thought they were well-respected members of the financial securities industry. You know, they would come in the building and my staff member would say, "The Madoff boys are here," like everybody knew who the Madoff boys were. Nobody had a clue that this was going on, and it was going on right under us. And if we'd had the slightest clue as to how to check on them, we could have caught them in a reasonable inspection, and we didn't do it.

WT: From your position as a Commissioner, how much influence or how much oversight would you have over things like inspection or the ways that Enforcement decided which cases that they were going to start looking for?

IH: Well, I thought we had a lot, especially in Enforcement, because I thought we had very good Enforcement people when I was there—and Dick Walker, who was a great General Counsel, I thought. But given what’s happened since then, I’m not sure how much real oversight we had. And given the fact that I really think that technology outdistanced the Commission in terms of how things are traded, I don't think we had a lot of oversight over that either, unfortunately. I don't know whether they’ve caught up or not. I just don’t know. But we did get behind.

WT: At this time, Arthur Levitt had his real areas of focus, such as the independence of auditors.

IH: A great idea. A great idea, and a lot of people said, “You shouldn’t be dealing with that.” Arthur and I were very close friends for a while. We split up for reasons I don’t quite understand, but when he was going through that independent auditors thing, I was right with him. We have to know that these auditors are independent. There’s too much, “I’ll give you a cut on your fees if you give me some slack on the stuff that you audit in terms of my books, and overlook some stuff.” There was too much of that. I guess the classic example, in my view, was the Arthur Andersen office in Houston, which was the second biggest Arthur Andersen office in the country, the biggest oil and chemical auditing firm

in the country. That was their specialty in that office. Nobody in any other office in Arthur Andersen challenged them about what they did, and they let their clowns get away with murder. They let their clowns get away with murder. And of course the whole office and the whole firm collapsed in large part because of the shenanigans, the horrible stuff in that Texas office. But every auditing firm has this sort of office of officers that's supposed to say, "You can't do that. You can't break that account." Nobody, nobody, nobody challenged the Texas office of Arthur Andersen, and that's what brought them down. That's what brought them down.

WT: So you were there to see some of these issues like the auditor independence questions, and also broker-analyst conflicts.

IH: Yes.

WT: And there was interest in them before those issues exploded with Enron and Eliot Spitzer's investigation, respectively. What was it like to have those things become suddenly extremely prominent issues to have?

IH: I thought that the auditor independence was a non-issue, that this was so obvious, that we've got to have auditor independence, that I didn't know how anybody could challenge that. I just thought, how can you argue with me about that? The auditors have to be independent. How can you not have the auditor independence?

The broker-dealer conflicts I thought was shadier in the sense that you could argue that issue on both sides. I just didn't see how you could argue against the auditor independence issue, because you just had to have that for the system to work. I know the fee system is crazy. You pay us to do your books and you're supposed to be—that's almost built-in, inherent—how do you change that? I don't know, but that's built in. One of the great things about the old Arthur Andersen before it collapsed was that sometimes the founder of the firm would call up the SEC and said, "You didn't go far enough. You need to make us do more." There was hardly anybody in the auditing profession who did that any longer, and that was a real loss. That was a real loss.

I think we got the auditor independence thing—under Arthur, I think we got that right. The broker-dealer thing, I think we still are working on. I think the Commission didn't act well in the 2008 financial crisis. Some of the firms should have taken a haircut and they didn't, and I don't know why we compensated them full bore. We should not have done that. I just don't think we should have done that, and I don't know why we did it. I really don't know why we did it. I tried to watch that. I was no longer there, but I tried to watch that very carefully, and I just think we blew that.

WT: I forgot to mention this before when we were talking, that I had talked with David Becker.

IH: Old friend. Old friend.

WT: We were talking a little bit about Gramm-Leach-Bliley and the Commodity Futures Modernization Act, and particularly the degree to which the bank regulators and particularly the Fed were really kind of in the driver's seat of setting policy on these sorts of things, both then and later on in the financial crisis.

IH: I think David's probably right. I don't know whether you talked to Brooks yet—

WT: Brooksley Born?

IH: Yeah.

WT: No, I haven't spoken to her.

