The committee met at 9:40 a.m., in room 5302, New Senate Office Building, Senator John Sparkman, chairman of the committee, presiding.

Present: Senators Sparkman, Proxmire, Williams, Johnston, Hathaway, Brooke, Packwood, Taft, and Weicker.

Senator Proxmire. The committee will come to order. The chairman has been delayed, and has asked me to start the hearings in his absence. The purpose of the hearing today is to consider the nominations of Mr. G. Bradford Cook, of Illinois, to be a member of the SEC; Mr. Philip A. Loomis, Jr., of California, to be a member of the SEC; and Mr. John R. Evans, of Utah, to be a member of the SEC.

Unless other members of the committee have statements to make, I shall ask Mr. Cook to take the witness stand. We have a biographical sketch supplied by Mr. Cook, which we will put in the record at this point.

(Biography of G. Bradford Cook follows.)

G. Bradford Cook is Director of the Division of Market Regulation of the Securities and Exchange Commission. Prior to August 1972, he had been serving as General Counsel of the Commission.

A native of Lincoln, Nebraska, Mr. Cook was educated at Phillips Exeter Academy, Stanford and the University of Nebraska Law School, where he served as Associate Editor of the Nebraska Law Review. Prior to assuming the position of General Counsel in September 1971, Mr. Cook was a partner in the Chicago law firm of Winston & Strawn, where he specialized in corporate and securities law. He is a member of the American, Nebraska, Illinois and Chicago Bar Associations and is admitted to practice as well before a number of federal courts.

Mr. Cook is a member of the American Bar Association's Corporation, Banking and Business Law Section, the Securities and Corporate Law Sections of the Chicago Bar Association and is an Adviser to the American Bar Association's Federal Securities Code. He is married and the father of four children, and makes his home in the District of Columbia.

Senator Proxmire. Mr. Cook, do you have a statement that you would like to make to the committee?

Mr. Cook. No; I have no prepared statement to make.

Senator Proxmire. You come to the chairmanship of the Securities and Exchange Commission with an excellent background, a man who has been counsel to the SEC— is that correct?
Mr. Cook. Yes; I was.

Senator Proxmire. For some time, and has had substantial experience as a lawyer, and as a corporate lawyer, is unusually well qualified, and fairly well qualified in terms of direct, explicit experience than most people who have been nominated to this position.

I would just like to ask you questions along two lines very briefly. One, you have had considerable holdings, and therefore the conflict-of-interest question, of course, would naturally arise in the mind of some members of the committee, and perhaps in the mind of some of the members of the public, and in order to clear the air as much as possible, I want to make sure we understand the situation.

Your holdings are almost entirely in a "blind trust," is that correct?

Mr. Cook. Well, my personal holdings, which consist primarily of privately held assets--assets that don't have any ready market value--are not held in a "blind trust." My wife's assets have been held in a "blind trust" since I came to Washington in August 1971.

The trustee is the Northern Trust Co., in Chicago, and I am not aware of anything that goes on in her portfolio, which is, or rather was at the time the trust was established, primarily in public issues.

Senator Proxmire. You give a list, is there a list given, I don't know whether this was supplied by you or the committee staff, on page 2, of your corporate/business enterprises, including your directorships and so on. These indicate that you still hold these directorships?

Mr. Cook. The only directorship which I presently hold is in Glenmar Lodge, Inc., which is toward the bottom of the list. That is just a small company in Glen Arbor, Michigan, that holds property contiguous to my summer home and my parents' summer home.

Senator Proxmire. That is simply to inform us of your former directorships and so forth?

Mr. Cook. Yes.

Senator Proxmire. You no longer hold these?

Mr. Cook. No; I resigned from all these boards when I came to the Government.

Senator Proxmire. You indicate some of the major clients you have served: CNA, First National Corp., Central National Bank of Chicago, and so forth. I take it this is not to indicate that you might go back to them, but simply to give us information that you worked with them before?

Mr. Cook. To give you an idea?

Senator Proxmire. Have you any intention of returning to corporate practice soon, or do you expect to stay in your present position for some time?

Mr. Cook. If I am confirmed, I hope to serve in my present position indefinitely. I have no present plans to return to private practice.

