

SEC EMPLOYEE NEWS

United States Securities and Exchange Commission
Washington, D.C.

Vol. 22, No. 4
May/June 1998

SEC Launches Financial Literacy Campaign

What better way is there to help people achieve financial security and protect themselves in the markets than a public awareness campaign that encourages people to learn how to save and invest, take control of their finances, and prepare for retirement even if living paycheck to paycheck?

The SEC and the North American Securities Administrators Association (NASAA), along with a national coalition of government agencies, industry associations and consumer organizations, answered that question by launching the *Facts on Saving and Investing Campaign*. The campaign, which seeks to motivate Americans to “get the facts” they need to invest wisely and avoid costly mistakes, was simultaneously launched by securities regulators in more than 20 North, Central and South American countries.

The U.S. campaign was kicked-off during the week of March 29 to April 4 with a series of educational programs and activities in 45 states, starting with the first-ever National Roundtable on Saving and Investing. The roundtable assembled more than 20 of the leading voices from government, industry,

consumer groups and the media, including SEC Chairman Arthur Levitt, FTC Chairman Robert Pitofsky, NYSE Chairman Richard Grasso, and NASD Chairman Frank Zarb.

“We are in the midst of a financial literacy crisis, and many people will pay a high price for their lack of financial knowledge,” Levitt said. “We will succeed only if the discussion we have around this table is repeated at kitchen tables across America.” Participants and attendees alike agreed that the two-hour forum was an extraordinary success that identified numerous ways that government, industry and the media can work together to help educate American investors.

Not surprisingly, organizing a campaign of this magnitude depended on SEC staff from throughout the agency, many of whom joined the Office of Investor Education and Assistance temporarily on detail. “One of the things that makes this campaign so rewarding is working with so many talented and dedicated people throughout the SEC on behalf of helping investors protect themselves,” said OTEA Director Nancy Smith.

Campaign activities included national distribution of the *Ballpark Estimate*, a one-page worksheet created by the American Savings Education Council. The *Ballpark Estimate* helps people quickly calculate how much money they should save each year for retirement. Businesses and government agencies actively encouraged their employees to fill out this simple, six-step worksheet. Several states even distributed it with government paychecks. The SEC’s Philadelphia office took an imaginative approach, passing out copies of the *Ballpark Estimate* on downtown street corners during lunch hour.

The campaign designated Thursday, April 2, “Teach Our Children Day,” to highlight the importance of financial literacy programs in the schools. Chairman Levitt and NASAA President Denise Voigt Crawford visited New York City’s High

School of Economics and Finance, and encouraged the young adults to become financially aware and fiscally savvy.

Other programs showcased during the week included Money 2000, a nationwide grassroots program developed in part by the U.S. Department of Agriculture. The program challenges people to save or reduce their debt by \$2,000 by the year 2000.

But perhaps the highlight of the kick-off week was the concluding event, a National Town Meeting on Saving and Investing that was broadcast live by satellite from Washington, D.C. to more than 30 locations across the country. The town meeting, hosted by CNBC news anchor Tyler Mathisen, featured panelists Arthur Levitt, Denise Crawford, financial planner Betty O'Leary, and ICI board member Larry Lasser. The two-hour public forum offered audience members tips on how to save, invest wisely and protect themselves against fraud. During the last hour audience members from across the country called in with financial questions for the experts. In addition, attendees were able to pick up free informational literature provided by campaign partners such as the Investment Company Institute, the Bond Market Association, and the New York Stock Exchange.

Many of the states that aired the Washington, D.C. telecast also provided live panels with additional experts to answer questions, including Commissioners Isaac Hunt and Laura Unger. Hunt participated in Miami, while Unger spoke at the Boston event. Hispanic outreach efforts included live translations at several town meeting sites, distribution of Spanish language brochures, establishing working relationships with major Hispanic organizations and media and creating a network of SEC staff with a strong interest in investor education outreach to the Hispanic community.

The success of the U.S. campaign was mirrored throughout the Western Hemisphere. Marisa Lago, Director of the Office of International Affairs, said, "The campaign has had a significant, direct impact on the Americas -- its people, its regulators and its markets. Thousands of investors received valuable, non-biased information that they need to make informed saving and investing decisions. Securities regulators enhanced their relationships, with the great success of the campaign evidencing a new high water mark for international cooperation."

The *Facts on Saving and Investing Campaign* kick-off was a major undertaking, which involved the efforts of many people across the country. Undoubtedly, there is still much to be done in the way of educating and motivating Americans to get the facts on saving and investing. But the sheer determination and dedication of those involved with the campaign, combined with the enthusiasm of investors eager to learn, will surely prove to be a winning combination.

If you would like more information about the *Facts on Saving and Investing Campaign*, please visit the Campaign website at www.investoreducation.org or call 1-800-SEC-0330.