IH: Brooksley said, "You guys are doing this derivatives thing all wrong." Larry Summers and Arthur Levitt said, "Brooks, go to hell. You don't know what you're talking about." Brooks was dead right, dead right. And she couldn't win because these two power mongers said, "Brooksley doesn't know what the fuck she's talking about. Ignore her."

WT: That was Arthur Levitt's position as well?

IH: Yes. "Ignore her. She doesn't know what she's talking about." And she was a friend of mine, too. Brooksley was right. Now, I didn't know how right she was.

WT: Did you know her from before?

IH: No, I knew her when she was Chairman of the CFTC. I didn't know her before. But she was fighting with Arthur and with Larry Summers. So she didn't come to me and said, "Will you join me in this fight?" Maybe she should have. Maybe I would—I don't know what I would have done, because with Arthur Levitt and Larry Summers against you, it's kind of hard. Although I thought Larry Summers was an idiot. We were in Russia together.

WT: You were in Russia with Larry Summers?

IH: Yeah.

WT: Was that part of your dealings with IOSCO, or was that something else entirely?

IH: It was a Russian-American joint meeting about financial regulation, and we were there for a week, week and a half, something like that. The ambassador, his name was—well, I forgot, but he was a very distinguished ambassador, he had an incredible career. He's retired since then. But yeah, we were there together. It was a Russian-American meeting, a big meeting. One of the interesting thing was that none of the Russian wives spoke English and they didn't travel with their husbands when the husbands came here, so they stayed home. And they were essentially sort of provincial women in Russia, so they didn't really know how to deal with us when we came. I guess we didn't know how

to deal with them either. But the men were very different because the men travelled and they came here, and we dealt with them here and we dealt with them there. So that was a very interesting thing to see, that the women were so out of touch with what their husbands were doing. And I don't know why they didn't bring them here, but they didn't. They did not bring them here.

WT: And you were pretty deeply involved with international issues.

IH: Yes, I was.

WT: Could you tell me something about that? Was it primarily through IOSCO?

IH: Mostly through IOSCO. IOSCO was I guess founded by the SEC, essentially, and so our international division of our staff was very active with the international staff of other commissions around the world. I didn't do South America because when I got there, Steve already had Latin America, and he did Argentina, Chile, all that. I got a couple of Latin American countries, but he did most of Latin America. I did the rest of the world, but he did Latin America. A lot of it was accounting, how do you get accounting standards uniform. A lot of it was disclosure, how do you get disclosure uniform around the world. A lot of it was honesty. What do you do about corruption?

Some of the countries in the world simply do not understand. Greece did not understand this. You've got to have honesty. You just can't have people hiding stuff and not doing

the right thing. They just don't understand. And that's just a cultural thing that you don't get over in a day. It takes years to get countries—look at Mexico and corruption. It takes years, decades to get that kind of stuff straightened out, and that's a lot of what we worked on. The accounting, which is in some ways, you could say, easier, because it's technical. You know, what are the standards, what do you disclose? But the cultural stuff is really hard. Really hard.

WT: When you said Greece just now, did you mean the nation, or did you mean like greasing the wheels?

IH: I mean Greece the nation.

WT: Yeah, they had issues as well.

IH: One of my closest friends was the head of the Greek commission while I was Commissioner. He has the degree from MIT. His wife was associated with Harvard. His son worked at Wilmer Cutler here after going to, I think, Georgetown Law. I never met the son, but I knew the husband very well. And he was at a loss as to how to change Greece. There was a Greece law of paying a tax if you had a swimming pool, and nobody said they had a swimming pool. Then they took a helicopter up over Athens, and there were all these swimming pools in the ritzier parts of Athens that nobody acknowledged. "We don't have a swimming pool. We just don't have one." So it's that kind of cultural thing that's really hard.

I mean, Greece—there's been a lot of talk about Greece recently, but it's a small country with a small economy. Whether Greece falls or not is not going to have a whole lot to do with what happens in America or Germany. We're going to survive. The first time I was there, I guess, the ambassador had a dinner for me. I didn't know him at all, but one of the Greek guests at the dinner said, "Mr. Hunt, how do you think you're going to get these people to tell their competitors what's really true in their books? They don't even tell their wives that. It's not going to happen. This is a different culture." Okay. You know? Just a different world.

