REMARKS OF
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U.S. SECURITIES AND EXCHANGE COMMISSION

CHAIRMAN'S FAREWELL RECEPTION
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U. S. Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549
Farewell Remarks

Ladies and Gentlemen, and F.O.B.'s (that's friends of Breeden, of course):

I hope that you will forgive me for reading these remarks. Some of you may not know this, but it is a carefully guarded secret that underneath what some view as a monarchial exterior lies a real person, who happens to feel very deeply about all of you, and this wonderful institution we know as the SEC. Without reading these remarks I won't be able to get through this, so please forgive me.

Let me start by thanking the speakers who have been so kind in their words here tonight. I am as deeply honored by your presence here tonight as I have been enriched by your friendship and your extraordinary help and guidance during the past few years.

Judge Sporkin, Matt Fink, Jim Doty and Chairman Greenspan have all been friends for many years, and I have benefitted greatly from their counsel and perspectives. As you know, Alan and I have differed on a few minor accounting issues, but in addition to a shared passion for tennis we also share a belief in the importance of efficient capital markets as an essential tool in fostering economic growth.

Here in the audience are many, many other friends and colleagues simply too numerous to name, but I wish to thank you all for being here and for all the support that each of you has given to me. Being Chairman of the SEC can place you under immense pressure, and it can be a very lonely position when you have to decide an issue with potentially immense ramifications. By being willing to share your thoughts, each of you helped me survive in a very tough job. If I did it well, it was only due to your help.

Though I can't name all the members of the SEC staff here today who I would like to thank individually, let me say a special word of thanks to you collectively. For all the late nights, for all the pressure, for all the successes and the disappointments, I thank you for your unflagging professionalism and dedication. You make an immense contribution to our great country.

There are a few people I simply must single out briefly. First, a special thanks to our Master of Ceremonies, Carter Beese, and my fellow Commissioners, Rick and Mary. They are each talented individuals. Over time I believe that history will
judge that we accomplished a very great deal, and we did it together.

Another very special group is the family of the Chairman’s office. These are the people who must live and work in closest proximity to the dragon, and put up with the mornings when it took two hours for me to get to work on the George Washington Parkway. To Hilda, Bea, Willidean, Josephine, Janice, Susan, Sharon, Coup, Robert and Mary, thank you.

Of course everyone knows I have had a secret weapon -- actually four of them -- in dealing with the agency’s problems. George Kramer, Susan Nash, Walter Stahr, and Paul Atkins have briefed me on cases, negotiated, pleaded, cajoled, and sometimes begged -- and that was just to get me to sign the seriatim cover sheets. Linda Fienberg, Marianne Smythe, Barbara Green and now Paul Atkins have carried the greatest burden of all as Executive Assistant. These are superb lawyers, as well as wonderful people. Of course, there is one of my best friends and, for the last six years, all around savior, Carolyn Vaughan.

Last, but certainly not least, I would like to thank the four people who have suffered the most through the pressure, long hours, tension, travel, sleepless nights, and other attributes of the life of this Chairman. Most of you know Holly, Whit, Prescott and Todd. They are the most important people in my life, and they have each helped me immensely to get through this experience. When Prescott asked me why I couldn’t be like other Dads it was a pretty tough day for me, and they have paid the price of public service -- and it is a huge price -- without ever complaining. What, never complaining? To paraphrase Gilbert and Sullivan, "well, hardly ever."

I have learned a great deal from my children, and I hope that in time they will recognize that they have learned something from me. I have never been so proud as I have been of them, each in their own way. Happily, they have had the chance to become friends with some of you, and I hope that the ideals of public service at the SEC and the values you represent stay with them as they move on in life. I can’t think of a better group of role models for my sons in their formative years than the men and women of the SEC.

One last person, who is not here today, but without whom I would not be here is President George Bush. George Bush was a great inspiration to me at a formative time in my career. He believes strongly in the importance of every person making a contribution to society in their own way. His decision to give me this opportunity, and to back me up at every turn, cannot ever be repaid, but I will never forget it. I bear responsibility for
the mistakes that I have made, but he deserves the credit, along with all of you, for any lasting good that I may have achieved.

Inevitably going away parties are about a shared past. I can't forget the 156 closed meetings, 1,207 enforcement proceedings, 50 Congressional testimonies, 131 rulemaking actions, $2.2 trillion in capital raised, 3,696 new investment companies, 15 international agreements, and many other things that we went through together. I won't soon forget Mike Milken, Drexel, Salomon and many other difficult cases either. However, I would like to leave you thinking about the future, not the past. There is much unfinished business to do, and even more greatness will be demanded of the SEC in the future than has been needed in the past.

The future of this agency is much more than next year's legislation, or even new rulemaking projects like Market 2000 or our study of derivative instruments (both of which I was very happy to have launched even though their fruits will not be fully seen for some time to come). The SEC is a place that is highly concerned with capital markets and economics. More importantly, it is a place that is about enduring values called honesty and integrity. In this world, the conflict between good and evil, between what we sometimes call "sleaze" and ethical principles of the highest order is never-ending. In terms of ethical values, the Barbarians will always be at the gate, for every person at some time or another will be confronted by the temptation to seek out personal gain through compromising values like truthfulness.

In life we don't get to choose our height, our race, our sex or many other attributes, but we do get to choose our own values and our sense of ethics. So too, each society must determine its level of commitment to openness and integrity, to telling the truth, and to competition on the merits of people, and of ideas.

America made an important choice when it created the SEC. The framers of our system (like those who serve today as its stewards) were wise. They knew that the efficiencies of the market would be greatest if they were coupled with an insistence on public disclosure of all the news, both good and bad, and on fair dealing with the investing public.

I am absolutely certain that there will always be those who call for easing the fundamental core of the American system, which is full disclosure to the market. Disclosure is, after all, the most powerful disciplinary tool of all, since it exposes the good and the bad to the public's sense of right and wrong. By insisting on the values of honesty and openness in our capital markets, we have produced the "cleanest" business community of any country. Those values of openness and truthfulness permeate
our political system along with our economy. However, in many
countries it is not so, and there will always be those in this
country who would trade the disinfectant power of sunshine for
the comfort of life in the shadows. That is why there has to be
an SEC, and why it has to be staffed with people who are willing
to live for, and to fight day by day, for the principles and
values of which this agency is the guardian.

I admit that I am pretty old fashioned, and that I believe
deePLY in things like truth and justice, and the importance of
each person finding their own way to contribute to the greater
good of society. Some people can turn their principles on and
off like the water faucet, depending on to whom they are talking.
I can’t. So, I nudged a few sacred cows, and I ruffled a few
feathers. But I tried to be steadfast in the pursuit of
principle, and I hope that I got people to stop and think about
what was important to them, and to make informed choices on the
important issues. Most of all, I tried to do my part to fight
for a world in which honesty and integrity and excellence are the
standards by which we judge ourselves and others. That has been
the assignment of SEC Chairmen from the beginning, and I have
tried to hold up my part of that extraordinary historic legacy.

Thank you all for helping me try to do that. More
importantly, remember that in the future the commitment of the
SEC to its principles will be constantly tested. When that
happens, I am confident that the SEC will be prepared to stand up
and be counted, and that you will be prepared to take the heat
for doing what is right, even if it is not expedient. Someone has
to be willing to stand unbendingly for principles, and to fight
to preserve our system of values, even when it hurts. That is
the special calling of the SEC, and it is why you will always be
needed.

Thank you and farewell.