Senator Proxmire. I just have one other question I would like to ask you. The SEC staff recommended new regulations to tighten up the disclosure practices of defense contractors. In testimony before the Joint Economic Committee last December, I think, Mr. Loomis indicated that these new regulations were rejected by the Commission. I feel, and some of the other members of the committee feel, that these disclosure recommendations are most important, and that very often investors in defense contracting firms have not been informed of what insiders know and what the Defense Department knew about the prospects, the imminent prospects of overruns and so forth, and we felt, therefore, the regulations recommended by the staff would be helpful.

What is your view on that?

Mr. Cook. Well, I have done just a cursory examination of investigation of the area, because in my capacity as General Counsel, and later as Director of the Division of Marketing Regulation, I was not directly related to the problem. In preparing to be here today, I spoke to some of the staff members, and I recall that we did issue a release--an accounting release--which calls for increased disclosure of unusual charges and potential charges, which I think will be helpful in the defense contracting area.

The staff does intend to examine in depth the 10-K reports, which will be coming in at the end of March for the defense contracting industry.

Senator Proxmire. Would you tell us what those reports are?

Mr. Cook. The 10-K is an annual report filed by all registered companies under the 1934 act. The form requires extensive disclosure, including charges and potential charges, which I think will be helpful in the defense contracting industry.

These forms give a very detailed report of the corporations, and they normally come in around the end of March for those companies which are on a calendar reporting year.

Now, as I understand the present staff position of those who are working in this area, their plan is to examine those thoroughly and then to reevaluate the possibility of coming out with guidelines or additional recommendations.

It would be inappropriate for me to judge the issue, not having the facts before me. Again, my areas of concern were just not connected with this.

Senator Proxmire. I may have other questions, but I yield to the Chairman.

(The point Senator Sparkman assumes the Chair.)

The Chairman. I apologize for being late. I had a group come in that I had to see.

Let me ask you just one or two formal questions. Did you ask him about those financial statements?

Senator Proxmire. Well, he simply said that his wife's holdings were in a "blind trust," and his own holdings are not connected with any kind of public business.

Mr. Cook. I have a few public companies that I acquired some time ago. Since I came to the Government in September 1971, I have neither bought nor sold any of my assets.

I have historically always been an investor, and the public issues that I have really become public through subsequent mergers.

Senator Proxmire. I misunderstood. I am sorry. Have you cleared your holdings with the White House Counsel?

Mr. Cook. Walter North, the Acting General Counsel of the Commission, has filed a certificate with my financial statement, in effect saying that there is no conflict of interest.

The Chairman. We have it here, and there is a certificate from the Acting General Counsel of SEC in which he says that he found nothing in such statements which was not fully in compliance with the
requirements of the Executive order, and he found nothing in the
statements which does not fully comply with the requirements of the
rules of the Securities and Exchange Commission.

Mr. Cook. I believe that is correct, yes.

The Chairman. You understand that your financial statement
will be kept on file in the committee, and Members of the Senate may
see it; in the committee offices, but after that is done, we seal it up and
put it in our files and it will be kept there for the duration of your
tenure, plus I year.

Mr. Cook. Fine.

The Chairman. It will be kept confidential. Any member of the
committee who wants to see it may do so.

Now I want to ask you something else, and that is with reference to
your willingness to appear before congressional committees and
testify when asked to do so.

Mr. Cook. I see no problem or conflict there. I would be ready to
testify at anytime I am asked to.

The Chairman. As a matter of fact, we are required now to certify
on the report that the person whom we are recommending—that the
person is willing to respond to reasonable summons to appear and
testify before duly constituted Senate committees.

Would you answer that in the affirmative?

Mr. Cook. Yes.

The Chairman. Very well.

Senator Bennett?

Senator Bennett. I have no questions, Mr. Chairman.

The Chairman. Senator Williams?

Senator Williams. Just one or two, Mr. Chairman.

Mr. Cook, you have been at the SEC as General Counsel, and you
appreciate the good relationship that the members of this committee
have enjoyed with the Chairman of the Securities and Exchange
Commission, as well as with the Commissioners, over the last 3 years
of our very deep and complete study of the securities industry.

It was a period of close and very helpful communications with the
Commission, and I get the impression that you will follow the close
rapprochement of Chairman Casey as we work on the legislative aspects of the study.

Do you have that feeling of close communication with the Congress?

Mr. Cook. Yes, I do.

Senator Bennett. That, of course, will follow, but beyond that,
our communications formally and informally, we have frequently
arrived at a commonality of interest.