WT: I was reading over some of your speeches and there were a couple of issues that you mentioned a few times that are a little bit off the beaten trail. One of them was the '35 Act, and I'm kind of curious as to whether you had any preexisting interest in that or if that landed in your lap. What was your interest in the utility holding companies aspect?

IH: I thought that we'd done our job and we needed to be out of the business of—Public Utility Holding Company Act of 1935, is its formal title—I thought we had done our job years ago in terms of clearing up the public utility business, and they should just leave us alone and let us do our work because there were other agencies doing the work dealing with public—the SEC's work, in my view, was done, and I couldn't get that across.

WT: Was the SEC devoting much of their resources?

IH: No. We had, I think, the smallest staff division devoted to it. But I just thought, guys, this is dumb. Let it go. And then they kept calling us up to testify on the Hill, and I would say, “Why the hell am I back up here? We don’t need this anymore.” And they wouldn’t let us out. They just wouldn’t let us out. It was funny. Now, I think one of the reasons that Dodd-Frank is so cumbersome is because when Ted Kennedy got sick and Dodd took on the health care load as well as the Dodd-Frank financial regulation, it was just too much for one senator to do, and he couldn’t do it all well, and so the Dodd-Frank thing just got out of control in the sense of how big it got, how cumbersome. If you look at the original acts, the ’33, the ’34, the ’35 Acts and what Dodd-Frank is like, it’s night and day. This and this. And I think probably Steve would say the same thing, that it makes no sense that this act had to be this cumbersome.

WT: At the time when you were there, towards the end of your time there, there was the Sarbanes-Oxley Act, which is a much leaner, more directed act. Could you tell me a little bit about your experience with that developing? I understand that after Enron, there wasn’t necessarily so much push for legislation, but then once you started to get additional scandals, that cohered very, very quickly.

IH: I don’t remember a whole lot about that. I do remember it cohering very quickly and that the Sarbanes-Oxley Act was a very good thing to do. I think the worst thing that had happened when I was there, or right after I left, was the repeal of the act that divided under—

WT: Glass-Steagall?

IH: Yes. Now, Carter Glass was a racist from Virginia, from my part of Virginia—I think he was from Lynchburg—but a brilliant financier. Not only did he do Glass-Steagall, but he also was critically important in putting together the Federal Reserve System, which people don't remember. So, a genius. But Phil Gramm, in repealing the Glass-Steagall Act, I think that was a disaster. I think that was a real disaster.

WT: This is another one of these things that Levitt would have been in favor of at the time? Well, what was the discussion on the Commission surrounding that?

IH: We didn't have a whole lot of discussion, because I don't think we thought we could win it, that Phil Gramm was going to have his way and it was going to be repealed. So we didn't have Commission hearings about it, I don't think. We didn't have any public discussion of it. It didn't come to us in the normal way of our Commission hearings to say, "We're going to have a hearing on whether Glass-Steagall should be repealed." So we didn't have as much play in that as I thought we should have.

WT: The SEC basically just was in a position to react to it and to figure out how to regulate the new entities that were created after that.

IH: Right, exactly. But looking back on it, it was just a horrible thing to do. But Phil Gramm was determined to do it, and he was a very important chairman of a committee in those days. And it was hard, I think, for Arthur to get a handle on how he should fight it. I don't think he knew how to fight it. I really don't think he knew how to fight it. I haven't talked to him about it in a long time, but I don't think he knew how to fight it.

WT: One of the areas that I know that you had a pivotal role in was Reg FD. It's mentioned in Arthur Levitt's book, and I'm wondering if you can tell me a little bit about your experience with that. I know the rule underwent some modification, particularly in relation to concerns that you may have had about it, but I'm wondering if you could tell me your perspective on it.

IH: Essentially, I had a staff member who said, "I think we can make this area of disclosure better." I said, "Okay, give me some ideas." So we worked on some ideas, we ran them by Steve, we ran them by Arthur, we ran them by Laura. Have you talked to Laura?