Walker Named Director of Enforcement

Richard H. Walker was appointed Director of the Division of Enforcement on April 8. He succeeds William McLucas, who served as director since December 1989.

Mr. Walker joined the Commission in 1991 and has served as General Counsel for the past two years. Prior to that, he was the Director of the Northeast Regional Office for four years. As General Counsel, Mr. Walker helped coordinate the government's successful appeal to the Supreme court in *U.S. v. O'Hagan*, a case that upheld the misappropriation theory of insider trading. In

addition, he oversaw the preparation of a report to the President and the Congress on the impact of the Private Securities Litigation Reform Act of 1995.

As director of the SEC's largest region, with offices in New York, Boston and Philadelphia, Mr. Walker supervised numerous important investigations and prosecutions, including ground breaking insider trading and municipal securities cases, and cases involving the fraudulent sale of securities by Towers Financial Corporation, The Foundation for New Era Philanthropy and Bennett Funding Corporation. He also was instrumental in supporting the U.S. Attorney for the Southern District of New York and the FBI in a sting operation that netted 45 arrests in October 1996 and has resulted in 30 Commission enforcement actions to date.

Chairman Levitt said, "Dick Walker represents a great combination of 'outside' experience and 'inside' knowledge. In private as well as public service, Dick has demonstrated his good judgment, extraordinary intelligence and deep dedication to investor protection. Dick's talent as a litigator, and as a prosecutor, is remarkable. Throughout his service at the Commission, Dick has provided the most trusted and sage counsel to me and my fellow Commissioners."

"We will continue to fight fraud in the microcap market, insider trading, financial accounting abuses, fraud in the municipal securities market and violations of law by those in the securities industry," Mr. Walker said at the briefing announcing his appointment. "Those in the bucket shops, boiler rooms and other fraudulent enterprises that are capitalizing on this bull market ought to think about some other line of business." Mr. Walker went on to call outgoing director William McLucas a "consummate public servant."

Mr. Walker received the Presidential Rank Distinguished Executive Award for 1997 -- the highest federal award for government service. He also received the

Commission's Law and Policy Award in 1997 for his participation in O'Hagan. In 1997, he received the Chairman's Award for Excellence.

Prior to joining the Commission, Mr. Walker was a litigation partner for 15 years in the New York office of Cadwalader, Wickersham & Taft. From 1975 to 1976, Mr. Walker served as law clerk to the Honorable Collins J. Seitz, former Chief Judge of the U.S. Court of Appeals for the Third Circuit. Mr. Walker is a 1972 Phi Beta Kappa graduate of Trinity College and a 1975 graduate cum laude of Temple Law School, where he served as Editor-in-Chief of the *Temple Law Quarterly*.

SEC Volunteers Lunch With Students; More Drivers Wanted

Have you noticed the crowd gathering at 12: 15 Monday afternoons near the 6th Street parking garage entrance? Wondered what they are up to? Through the District of Columbia Public Schools tutoring campaign entitled "Everybody Reads," these SEC volunteers recently began spending their Monday lunch hours, from 12:15 to 1:15, traveling to nearby Montgomery Elementary School at 421 P St., NW, and reading for 35 minutes with 60 second and third grade students. Having quickly grown from 20 to 60 in number, the tutors work primarily with students needing help with reading and comprehension skills. Their goals are to have fun, to help the students improve their reading skills and to be a source of encouragement and motivation for the students.

So far, students, tutors and school administrators seem very pleased. Spiffed up in dresses and ties, students are actually willing to forego their outdoor recess to meet with their tutors for 35 minutes. One tutor, Claire Delabar, Division of Corporation Finance, relayed a touching account a few weeks ago:

"[My student] said he was about to cry because he thought his tutor wasn't there. His expression of joy was priceless when we found each other in the hall. I know. that this whole program makes his day (and mine) special!" The tutoring program "represents the best the SEC offers regarding volunteer services provided to the local government," said Tom Ford, Market Surveillance Analyst.

Working closely with the tutors are school Principal Ann Thomas and her two coordinators, Joyce Aford and Karen Moore, who serve as liaisons between the tutors and the six second and third grade teachers whose students participate. Both Mrs. Aford and Ms. Moore said on behalf of the school staff, "We feel that the partnership with the SEC extends and supports the goals and objectives of the classroom instructional program. The volunteers from the SEC have provided immeasurable worth to the school program." The tutoring campaign turned out to be timely. Shortly after its inception, President Clinton, on April 22, issued a directive, as reported in the "Federal Diary" section of the Washington Post on April 24, encouraging federal agencies to support staff volunteer efforts.

The program is structured so that interested SEC employees can participate weekly or on a drop-in basis. If you are interested in tutoring a student this summer or fall, either once per week or just when your schedule permits, the students welcome your friendship and help.