Mr. Cook. Yes, I think there is a very good unofficial relationship.

Senator Williams. I don't want to deal with all the major issues
before us, but just to get an impression of your philosophy and
time frame as to the issues, fixed Commission rates. Chairman
Casey during his tenure broke the fixed Commission rate barrier and
set two levels at which there must be negotiations for competitive
rates.

Do you share this approach?

Mr. Cook. Based upon the present figures from the industry as we
have them today, I see no reason to deviate from the prior statements
made by Chairman Casey before your committee. I believe it was
last March, when he testified that he anticipated that by April 1974,
Senator Brooke. I am sure you did, but I am talking about "blind trusts," generally, how blind they are, and whether you really have maximum concealment from the beneficiaries of the trust.

Mr. Cook. There is the problem that if I could recall an issue, in which I owned, say, a thousand shares when the trust was set up, and I see on my tax return that 500 have been sold, then I could deduce that there might be still left in the portfolio.

I suppose that is a possibility. I intend to keep the same procedures that I had when I was a staff member and have the trustee continue to report directly to the Commission, any of my holdings.

Mr. Cook. But in my experience it has been very well. There is no doubt that the Commissioners set the policy, but I think of all the agencies in this Government that I am familiar with, the Securities and Exchange Commission is the most competent, and has the most capable and dedicated staff members. I have relied upon them in the last year and a half in my present position and I certainly intend to rely upon them in the future.

Mr. Cook. Being presently a staff member, I think the easiest way to find out was when Bill Casey was being interviewed prior to his leaving, and someone asked him, "If you had to give one piece of advice to your successor, what would that be?" He said, "Listen to the staff, because they are usually right."

Mr. Cook. And I have been doing that very well. There is no doubt that the Commissioners set the policy, but I think of all the agencies in this Government that I am familiar with, the Securities and Exchange Commission is the most competent, and has the most capable and dedicated staff members. I have relied upon them in the last year and a half in my present position and I certainly intend to rely upon them in the future.

Senator Taft. Where does the role of the Commissioner, so far as policy-making is concerned, come in as against advice from the staff?

Mr. Cook. There have been occasions when the staff has made a recommendation which the Commissioner has, in effect, reversed, or at least modified, which is not unusual. The Commission sometimes looks at a broader picture. Perhaps there are other areas that the particular division that is working on a project is not aware of, and therefore the Commission might override the staff position.

But by my experience in the last year and a half, I think there were very few times where there has been a formal recommendation from a section of the staff which has been overruled or changed by the Commission.

It happens, it will continue to happen, and it should happen, but I look upon the staff as the starting body to try to make its recommendations based upon past experiences, and when facts have developed, you can't change it, you can't go back. I think there is growing feeling, and it has subsided perhaps a little in the past year or so, during Mr. Casey's jurisdiction, that the Commission is nothing but puppets for the staff. It has been said that unless you have the staff on your side, that the Commission is not in a position to decide in your favor.

Senator Taft. I would think that the staff ordinarily, the Commissioners, do not dispute facts, although, in occasional cases it can happen. Sometimes in certain cases, the staff has done the investigation, and puts together a memorandum to the Commission setting forth the factual background and making a recommendation.

Mr. Cook. Normally, the Commissioner does not dispute facts, although, on occasion, it can happen. Sometimes in certain cases, the staff has done the investigation, and puts together a memorandum to the Commission setting forth the factual background and making a recommendation.

Many times, attached to that memorandum will be a submission by the opposite party where they will argue different facts, and the Commission, after consultation with the staff, makes its decision based upon the entire record.

Senator Taft. What is the relationship to the staff of the individual Commissioner making up his mind on particular questions before the Commission?

Mr. Cook. As I have said, I think the Commission is nothing but the staff's rubber stamp. It is true that the staff is not always the staff's rubber stamp. There are those types of memorandums that come to the Commission. But most of the memorandums that come from the Division come up with a recommendation from the staff.

Senator Taft. The criticism, of course, that you are getting from the business world, and what my questions are directed to, is the fact that there has been a growing feeling, and it has subsided perhaps a little in the past year or so, during Mr. Casey's jurisdiction, that the Commission is nothing but puppets for the staff. It has been said that unless you have the staff on your side, that the Commission is not in a position to decide in your favor.

You to some extent agree with that, apparently?