WT: One of my colleagues has talked to Laura Unger.

IH: Okay. And we kept trying to refine. And then Arthur came to me and said, "I'm going on vacation, and anything you and your staff come up with, I'll agree to." I said, "Okay. Then when you get back, we'll have a draft." And that's what we did. We kept working on it. I think Steve had some input in it. I don't think Laura had a whole lot to do with it.

I think Steve was more sensitive to the idea than Laura was. So when Arthur came back, we said, "Okay, here's the deal. This is what we want."

Becker came to me and said, "We want to thank you for what you did on getting Regulation FD passed, and so we want to acknowledge you in the Commission meeting." I said, "You don't need to do that because Arthur's going to do that." And they said, "Yeah, we know Arthur's going to do that, but we want to do it, too." So they both said, "Commissioner Hunt and his staff were instrumental in getting Regulation FD." We thought it was an important regulation, yeah.

WT: But you were kind of on the fence about it, given what was going to go in and what wasn't going to go into the final regulation, what a lot of the concerns were, that it would be used in too draconian of a way.

IH: I think there was a feeling that you're using a sledgehammer to fix a nail, and you don't need to do that. And that's what we had to be careful about, to make sure that we weren't overly regulating something that didn't need to be overly regulated. And so, I think after somebody said that to me, my staff and I, I think we were very careful to say, "We're going to try to do this right and to keep it as narrow as possible, to control as much as we need to, but not make it this huge thing that's bigger than it needs to be." And that's what we tried to do.

WT: In his book, Arthur Levitt says that for the final vote on this, he wasn't sure which way you were going to go.

IH: He's a liar. He knew where I was going to be. He knew where I was going to come out.

WT: He was being dramatic about that?

IH: He knew where I was going to go come out on that. I've read that passage in his book, and I said, "Arthur, what are you talking about? You knew how I was going to come out."

WT: So when you were sick that day, it wasn't a diplomatic way of abstaining or anything like that?

IH: No. I don't even know why he put that in the book because, in all honesty, I don't think there was anybody in the building who didn't know how I was going to come out on that issue, so I don't know why Arthur put that in his book.

WT: That's a useful point of clarification. Another one of these—I know you had a big speech about the Aircraft Carrier, and I'm wondering if you could give me a little bit of the background on exactly what was going on there. I guess that was Brian Lane's big attempt to reform disclosure. Do you have much memory of that?

IH: I don't. I remember Brian very well. What's he doing now?

WT: I don't know.

IH: I think he's practicing, but I'm not sure where. No, as I recall—and I really have very little recollection of this—but I just thought Brian was trying to do too much too quickly.

WT: Yeah, that seems to be the consensus.

IH: Brian, you can't do this overnight. And I think a lot of us just thought, you just can't do this. You've got so much precedent. You've got all these cases. Brian, you can't turn this around overnight. And that's why we fought him on that. You know, he thought, "I can do this," and we didn't think he could. We didn't think he could. I think Steve felt the same way: you can't do this, Brian, overnight. So we fought him on it.

WT: So it was just one of those things that was really his initiative, and they allowed him to go through with the release and all of that, but then once that happened, it was pretty much dead in the water.

IH: It was dead in the water. "Brian, we're not going to do this." I went to him, and I think Steve did too, and said, "You're not going to do this. You're not going to get this through this Commission. As long as we're here, this ain't going to happen." And Brian was stunned, and very hardworking, and determined to get his way. But we finally,

“We’re the goddamn Commission, Brian. This ain’t going to happen on our watch.” So that was funny. That was funny, because he really did think he was going to get his way. But he didn’t. He obviously didn’t.

WT: This may be a footnote, but it’s one of the things that I noticed in more than one of your speeches: concern over liability concerning Form U5, the dismissal of lawyers.