Transportation has been an ongoing problem for the tutors. Anybody with in-and-out parking privileges in the SEC parking garage or elsewhere is particularly invited either to join the program or lend a vehicle. Approximately half of the 10 drivers, who normally commute by Metro, drive to work on Mondays and must pay twice for public parking. So far, five volunteers with SEC parking privileges have volunteered the use of their cars. One driver, Nancy Smith, Director of the Office of Investor Education and Assistance, commented, "I've joined to tutor and drive. It's not only a worthwhile program, it's fun because the kids. are great."

Contact Darcy Flynn at x4764 or e-mail him at FlynnD for an application or more information. Please indicate whether you can provide a vehicle and, if so, how many passengers you can carry.

Goldschmid Named General Counsel

Harvey J. Goldschmid was named the Commission's General Counsel in May. Mr. Goldschmid expects to join the Commission in early July 1998.

Arthur Levitt said, "Harvey will be a superb General Counsel. The breadth and depth of his legal knowledge and scholarship will be a tremendous asset to the Commission. Over the years Harvey has shared his great wisdom and insight with the Commission on a variety of critical issues." Levitt added, "On behalf of the Commission, I thank Colleen Mahoney, formerly the Commission's Deputy Enforcement Director, for serving as Acting General Counsel until Harvey joins us."

"This is a pivotal and dynamic time in the financial markets" said Harvey Goldschmid. "I am excited by the challenges and the opportunity to make a contribution. The SEC is a great agency. I look forward with delight to working with Chairman Levitt, the Commission and the SEC staff."

As General Counsel, Mr. Goldschmid will be the chief legal officer of the Commission. His responsibilities will include representing the Commission on all actions pending in appellate courts, advising the Commissioners on all enforcement and rulemaking matters, supervising the Commission's responsibilities under the bankruptcy code, assisting the Commission with adjudicatory responsibilities when it sits as an appellate tribunal, representing the Commission in actions arising out of enforcement investigations and other

actions when the Commission is a defendant, and counseling the Commissioners and staff on ethics issues.

Since 1984, Mr. Goldschmid has been the Dwight Professor of Law at Columbia University School of Law. From 1970 to 1984 he served as Assistant Professor, Associate Professor, and Professor of Law at Columbia University School of Law. Between 1966 and 1970 he was an Associate at Debevoise & Plimpton in New York City and from 1965 to 1966 he was a law clerk to Judge Paul R. Hays of the Second Circuit Court of Appeals. And since 1995 he has served as Of Counsel at Arnold & Porter.

Mr. Goldschmid is the author of numerous legal and scholarly books and publications and a frequent lecturer at international legal seminars, and has received several teaching awards, including Columbia Law School's Willis L. M. Reese Award for Excellence in Teaching in 1996 and 1997.

Mr. Goldschmid received his J.D., magna cum laude, from Columbia University School of Law, and his B.A. magna cum laude, from Columbia College. He was a Phi Beta Kappa at Columbia College.

Turner Appointed Chief Accountant

Lynn E. Turner was appointed SEC Chief Accountant, effective July 1. Mr. Turner succeeds Michael Sutton.

Arthur Levitt said, "Lynn has worked at the SEC as an auditor, as a standard setter, and most recently as the CFO of a high-tech company. He has sat on all four sides of the table, giving him a keen understanding of the various and sometimes competing needs and views of the participants in the financial reporting process. This unique background, combined with a zeal for fairness

and transparency, will make Lynn an effective advocate for investors. I am pleased to welcome him back to the Commission.”

“I am excited about the challenges of the new position and look forward to rejoining the SEC,” said Lynn Turner. “I feel my experience in the private sector -- both as CFO of an international high-technology company and as a Coopers & Lybrand audit partner -- will enable me to forge strong relationships with all constituencies.”

As Chief Accountant, Mr. Turner will manage a number of important accounting issues, including the development and coordination of international accounting standards and professional independence issues.

Since 1996 Mr. Turner has served as Chief Financial Officer and Vice President of Symbios, Inc. , a Colorado-based manufacturer of semiconductors and storage systems. Prior to that he was a partner at Coopers & Lybrand, where he was designated as an SEC Consulting partner. He also was appointed as the National Practice Leader for the Coopers & Lybrand High Technology Audit Practice, with responsibility for more than 1,000 professionals. Mr. Turner has worked on various industry task forces, including the AICPA Task Force on Accounting for Software Revenue Recognition.

From 1989 to 1991 he served as a Professional Accounting Fellow at the Securities and Exchange Commission, where he focused on oversight of the professional standard setting practice. And from 1976 to 1989 Turner served in various auditor and management positions at Coopers & Lybrand.

Mr. Turner received his M.A. in Accounting from the University of Nebraska and his B.A. in Business Administration from Colorado State University. He is a member of the AICPA and the Financial Executives Institute.