Mr. Cook. No, Senator, you misunderstand what I am saying. The Wells committee, which was formed about a year ago, attempted to deal with the area which I believe you are referring to; specifically, the enforcement area.

This is the area where I think the most controversy might be in the business world. The Wells committee made a recommendation to bring fairness to the staff's procedures, so that outside persons could make written submissions at the same time the staff sent up its memorandum. This was done by the Commissioners both sides of the argument.

I think that has been helpful. I certainly don't think that the Commission is a rubber stamp. It has not been under Bill Casey and it will not be if I am Chairman, a rubber stamp.
Senator Taft. Let me ask you specifically about the American Electric Power case. Do you feel that the Commission ought to stay in this field, an area in which the decisions of the Commission must be based on the best kinds of technical knowledge and consideration that can be applied to this kind of a case?

Mr. Cooke. The public utility aspect?

Senator Taft. Yes.

Mr. Cooke. I would have to check the record, but my memory, if it serves me correctly, indicates we have at least not taken a negative stand on that. I believe an affirmative stand showing that Division of the Commission should be transferred to the Federal Power Commission would be preferable, as I believe it is a very technical field.

I think a lot of the securities problems that arose during the 1930's and caused the act to be adopted are dated, and today it is more of a technical field than it is a securities field.

Senator Taft. I agree with you. I think the more I take a look at that particular case and other similar ones.

Mr. Cooke. Thank you.

The Chairman. Senator Proxmire?

Senator Proxmire. I would like to follow up on the questions I asked you. I am thinking of companies like Lockheed and Grumman, which have had great problems performing as defense contractors and failed to inform the public of their problems until after they became controversial.

Why shouldn't defense contractors be required, as a matter of law, to make full disclosure in their SEC statements with respect to large cost overruns that will materially affect their financial condition?

Mr. Cooke. I think when they know that it is hard information, or rather, as it gets harder, they should make the proper disclosure, disclosures that would set out the problems and what the impact might be on their financial health.

Senator Proxmire. In the past, there has been a tendency for the SEC to rely upon the certification of CPA firms and not go behind the statements contained in submissions of defense contractors.

In view of the great magnitude of cost overruns and the great injury that has been done to stockholders in companies who have failed to make timely disclosures of problems, don't you think the SEC should make at least spot checks of large defense contractors to determine whether there are cost overruns in defense contracts?

Mr. Cooke. We cannot audit the defense industry.

Congress, when it set up the 1933 Securities Act, said in effect, "We are not going to have a corps of Government auditors, and we will rely upon the independent accountants." But we are reviewing the files, consulting with the accountants to make sure they understand their responsibilities, and we are not just going to accept the things and put them in the drawer.

Senator Proxmire. You wouldn't support legislation that would authorize SEC audit of those contractors?

Mr. Cooke. Well, I believe the defense industry needs auditing costs now of around $20 million. This figure comes to me last night from a staff member. If that is true, then we would in effect have to double our budget to do the job. I think that might be asking too much.

Senator Proxmire. I am asking for spot checks, not a large comprehensive audit of every defense contractor, but spot checks of large contracts, especially where there are developing troubles signs.

Mr. Cooke. You have to determine the term "audit." We are going to start spot checking in March. "Audit" means something entirely different. We are going to spot check, and if we find problems, that will lead to deeper auditing.

Senator Proxmire. Why shouldn't the defense contractors be required to disclose to the stockholders their large contracts, that the contracts are subject to renegotiation, and termination of the convenience of the government, that it may take long periods of time to decide claims, and so forth?

With Litton this is a very decisive matter, as to whether or not they are going to be a going concern now.

Mr. Cooke. Well, generally, again as part of the existing disclosure, all issuers who raise money from the public, and also in their 10-K's...
must disclose their material contracts and all the material facts relating to those contracts.

Now, again, I am not personally familiar with the Litton situation other than what I have read in the paper. I have not done any personal investigation within the Commission, so I do not know if this has not been done.

Senator Proxmire. Our experience was that it affected Litton, Lockheed, and Grumman, that disclosure left much to be desired. This morning I read a letter to me from a man in Hazleton, N.J., who claims I have ruined him by my questions about Lockheed. Of course, it was raised at all, it was because the disclosure wasn't made to him. He was an investor, and he had a right to know about these things, and he was not told about it until the congressional inquiry.