IH: Yes, yes. There was a guy in New York, or with one of the regulatory private agencies here, who was determined to change the Form U5 so that there was unbridled lack of liability, on the form, for lawyers. And the first time this guy mentioned it to me, he was with an agency here in town. There was a lobbying firm for lawyers in the agency. And the first time he mentioned it to me, I said, “You’re not going to get this by me. You’re just not going to get this by me. Do you understand that?” Arthur was sitting right there, and Arthur was not a lawyer. He didn’t know, didn’t care, I don’t think, about that. I said, “This ain’t going to happen while I’m here. Now, you can try what you want, but it’s not going to happen.” And so, I fought that all the way. They kept saying, we want, sort of, unfettered freedom for lawyers. It’s not going to happen, guys. It’s just not going to happen. I’m not going to let you do this. Lawyers are going to have some liability here.

WT: Did they have support from other Commissioners for this?

IH: I don't think so. I don't think they had Steve's support. I mean, Steve's a brilliant lawyer. I don't know where they thought they were getting their support from. I mean, they knew from the first day they didn't have mine. I think they knew they didn't have Steve's. I think they thought Arthur—Arthur didn't care, they thought. He could go either way. But the two lawyers, Steve Wallman and Ike Hunt, have said, "This ain't going to happen. Guys, this ain't going to happen," and they wouldn't accept that. And I don't know why. But in the end of the day, we didn't give them their way. We didn't give them their way. And that was a good fight. That was almost like, from day one, this is a stupid idea and I'm not going to let you get away with this, so, end of discussion, this is not going to happen.

WT: I'm wondering if we can come out to the relations among the Commissioners in general. One of the first things I want to ask you about, you told me a little bit about Norman Johnson. Of course, we'll never have oral histories with Commissioner Johnson or with Paul Carey, and so I'm wondering if you can tell me a little bit about them.

IH: Yes. Norm Johnson and I became close friends, and he would often, not always but often say—and this is why I say the Commission is non-partisan; Norman is a Mormon from Utah, for God's sake—he would often say, "Ike, I think your reasoning on this is fine and I'm going to go with you on this issue." I mean, these are technical securities issues—he would say, "I like your reasoning on this, so I'm going to go along with you." And he became a friend. He was a securities lawyer, and a distinguished securities lawyer from Utah, and a good friend of Orrin Hatch. In fact, the first day he was in town, he had me

go with him to do an errand for Orrin. I'm thinking, why the fuck am I doing an errand for Orrin Hatch, who I can't stand? But it was because Norman asked me. We went out to Georgetown to pick up something for Orrin Hatch.

Paul was very close to the Clintons. As you probably know, Paul came from a huge family. And as Hillary used to say, "Every time I see Paul at a White House reception, he's got another one of his cousins with him." So they were very fond of him. He didn't know a thing about securities. I think he was a person of good judgment. He said to me one time, "I want to get this done, but I want you to take the lead because they're afraid of you more than they are afraid of me." Now, we agreed on the issue. I said, "Yeah, that's not a big deal." I think it was something about one of his staff members. I said, "Yeah, I'll take the lead on it, because I totally agree with you." He was a person of good judgment, of great good humor, and obviously died too young. As I think Clarence Thomas should never have been appointed to the Supreme Court, I think Paul Carey should never have been appointed to the SEC, because I think neither of them were qualified for the jobs.

WT: It's basically because he was in the Clinton's circle that he was part of... What was, from your perspective, the Clinton administration's interest in the SEC in general? I mean, I've heard generally that it wasn't actually that much.

IH: It wasn't that much. It wasn't that much at all. They left us alone. To their credit, they didn't interfere. They did not interfere. So I don't know what kind of calls went from the

White House to Arthur's office. I have no idea. Or to the Chairman after Arthur, who is also a friend.

WT: Harvey Pitt?

IH: Yeah. Who lives ten minutes down the street in Kalorama. Do you know where Kalorama is?

WT: Yes.

IH: Right near the French Chancery. Beautiful building there. Right around the corner from there. I know Harvey got in trouble because of a faux pas he made about trying to make the SEC have cabinet status. Everybody thought he was trying to make more money for himself, which was absurd, because if he wanted to make more money for himself, he would have stayed in private practice. He was just trying to get the agency more status. He wasn't trying to get more money for himself.

WT: Well, that's interesting. I haven't actually heard a lot about that. I've spoken to a lot of people in this series of interviews about that early 2000s period in the SEC's history, and I haven't heard too much about Harvey Pitt and the cabinet status question. Can you tell me about that?