Colleen Mahoney Named Acting GC

Colleen P. Mahoney was appointed Acting General Counsel on April 19 and will serve in that position until Harvey Goldschmid, the new General Counsel, joins the Commission in July. Ms. Mahoney will then return to private practice.

Ms. Mahoney succeeds Richard Walker, who took over the Commission's Division of Enforcement on May 5, 1998. Prior to this appointment, Ms. Mahoney was Deputy Director.

Chairman Arthur Levitt said, "I am delighted that Colleen has agreed to serve as the Commission's top legal advisor. In her 15 years at the Commission, Colleen has distinguished herself in every position that she has held. Colleen is a superb lawyer whose intellectual abilities are matched by her common sense and practical skills. Her guidance on any number of upcoming securities and legislative issues will be invaluable to me and my fellow Commissioners."

Since 1994 Ms. Mahoney has served as the Deputy Director of the Division of Enforcement. Prior to that, she : served as Executive Assistant to Chairman Levitt, Chief Counsel of the Division of Enforcement and Assistant General Counsel. From 1981 to 1983 Ms. Mahoney was a litigation attorney at Steptoe & Johnson in Washington, D.C.

In 1996 Ms. Mahoney received the Presidential Rank Award of Distinguished Executive and the SEC Chairman's Award for Excellence in 1991. Ms. Mahoney is a summa cum laude graduate of American University Law School, and a magna cum laude graduate of the American University School of Government and Public Administration.

U. S. Savings Bonds; New Interest Rate Declared

The Bureau of the Public Debt announced on May 1 that the rate for Series EE savings bonds issued on or after May 1, 1997 that enter semiannual earnings periods from May through October 1998 is 5.06%. This rate is 90 percent of the average five-year Treasury securities yields for the preceding six months. A new interest rate is announced effective each May 1 and November 1 . A three-month interest penalty is applied to these bonds if redeemed before five years. S

Franklin Roosevelt and the SEC

Last year, President Clinton dedicated a memorial to Franklin Delano Roosevelt, the 32nd president of this nation. Roosevelt was president from March 1933 until his death in office in April 1945. He led the nation out of the Great Depression and through World War II; strengthened, enlarged and modernized the federal government; and created agencies and policies that remain today.

During his first 100 days in office, FDR introduced the New Deal, a program to counter the Depression and the stock market collapse, with employment on public works, farm loans at low rates and social reforms such as old age and unemployment insurance, prevention of child labor, protection of employees against unfair practices by employers and loans to local authorities for slum clearance. He introduced and pushed through Congress hundreds of programs and economic initiatives.

When FDR took office in March 1933, 12 million Americans were unemployed. In some cities, the jobless rate was 50%. Nearly 1,300 local governments were in default. Seventeen percent of the banks had failed; 40% of home mortgages were in default and income of farmers had dropped 70%.

The stock market had collapsed in October 1929. The market value of all stocks listed on the New York Stock Exchange amounted to \$89 billion before the crash. By the middle of 1932, their market value had declined to \$15 billion.

Senate hearings conducted from 1932 to 1934 by the Senate Banking Committee into the causes of the stock market crash were led by counsel Ferdinand Pecora, who became one of the first SEC Commissioners. The hearings disclosed a number of abuses in stock market practices and set up a demand for reform.

The much publicized hearings and the public support for reform paved the way for the Securities Act of 1933, the first effective federal legislation regulating corporate finance.

Several attempts were made at drafting a securities law that would receive congressional approval. Finally, the administration turned to Harvard law professor Felix Frankfurter. He gathered together three young lawyers who had been his top students -- Benjamin Cohen, 39, James Landis, 34, and "Tommy the Cork" Corcoran, 33 -- on Friday, April 7, 1933 at the Carlton Hotel in Washington. By the end of the weekend, they had drafted a new bill. The bill was rushed through the House by Interstate Commerce Committee Chairman Sam Rayburn and passed on May 27.

The 1933 Act was placed under the administration of the Federal Trade Commission. It required disclosure of financial and other information on new issues of corporate securities and prohibited fraud in the sale of all securities. As Pecora's investigation continued to expose abuses, momentum grew for a bill to regulate the stock exchanges. Approached by a Pecora aide to draft a stock exchange bill, Landis, Cohen and Corcoran turned the initial work over to two young government attorneys who produced 12 drafts of the bill before Cohen shaped the final product.

After they changed the bill to make it more palatable to the financial community, it finally passed on June 1, 1934. One of the major amendments to the bill removed oversight of the exchanges from the jurisdiction of the Federal Trade Commission and the Federal Reserve Board, placing it under a new separate commission. With the passage of the bill, the Securities and Exchange Commission was born.