Mr. Cook, I agree. I think they should be disclosed.

Senator Proxmire. This is the main function, so I see it, of the SEC, to require disclosure, so that investors are informed.

How about the relationship between the SEC and the White House? How do you view that? How independent is your operation?

Mr. Cook. How is it what?

Senator Proxmire. The relationship between the SEC and the White House? Senator Taft asked you about the relationship between the Commission and the staff. I am asking you about the White House.

Mr. Cook. It is not the same.

Senator Proxmire. Does that mean you don't listen to their advice with the same degree—

Mr. Cook. We listen to advice from everybody. You can say our doors are open all the time.

My experience at the staff level has included, once in a while, some contact with the White House, but I couldn't even give you a specific situation.

Senator Proxmire. Are those communications on the record?

Mr. Cook. Pardon me?

Senator Proxmire. Are those communications on the record?

Mr. Cook. No. In our record open to the public?

Senator Proxmire. Yes.

Mr. Cook. No, no more than other calls I get from anyone in the country. My contacts have all been innocuous, to say the least.

Senator Proxmire. Why shouldn't these communications be on the record?

Mr. Cook. Well, first of all, you know, it is impossible, unless you are going to have a loudspeaker attached to everyone's phone in the Commission, blatting out conversations to the street, or unless anything is written down by a stenographer. We have many, many calls, many, many inquiries from all segments of the public.

Senator Proxmire. Do you get that many calls from the White House?

Mr. Cook. No, I said all segments of the public.

Senator Proxmire. But you said it would be such a problem.

Mr. Cook. I don't think calls from the White House are any different than calls from the Hill.

Senator Proxmire. You have an unusual degree of self-assurance and self-confidence. Most people think a call from the President would be of more significance than from a Senator.
The Chairman. Very well, sir.

We have your biographical sketch, too, and that will be made a part of the record.

(The information follows.)

Biographical Sketch of Philip A. Loomis, Jr.


Received the Career Service Award of the National Civil Service League in 1964, the SEC Distinguished Service Award in 1966 and the Justice Felix C. Frankfurter Award of the Federal Bar Association in 1971. Member of the American Bar Association, American Law Institute, Federal Bar Association, State Bar of California, Los Angeles Bar Association, Council of the Bar of the District of Columbia, Washington Bar Association, Utah Bar Association, Secular Club, and American Bar Foundation. Member of the Church of Jesus Christ of Latter-Day Saints (Mormon). Presently serving as a Washington Stake High Councilor. Present address: 9208 Seven Locks Road, Bethesda, Maryland 20034. Telephone: 408-6826.

Biographical Sketch of Philip A. Loomis, Jr.

Mr. Chairman. How long have you been with the SEC?

Mr. Loomis. I came as a consultant in 1954, and was made a regular staff member in 1955.

Mr. Chairman. You ought to know the inside workings of it pretty well by now.

Mr. Loomis. Well, I hope I have learned a little.

The Chairman. Senior Proximity?

Senior Proximity. Again, I think this is a fine nomination. It is the kind of nomination we should have, a man who has worked his way through the organization and knows it thoroughly, has a fine career record, and I think he is going to continue to be a fine Commissioner.

The Chairman. Senator Bennett?

Senator Bennett. No questions.

The Chairman. Senator Williams?

Senator Williams. I want to applaud the President for his nomination of Commissioner Loomis. We have worked very closely, our subcommittees on securities—with Commissioner Loomis. It has been a very productive exchange.

I would like to lead you into a question, Mr. Loomis. The fact that you haven't bought any shares, or sold any shares of stock, since you were last here to be confirmed—this doesn't reflect any lack of confidence in the market?

Mr. Loomis. No, I am very happy with what I have, and I didn't think that I should be trading while I am with the Commission.

The Chairman. Senator Brooke?

Senator Brooke. No questions.

The Chairman. Senator Johnson?

Senator Johnson. No questions, Mr. Chairman.

The Chairman. Senator Packwood?

Senator Packwood. No questions.

The Chairman. It looks like you are sailing through easily here. Thank you very much. We wish you well in this new position.

Senator Bennett. I thought you were going down to testify. Are you going to call John up?

The Chairman. John Evans, another nominee to the Securities and Exchange Commission. I will turn him over to Senator Bennett.