IH: I think Harvey wanted to do a good job, worked very hard doing a good job. He did some things that I thought were overly—he wanted to have more open meetings than I thought were necessary, because there are some rudimentary things that you really can do by just signing your name onto a piece of paper. You don't have to get the whole Commission together to pass some really rudimentary things. Harvey wanted everything to go through a meeting. I thought that was a waste of time. But I think he wanted to do a good job.

But I think he sometimes politically had a tone-deaf ear, because he just didn't pick up the vibes about, "Harvey, you can't do this. You can't say you want the Commission to have the same status as the Department of Defense. That just is not going to work." And he didn't do it because he wanted more money for himself. He was just trying to give the Commission more clout. So I think he was wrong, but I don't think he did it out of any kind of selfish motive, really, at all. Not at all. And I like him. I still like him. We got along fine. We still see each other for lunch once in a while, so we got along fine.

WT: Tell me a little bit about that period surrounding Enron and the big scandals of that era. Aside from the obvious enforcement actions, what was the SEC thinking it should be doing in that environment?

IH: I think we thought that the enforcement actions were the things we should have been doing. Now, maybe we should have done more. I don't know what, but I think we thought that we were doing the right things in terms of bringing the enforcement actions

against Enron. And Arthur Andersen crashed, as you know. So I think we thought we were doing the right thing. I do. I hope we were doing the right thing. I know we weren't intentionally not doing something that we thought was the right thing to do. So I think we thought the enforcement actions were the right thing.

WT: Given the thirty-year space between your different times at the SEC, I'm wondering if you can comment in general on the change in the agency in general and about seeing the agency from those two different levels: one at the very ground level of reviewing—

IH: Below ground. (Laughter)

WT: (Laughter) Down in the subterranean parking garage, and then being at the top level, and if ever you thought that your prior experience there influenced your thinking as a Commissioner.

IH: Well, I think that's a very good question. I think I always remembered what it was like to be a staff person, below subterranean level, and how I wanted to be treated, and I tried to never embarrass a staff member. I mean, if they were wrong, I would tell them, or if I thought they were wrong. But I'd never embarrass, never go out of my way to humiliate any staff member. That just wasn't something I did. I just didn't do that.

The other thing, of course, was the staff got incredibly more diverse, male, female, black, white, Hispanic, during the time when I was there as a staff member and the time when I

was there as a—I had more, I think, staff members on my immediate staff who were women than male. That would have been unheard of when I was there as a staff member. I mean, it just wouldn't have happened. There weren't enough females there to have that many females on your individual staff level. So that was a big change. For example, one of my closest staff members is from Charleston and is a relative of Strom Thurmond's second wife. She is going crazy about this stuff that happened in Charleston last week.

(Brief interruption)

WT: Okay, where were we?

IH: We were talking about the change in the staff. I was telling you about the diversity, a big change since I was there as a staffer.

WT: You said that Arthur Levitt had wanted to bring a black person on as Commissioner. Did you ever find that race was relevant?

IH: No. Arthur and I, as I said, we were very close for a long time. We're not now, but I will never disparage what I thought was his incredible job as a Chairman of the Commission. I thought he did a wonderful job. I thought he was fair. He and I mostly agreed on the issues. But even with people with whom he disagreed—I mean, I don't think he liked Steve very much, but he never treated Steve unfairly. I don't think Steve would even say that. He's a very complicated guy. He's very politically ambitious. I think that's why he

and I fell out, because he was trying to stay in favor with some senators who wanted to appoint somebody else, although he wrote me incredible letters of recommendation for reappointment, I mean unbelievable letters. I don't have copies of them because he just showed me copies of what he sent to people like the chairman of the Democratic—the majority leader at the time from Dakotas.

WT: Daschle.

IH: Yes, Daschle. I mean, incredible letters. Although Daschle wanted to appoint somebody else. But Arthur wrote these incredible letters saying, “You’ve got to reappoint Ike. He knows the market. He knows what he’s doing. You’ve got to reappoint him.”

WT: On that question, did you intend to go in for another full term? Because I know the Commission was thinning out again towards the end of your time there. What was the story there?