From the Democrats appointed to the first Commission -- Joseph P. Kennedy, James M. Landis and Ferdinand Pecora -- President Roosevelt chose Kennedy as SEC Chairman, disappointing both Landis and Pecora. (Landis went on to become the third SEC Chairman and later Harvard Law School Dean, while Pecora became a Justice on the New York Supreme Court.)

The remaining four securities laws were also enacted during FDR's administration: the Public Utilities Holding Company Act (also drafted primarily by Benjamin Cohen) was enacted in 1935, the Trust Indenture Act in 1939 and the Investment Company and investment Advisers Acts were enacted in 1940.

"The SEC was a child of The New Deal." -- Professor Joel Seligman, University of Arizona

The FDR Memorial

"This great nation will endure as it has endured, will revive and will prosper. So, first of all, let me assert my firm belief that the only thing we have to fear is fear itself -- nameless, unreasoning, unjustified terror which paralyzes needed efforts to convert retreat into advance." -- From Franklin Roosevelt's first inaugural address

The presidency of Franklin Delano Roosevelt, the 32nd of American presidents, is marked by an impressive new memorial located on the Tidal Basin in West Potomac Park. The memorial opened in April 1997.

Designed by landscape architect Lawrence Halprin, the FDR memorial park expands over seven and one-half acres. The park is made up of four outdoor rooms, each representing one of Roosevelt's terms. The park is bounded by twelve-foot walls of carnelian granite that protect it from the sounds of sports and other activities on the nearby Mall. The granite was mined in South Dakota.

Sculptors Leonard Baskin, Neil Estern, Robert Graham, Tom Hardy and George Segal created art works to tell the story of FDR's presidency, while six waterfalls of varying force and many magnificent trees suggest through their ruggedness and volume of sound the atmosphere of the times. For instance, one waterfall suggests the construction of dams, another the destruction of war.

The outdoor rooms cover these periods: the Early Years (1932-36), the years of Social Policy (1936-40), the War Years (1940-44) and the Seeds of Peace (1944-45). Twenty-one quotations from FDR's speeches chiseled in stone recall the issues of the times. These inscriptions were carved by master stone carver John Benson, whose stone carving business dates back to 1705. Three passageways ease the transition from room to room.

Congress authorized the Franklin Delano Roosevelt Memorial Commission in 1946, which in the 1970s made several unsuccessful tries before selecting landscape architect Lawrence Halprin (through a competition) to design the memorial. By that time, the FDR Commission gave up its plan for a heroic monument and specified a rose garden adorned by a statue of the great president. From that plan, under the direction of Halprin, the memorial evolved to its present form.

The site was designated in 1901 by the McMillan Plan as a monument site. The FDR Memorial provides the final point of the kite-shaped axis (of the plan) formed by the Washington, Lincoln and Jefferson Memorials. And each of those memorials can be seen from some spot in the FDR Memorial. From the entrance to the FDR Memorial, the visitor can look back to see the Lincoln Memorial; from Room One an opening unexpectedly provides a view of the Washington Monument, and the walkway from the FDR Memorial leads to the Jefferson Memorial.

During his lifetime, FDR told Supreme Court Justice Felix Frankfurter that he wanted only a modest monument, nothing more than a block of stone. His friends provided that in 1967 on a small grassy triangle in front of the National Archives.

The new memorial invites contemplation on the recent past, the difficult times this country has survived and its good fortune in having had great leaders when they were most needed.

Commission Dedicates Library To Louis Loss

The U.S. Securities and Exchange Commission named its library The Louis Loss Library in a dedication ceremony held on Tuesday, May 12 in room 1C30 of SEC headquarters.

The library was named in memory of Louis Loss, a former SEC staff member who is widely considered to be the intellectual father of securities law.

Speakers at the ceremony included SEC Chairman Arthur Levitt, former SEC Commissioner A. A. Sommer Jr., former SEC Associate General Counsel Milton Kroll, Dean of the University of Arizona College of Law and co-author of the third edition of *Securities Regulation* Joel Seligman and Loss's daughter Margaret,

who is an attorney. Guests included friends and colleagues of Professor Loss from Harvard University.

Margaret Loss, on behalf of Aspen Law and Business, presented to the Commission a reproduction of the Gardner Cox painting of Loss, which is owned by Harvard Law School. It will hang in the SEC Loss Library.

“Louis Loss was among the most admired individuals ever to serve at the U.S. Securities and Exchange Commission,” Chairman Levitt said. “Through his scholarship, diligence and comprehensive understanding of the logic within the law, he has become one of the icons of securities history. Renaming our library in Louis Loss’s memory will help preserve his legacy as a model of legal scholarship and civic commitment.”