Senator Bennett. Mr. Chairman, I am very proud and happy to come down and sit at this side of the witness table today, because it has been a great privilege for me to work with John over the last 10 years. I am very happy that the President has nominated him for this wide service.

I am sure you don't need a long speech from me, because all the members of the committee who have been on the committee longer than a few months have known John's ability. They have known the kind of man to be counted, they know the kind of a man that he is.

I have had an unusual personal opportunity because John has been my chauffeur in and from work for the last 6 or 7 years. We spent at least an hour a day together, discussing the problems of this committee, and other problems facing the Senate, so I have had an opportunity to really know how responsible and able this young man is.

You all have a copy of his biographical sketch before you. I don't think I need to repeat that, but ask that it be made part of the record, Mr. Chairman. I think that's a good idea to have an ex-staff man of this committee on the SEC. I think he will bring to the SEC an understanding of what their activities look like from the point of view of a Senate committee and its staff, and I think he can be very helpful there.

(The biographical sketch follows.)

Biographical Sketch of John R. Evans


Member of the Church of Jesus Christ of Latter-Day Saints (Mormon). Presently serving as a Washington Stake High Councilor. Present address: 9208 Seven Locks Road, Bethesda, Maryland 20034. Telephone: 408-6826.

Legal and voting residence: Murray, Utah.


Scholastic honors: Beta Gamma Sigma, 1959.


1962-1965: Economics Instructor, University of Utah.

Jan. 1960 to June 1960: Research Assistant, Bureau of Economic and Business Research, University of Utah.

Senator Bennett. He is an economist. I don't think that will hurt him, either.

Mr. Chairman, I have the text of a statement prepared by my colleague, Senator Moss of Utah, who was here at 9:30 to support
John’s nomination, but had to go on to another meeting. I ask that this statement be included in the record at this point.

The Chairman. Without objection, that will be done.

(The statement follows.)

STATEMENT OF FRANK F. MOSS, U.S. SENATOR FROM THE STATE OF UTAH

Senator Moss. It is a pleasure to appear here this morning to urge the committee to report favorably the nomination of John R. Evans of Murray, Utah, to be a member of the Securities and Exchange Commission.

I can support John with considerable enthusiasm, and some nostalgia. He is not only an able and fine young man from my own State, but he has been nominated as a commissioner in the agency in which I hold my first job after graduating from George Washington University Law School. I was a member of the legal staff of the Securities and Exchange Commission for about a year, and I have always felt that the experience I got there was some of the most valuable of my entire career.

However, as in all agency work, we attorneys were just there to help those in administrative positions to do what they needed to do to tell them when something could be done legally and when it could not—which I have some firsthand knowledge about the vast responsibilities of which John Evans will be assuming.

And I feel he is completely competent to assume them.

I shall not take the time here this morning to tell the committee how able he is, because you know him through the quality of the work he has done for you as a professional staff member. I have often said that I think there can be no better qualifying experience for a job in one of the executive agencies or regulatory commissions than several years of service in a professional capacity on the congressional committee which deals with the laws which govern that agency or commission. John has worked directly on all securities legislation since 1934, and the United States Securities Act, the Investment Company Act, the Investment Advisers Act, the Federal Reserve Act. He knows the laws, he understands the history, he understands the problems, and he understands the administrative agencies.

Mr. Chairman, the appointment of John Evans is an admirable appointment, and it has my complete support.

The Chairman. I might say at this point, that all three of those members were appointed by this respective Senate.

Senator Bennett. I understand that you have said about John Evans.

Of course, we all know him, and I endorse fully what you have said. I think John has been one of the most capable and fine staff members that we have ever had on this committee or any other committee.

John, you find a similar statement. We have it, and you know from what sources we do with them. We have a statement also from the Acting General Counsel of the SEC, which states that he feels nothing that does not fully comply with the requirements of rule 3 of the Commission's rules of practice. Also he found nothing in your statement which does not fully comply with the requirements of the Executive order.

Mr. Evans. Yes.

The Chairman. Now that you are going to be on the other side of the table, I wonder how you will respond to this question.

Mr. Evans. I think you know how I will respond.

The Chairman. Will you respond to any reasonable summons that may be given to you by a committee of the Senate? In fact, I like to say, a committee of the Congress, and include both Houses, when you receive such summons, and testify?

Mr. Evans. I certainly will, if asked to.

Senator Bennett. Could you change that word “summons” to “invitation”?