IH: Well, two stories, I guess. I really would have liked to have gone on the accounting board.

WT: The PCAOB?

IH: Yeah, because I really thought I knew something about that. I'd worked on it for years and I really thought I could bring something to the board. I really did. I mean, I don't

want to brag, but I just really thought that I could bring something to the board and add some value to the board's consideration of the issues they were dealing.

I hadn't thought about going back on the Commission. I thought that maybe I would be reappointed, but I hadn't really given it a whole lot of thought. Because Arthur had written all these incredible letters of recommendation, but then he ran up against Daschle and others who said, "Well, we want to appoint somebody different." So I said, "Well, I've had a great time here. I think I've done a good job here. If they want to appoint somebody else and they have the appointing power"—and I had a lot of people who went up to the Hill to say, "You've got to get Commissioner Hunt reappointed."

So I didn't know why Arthur turned on me, but aside from that, I didn't have any real problems about the fact that they appointed somebody else, because I'd had a good run. I mean, I had all this goddamn international experience that I never thought I'd have in my life, so I'd had a great time. I'd had great staff members who are still friends, so I thought I'd had a great time. So I still don't have any regrets.

WT: So you were reappointed, but it was kind of understood that when they found another Commissioner that you would then step down?

IH: No, it was an interim appointment.

WT: It was an interim.

IH: Yes. I've got two certificates, but one's an interim appointment. So I have no regrets. It was a wonderful job. I had great experiences, so it was fine.

WT: I wanted to ask a little bit about the period under Harvey Pitt. First of all, just if you could sketch out the stylistic differences between Arthur Levitt and Harvey Pitt, Harvey Pitt had spent his entire career in securities law; Levitt had been in the securities industry. But also, the Bush Administration, if there was any difference in their views towards the SEC from the Clinton administration, which was more hands-off. Of course, it's that period of scandal, so it's difficult to compare apples to oranges.

IH: I think they tried to keep a closer handle on Harvey than the Clinton administration ever tried to keep on Arthur, because I just thought the Clinton administration didn't care about what Arthur was doing. They thought the Commission was running well, that Arthur was honest and competent, and I don't think President Clinton gave a shit about what Arthur was doing, whereas with all the scandals doing on when Harvey came in, the White House had to be concerned. Now, how much influence they had over what I considered his ten-year—I don't know. I have no idea about that. He was always nice to me. He sends me a Christmas gift every year. I don't always send him one. A terrific human being. But I think they may have kept him closer to the vest than the Clinton Administration ever kept—well, as you know, the scandals were going on. There were no scandals going on when we were that—things at the Commission seemed to be working well. Then you get Enron and all the rest of it, and it looks like we've got to pay

more attention to this place. And I think Harvey was sensitive to it and Harvey was also aware that he might get fired because they weren't happy with the way he had handled some things. So he was totally aware that they may replace him. I think that was unfortunate, but I think he was aware of it.

WT: Of course, in the wake of the scandals, the question is what is going to be the regulatory response. Well, of course, the inclination of the Bush administration would be more, in general, to be deregulatory, and you maybe see that with some of the appointments if you follow the entirety of the administration. Of course you weren't there, but I'm wondering if there was any sense of those competing priorities coming either from the administration or from the Hill.

IH: I think there was a sense it was going to be more deregulatory, that the Bush administration was simply going to be more deregulatory than the previous administration had been. That was a given. That's who they were, right? That's who they were. So we knew that. We just knew that. Just like you knew that the Obama Administration was going to be different from the Bush Administration—different bodies, different people. They're going to act differently, and if you don't know that, then you're stupid. I mean, that's the way it's going to be. So that was my view. It's a different group of people, they have a different attitude.