Mr. Loss joined the SEC as a staff lawyer in 1937, three years after the agency was founded. He served as Chief Counsel of the Division of Trading and Exchanges from 1944 to 1948 and as Associate General Counsel from 1948 to 1952. He left the Commission in 1952 to join the faculty at Harvard Law School, where he served as Professor of Law from 1952 to 1962 and William Nelson Cromwell Professor of Law from 1962 to 1984. He became William Nelson Cromwell Professor of Law, Emeritus, in 1984. Among his many students during those years were U.S. Supreme Court Justices Kennedy, Ginsburg, Scalia and Souter.

Mr. Loss is the author of the 11-volume treatise *Securities Regulation*. This treatise, long considered the definitive work on the subject, distinguishes Loss as a giant of legal scholarship. His work has been cited in more than 1,000 court decisions, including more than 50 by the U.S. Supreme Court.

Comments of Paul Gonson, SEC Solicitor, at the dedication:

Professor Loss is best known for his long and distinguished career at the Harvard Law School. Before joining the Harvard faculty, he served in this agency for 15 years in a career that itself was admirable. He joined the SEC at the age of 23 in 1937, three years after the agency was created. He rose to become the chief lawyer of the division that regulated securities markets and stockbrokers. Later, as Associate General Counsel, he wrote briefs and delivered oral arguments in appellate cases that established bedrock principles.

A man of considerable energy, as well as intellect, he wrote and published in 1951 a treatise in the field of work in which he had become an expert. He entitled it *Securities Regulation*. That phrase did not exist prior to that time. He needed a title and invented it. In a way, he also invented the subject.

Today, with the securities law well established over six decades, it is easy to lose sight of the enormous significance of Professor Loss's early work. His treatise developed a comprehensive way of looking at a field of law that was then loosely connected. The six statutes that comprise what we refer to today as the federal securities laws were not enacted at a single congressional setting, nor do they have a single legislative focus. Rather, they were enacted during an eight-year period in the decade of the 1930s -- three of those statutes before Professor Loss came to work at the SEC in 1937, and three after that time.

In the preface to his first edition in 1951 he wrote, "I have concluded that the only way to achieve an integrated treatment of the entire field is to treat the six statutes (other than Chapter X) as a single piece of legislation -- which is what they ideally should be." Professor Loss's integrated treatment strongly shaped the later development of the law of securities regulation at the SEC and in the courts. His treatise has been cited over a thousand times by the courts, including over 50 times by the U. S. Supreme Court. And I can testify, as a latter-day old timer myself, that when the SEC staff wasn't sure which way to go we would say, "Look it up in Loss."

After leaving the SEC to join the Harvard faculty in 1952, Professor Loss ultimately attained distinction as the world's preeminent scholar in the field of securities regulation.

We lost a giant when Professor Loss died last fall at the age of 83.

Hoffman Accepts Key FTC Post

Henry Hoffman left his position as Assistant Comptroller of the Commission on May 8, 1998 to become the Chief Financial Manager of the Federal Trade Commission. Mr. Hoffman began his career at the SEC as a budget analyst in the Office of the Comptroller in 1972. He became the Budget Branch Chief in . 1978, Assistant Comptroller in 1984, and served as Acting Comptroller from June 1995 to May 1996.

As Assistant Comptroller, Mr. Hoffman was largely responsible for overseeing the Commission's compliance with the various laws and regulations related to the funding that the agency received from Congress. He was also instrumental in the development of the Commission's budget requests and policies for use of the funds. Mr. Hoffman's technical expertise on financial related matters helped the Commission avoid agency furloughs and other work disruptions during periods when Congress and the President could not agree on a federal budget. He contributed extensively to provisions of the National Securities Markets Improvement Act of 1996, which included the elimination of miscellaneous filing fees the Commission collected under the Independent Offices Appropriations Act of 1952. Mr. Hoffman also chaired the Commission's Government Performance and Results Act Task Force.

Mr. Hoffman's efforts for his work on the budget and financial implications of legislative initiatives were recognized by his colleagues at the Commission and those who worked with him from other federal agencies, OMB, and Capitol Hill. When asked what he would miss about the Commission, he said the people who he had worked with over the years.

PRO Director Cacheris To Leave West Coast

Elaine M. Cacheris, Director of the Pacific Regional Office, announced on April 16 that she will be leaving her position in the near future to relocate to Washington, D.C.

As Regional Director, Ms. Cacheris oversees Commission offices in Los Angeles and San Francisco and is responsible for the administration of the agency's enforcement and regulatory programs on the West Coast. Ms. Cacheris was appointed by former Chairman Richard C. Breeden in February 1992, and is currently the Commission's longest serving regional director.