The Chairman. I think I said “summons,” because that is the way it is written here, “respond to a reasonable summons to appear and testify before duly constituted Senate committees.” The only suggestion I would make to that, I would say “Congressional committees,” because I think it ought to apply to both sides, the House doesn’t have the opportunity to put him on the griddle as far as confirmation. We do.

We wish you great happiness and success in your work, and hope you may get a good many summonses to appear before us, and we will see you back here.

Do you have questions to ask him?

Senator Proxmire. Well, John, you have been a very valuable and helpful and intelligent member of the staff on the minority side. I think there are few people with whom I have clashed more regularly or emphatically than you, acting for your principal, of course, Senator Bennett. I have always felt great admiration for your ability.

Unfortunately, it has been used, in my view, in the wrong way.

Mr. Evans. I think you know how I will respond.

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Unfortunately, it has been used, in my view, in the wrong way.

Senator Proxmire. I think that as an SEC commissioner, the silver cord will be broken. In other words, you will no longer feel obligated to any member of the Senate in any way, shape or form, that you will be independent, that you may have an intellectual or theoretical agreement—you can’t do anything about that, unfortunately—but you, I am sure, feel now that you will be independent completely of any past association, is that correct?

Mr. Evans. Yes, Senator. I intend to make independent decisions not influenced by personal relationships. I wouldn’t want, however, to sever any good relationship I have with Senator Bennett, other members of the committee, or other members of the Senate. I hope that I would continue to have a good relationship.

Senator Proxmire. What I am worrying about is the type of things, and I wonder if you are going to continue as a chauffeur for Senator Bennett while you are getting $38,000 a year from the Government.

Mr. Evans. He hasn’t asked me to do that. He wouldn’t feel it was part of my responsibility if I am approved as a Commissioner. On occasion, if I brought him to work, I don’t think it would be unacceptable. I would bring you, if you lived close to me.
Senator Proxmire. You would have to run with me. If any day, if you did, it would be voluntarily, it wouldn’t be moonlighting and you wouldn’t be paid for it.

Mr. Evans. No, I wouldn’t be paid for it. It has been a voluntary arrangement with Senator Bennett and has provided an opportunity to discuss committee matters as well as for me to gain a great deal from Senator Bennett. It has been a uniquely rewarding thing for me, but I have not been paid in monetary terms.

Senator Proxmire. He never has been, and if it will set your mind at rest, I am already setting up a different method of getting to work. [Laughter.]

Senator Proxmire. I am delighted, along with the chairman.

The CHAIRMAN. I am curious to know, do you get one of those uniformed chauffeurs and cars that Senator Proxmire has been talking about?

Mr. Evans. No, I don’t think so. I have a 1965 Mustang that brings me very well.

Senator Proxmire. I don’t know whether Mr. Cook gets a chauffeured car or not, but his agency comes before a subcommittee of the Appropriations Committee, of which I am chairman. I will see if money is allocated for that, and if it is, I will do my best to knock it out.

I agree that the nominee is a fine one, and I am delighted to see his nomination.

The CHAIRMAN. Senator Brooke?

Senator Brooke. The only thing I can say is that this is an excellent appointment. I am particularly pleased that the President has seen fit to appoint a professional member of the staff. We have an outstanding staff. Too often, those on the staff do not get an opportunity to serve in the executive branch of the government, and I would suspect that Senator Bennett had something to do with making the recommendation, but at any rate, I would want to commend the President for appointing John Evans, as I said, an outstanding member of the Banking, Housing and Urban Affairs Committee staff, and I am sure he will serve with distinction.

I have no doubt that he will serve the Democrats as well as he will serve the Republicans, Mr. Chairman. He has been partisan, because that was a bit of his job, to be partisan, but his job now is not to be partisan, and I am sure he will not be partisan.

Mr. Evans. Thank you, Senator.

The CHAIRMAN. Senator Williams?

Senator Williams. No questions. I wish to join all of the members in stating my pleasure at the nomination of John Evans to this important post. Our relationship and John’s staff work with the Securities Subcommittee has brought a great deal of accord—as a matter of fact, the bill before us following this hearing has work done by my staff, Senator Bennett’s staff, and we are cosponsors of this major legislation. It has been a good relationship with a great amount of accord.

Congratulations to you, John, I am very pleased.

The CHAIRMAN. Senator Packwood?