Because I'd been in the Pentagon, I kept up a lot with Defense stuff. Even when I was at the Commission, I tried to keep up with what was going on. I couldn't stand Dick

Cheney. I think he didn't know a goddamn thing about what he was talking about. You know, Iraq, I thought he didn't know what he was talking about. And I thought I knew something about that area of the world, because I had thought about it some when I was in the Pentagon. And I just thought he was just—God, they're going to welcome us with roses in their rifles? He was crazy. He was crazy. And I think the world has proven me right and him wrong. I don't worry about that. Dick Cheney, you were an asshole, and you still are. So that was my view about that. I just thought they were just dead wrong. I just thought they were dead wrong. And I didn't come at this, as you know, from ignorance. I came at it from some sense of knowledge about what was going on in that building across the river, and the people in that building across the river.

I know the guy who planned the aborted supposed rescue of the captives in Tehran. I knew the guy who was in the basement planning that. Everybody in the Secretary's Mess knew who the guy was who was planning that raid. And we all were there in the mess the day it blew up, and we all knew who was to blame. Sorry, but we knew who it was. Now, could it have been handled better? I guess so. I mean, who knows when the dust storm is going to come up, but we knew who it was. We knew who the guy was who was planning it. The Pentagon, as I said, is full of assholes and great people, and they make the cut at the two-star level.

WT: So I don't think I have anything else to ask about the SEC, but if there's something we haven't covered, please feel free to bring it up.

IH: No, we talked about it, actually. My principal domestic concern today is what do we do about the rift between the police and the civilians. I don't understand how it's gotten so bad, and I think it needs to be—and as I said to you, I don't know what the solution is. Do you select better, or do you train better, or do you do both? I just don't know. I wish I did. And I don't think it's a matter of race. I don't think it's a matter of living in the community, although I think that could help. But when some little redneck peasant stops me around the corner from this building? This is a house he'll never live in in his life. What the fuck is he doing, you know? In the middle of an afternoon like this. Okay, you want to give me a ticket for running a stop sign—but you don't need to because I didn't endanger a single person—but if you want to give me a ticket, fine. But don't tell me to keep my hands up where you can see because I'm making you nervous. That's just asinine. Just asinine. And they can't stand it when you tell them that.

The other thing I'm concerned about now is I don't know really what's going on in the Middle East, and I can't figure it out. I mean, Iran, Iraq, what is our real purpose there? Because we're spending an awful lot of money. To what end? To what end? And I don't know. And I don't think the President knows. I think Kerry is coming close to knowing because I think he's been trying to be a pretty good Secretary of State, but I don't think Obama knows what the endgame is. And if your President doesn't know what the endgame is, I think it's hard for the administration to know what the endgame is. And so, that's my real concern.

I guess my other concern is—and my son would hate it if he heard me say this—I don't think we should kowtow to Israel. I mean, I just don't believe in that at all, and I think we do that a lot. And I think Netanyahu knows that and he plays it up for all it's worth when he goes to the Hill and speaks without the President's invitation. I mean, I can't imagine. That's a pretty good embarrassment to your biggest supporter when you go to the Hill and speak without his invitation. But the invitation of Boehner? From where, Cincinnati?

So those are my two issues on foreign affairs. My issue on civil issues is that whole problem with the civilian/police thing. And I'm not sure that the Commission has got a handle on what to do with Dodd-Frank. I know it's a huge bill, but I'm not sure they have a handle on how they're going to deal with it over the long term, and it may be a long-term problem to get a handle on that bill. But I haven't had a sense that they've got it in hand.

WT: Are you thinking in terms of rulemaking or in terms of just the adequacy of the bill and its provisions? Both, perhaps.

IH: Both, I think. I think both. I don't have a sense that the rulemaking has been adequate, and I don't have a sense that they've really got a handle on where the bill is and where we, the Commission, ought to be taking it.

WT: So it's both.

IH: Yeah.

WT: So after you left the Commission, I don't know anything about—did you retire?

IH: I did some work for the Philadelphia Stock Exchange for a while, both on their board and then as the ethical consultant of the board and staff for a while. So I did that. I didn't go back on some of the boards I'd been on before, unfortunately. So that's most of what I did.

WT: Okay. Well, I think that we've been speaking for about two hours. You've been very generous with your time. Again, if there's anything else you'd like to add?

IH: No, and I was glad to have you here, glad we were able to finally make it. And if there's any follow-up once you've got your notes together that you need, just feel free to call.

WT: All right. Will do. I appreciate it very much.

[End of Interview]