During her tenure, Ms. Cacheris directed a number of high profile investigations and prosecuted some of the Commission's most significant enforcement cases. Until recently, Ms. Cacheris led the Commission's ongoing investigation into the financial collapse of Orange County, and was responsible for the landmark enforcement actions against the County, its officials, and underwriter, CS First Boston. Ms. Cacheris was also instrumental in drafting the Commission's Report of Investigation concerning Orange County and its Board of Supervisors. This report has been widely recognized as a watershed pronouncement on the disclosure obligations of municipal governments under the federal securities laws.

Under Ms. Cacheris' leadership, the Pacific Regional Office also led an aggressive examination program and pursued a variety of cases against regulated entities and a series of significant cases involving pension administrators. Several important enforcement actions were also initiated against company insiders for financial fraud and insider trading in the securities of LA Gear, Wilshire Technologies, California Micro Devices and IDB Communications.

At the time of her appointment, Ms. Cacheris was involved in the Commission's prosecution of California money manager Steven Wymer, who engaged in a scheme to defraud a number of local governments of more than \$100 million. The Commission's investigation also resulted in Wymer's indictment on 30 felony counts and more than a dozen other civil or administrative actions against Wymer's accomplices and associates.

Ms. Cacheris said, "I feel fortunate to have had such a challenging and rewarding position. I would like to recognize and thank the enormously talented and dedicated staff in the Pacific Regional Office, all of whom I will greatly miss."

Ms. Cacheris began her career with the Commission in 1984 as a staff attorney in the agency's Fort Worth office, transferring to Los Angeles in 1987. In Los Angeles, she rose through the ranks to become head of the region's enforcement program, prior to her appointment to the region's top post. Before joining the Commission staff, Ms. Cacheris was an Assistant Attorney General for the State of Texas and also in private practice.

A MATTER OF ETHICS

Spring Cleaning or A Potpourri of Ethics Issues

by Barbary B. Hannigan, Ethics Counsel

As we sweep out the cobwebs, clean out our files, and reorganize the Ethics Office after a move, I thought it would be a good time to mention some general housekeeping matters, current initiatives and our plans for the rest of the year.

Relocation of Ethics Office

On May 15, 1998 the Ethics Office moved from our temporary location on the 2nd floor to our permanent space on the 6th floor. (Suite 6110) The general telephone number for the Ethics Office remains the same: (202) 942-0970.

Ethics Counseling System

We very much appreciate your cooperation in our Ethics Counseling System. Please continue to first seek advice from your office's Ethics Liaison Officer or Deputy. (The names and telephone numbers for the Liaisons and Deputies for each division and office are listed in the back of the SEC employee telephone directory under the tab for "Program Information.") Your Liaison or Deputy will call the Officer of the Day in our office if he or she needs assistance in responding to your questions. As many of you know, each member of the ethics legal staff takes a turn acting as the Officer of the Day and answering all the counseling calls and e-mails to the Ethics Office one day per week.

Of course, employees should always feel free to contact us directly via e-mail or telephone on questions related to seeking outside employment and other sensitive or unusual issues. Also, the Ethics Team attorneys serve as the Liaisons for the Office of the General Counsel. Please address your e-mails to the Ethics Office secretaries, Tamara Smith and Vania Erlwein, with a "re" line indicating that the message pertains to an Officer of the Day question.

At the Commission, we are very fortunate to have highly qualified senior staff who have agreed to serve as Liaisons and Deputies. Please keep in mind that your Liaisons and Deputies have many significant duties and they will respond to your questions as soon as possible given their other responsibilities.

Ethics Team

For your convenience, the members of the Ethics Team are listed below:

Assistant Ethics Counsels:

Audrey C. Bredhoff

Richard Conner

William Lenox

Anita T. Purcell

Ethics Paralegal Specialist:

Cheryl Smith

Ethics Office Secretaries:

Vania Erlwein

Tamara Smith

The State of the Ethics Office

Your continued cooperation with the Officer of the Day and the Liaison and Deputy systems enables our small office to respond quickly to the numerous requests for advice that we receive daily from current and former Commissioners and employees. To give you an idea of the volume of inquiries we receive, in FY 1997 we handled over 1,400 requests for counseling!

In addition to these counseling inquiries, we recently have participated in a number of challenging projects, including the following:

Working with the White House Counsel's Office and the U.S. Office of Government Ethics on the nominations of two new Commissioners; on the Chairman's renomination; and conducting related ethics briefings;

Obtaining Commission approval to refer three matters concerning professional misconduct by attorneys to state bar associations;

Coordinating with the Inspector General's Office on investigations and an important report on the Commission's commitment to ethical standards and staff integrity;

Conducting and coordinating ethics training on seeking and negotiating outside employment for 400 employees; holding biweekly ethics orientation sessions for new employees; and providing special ethics training sessions for the Executive staff, Commissioners, and several offices;

Establishing the Ethics Bulletin Board on the SEC's LAN to provide easily accessible guidance and updates on ethics issues to all regional and headquarters employees. The posted items include a series of plain English articles on frequently arising ethics issues;

Counseling incoming senior staff, academic fellows, and outside consultants on government ethics rules and potential conflicts of interest;

Assisting the Office of Compliance Inspections and Examinations in developing ethics guidelines for examiners and working with the Executive Director's Office on a new rule governing employee participation in outside meetings

Ethics Bulletin Board

We are delighted with the positive feedback you've sent to us on the Ethics Bulletin Board (EBB) on the Commission's LAN system. Please do keep surfing it! At Dan Shea's excellent suggestion, we will now notify Regional Directors and District Administrators, as well as Division Directors and Office Heads, and Ethics Liaison Officers and Deputies each time we post a new ethics item on the EBB. Presently, the following articles are posted:

Political Activity Under the Hatch Act Reform Amendments

New "Widely Attended Gatherings" Exception to Gift Rules

Frequently Arising Ethics Issues (Part 1)

Frequently Arising Ethics Issues (Part 2)

Frequently Arising Ethics Issues (Part 3)

Post-Employment Memorandum

Post-Employment Sample Letters

Publication Clearance Process

Enforcement Division's Recusal Policy Training Plan for 1998

Training Plan for 1998

The Ethics Team is very excited about this year's training plans. In both headquarters and the regions, we are planning to conduct an in-depth ethics course for all Liaisons, Deputies, and employees who file Public Financial Disclosure Reports (Form SF 278). We hope to visit and conduct ethics training in all of the regions this year and have requested input from the regions on any unique training issues, including the potential need for special training for examiners. Of course, we would also welcome any training suggestions from headquarters employees.

We are very fortunate that Anita Purcell, who had extensive experience in BROA before joining the Ethics Team, will focus on regional office training needs and serving as the overall Ethics Training Coordinator for the regions and headquarters. Also, if you've ever attended one of Bill Lenox's sessions, you'll be happy to hear that he'll be presenting many of the headquarters sessions again this year.

In addition to general ethics training, we strongly recommend that the offices and divisions consider including an ethics component in their substantive training programs. The Ethics Team has assisted the Division of Enforcement, the Office of Compliance Inspections and Examinations, and the Office of Information Technology by preparing and presenting special ethic sessions tailored to the needs of their employees, and we would be happy to work with other divisions and offices in this regard.

If you have any suggestions or ideas concerning training, guidelines, or topics for future newsletters on EBB items, please let us hear them.

As always, remember to be smart and stay ethical and enjoy the Summer!

ADMINISTRATIVE AND PERSONNEL MATTERS

Dispute Resolution at the SEC (The New Grievance System)

The initiative to review and revise the SEC's grievance system started last October. During the intervening months, staff of the Employee and Management Relations Unit conducted numerous workshops with small groups of employees and groups of managers, both in the field and at headquarters, to get input. A significant number of managers and employees offered constructive recommendations for the new system.

The majority of workshop attendees welcomed the idea of using mediation, a form of Alternative Dispute Resolution, as a means for early resolution of problems at an informal stage of the process. Mediation promotes constructive communication between the parties through the assistance of a neutral, third party, the mediator. Participants were strongly in favor of the possibility of replacing the existing single deciding official with a three-member review panel at the formal stage.

The Office of Administrative and Personnel Management anticipates that, following the policy review and approval process, the new grievance policy will be implemented by this Summer.

Farewell to SEC Retirees

The Commission bids fond farewell to our recent retirees:

[Employee, Office, Service Years, Date of Retirement]

Joseph P. Dion, Jr., CRO, 32, Feb. 27

William M. Hegan, MRO, 35, Feb. 27

Lillian R. Young, NERO, 20, Mar. 1

Virginia A Monacelli, OFIS, 30, Mar. 3

John H. Oliver, OC, 19, Mar. 13

Lucia E. Eguiguren, OAPM, 13, Mar. 31

Irwin Cohen, NERO, 28, Apr. 1

Amy L. Hollman, OC, 18, Apr. 3

Sidney L. Cimmet, IM, 35, Apr. 30

Charles D. Hochmuth, SERO, 38, May 1

Mary L. Luciano, BDO, 35, May 1

John P. Simmons, Jr. ADO, 30, May 1

[Masthead]

SEC EMPLOYEE NEWS

United States Securities and Exchange Commission

The SEC Employee News is published by-monthly by the Office of Public Affairs, Policy Evaluation, and Research, U.S. Securities and Exchange Commission, 450 5th St., N.W., Washington, D.C., 20549. Readers are encouraged to submit articles for publication and should send material to:

Editor

SEC Employee News

Room 7103

Letters to the Editor are welcome. They should address issues, not personalities and should be submitted with a name and telephone number

Mary Teel, Editor

Donald Kovener, Art Editor

Office of Public Affairs, Policy Evaluation, and Research