**Securities and Exchange Commission Historical Society**
**Interview with Justin Klein**
**Conducted on December 1, 2010, by Kenneth Durr**

**KD:** Let's start with some background. It appears that you're a Philadelphia native. Is that right?

**JK:** Actually, I'm a New York native, but I did go to undergraduate school at the University of Pennsylvania, and I went to law school in Washington at GW. I was in private practice for probably just shy of two years. I went to the SEC in February 1974.

**KD:** What did you do in the private practice?

**JK:** I was at a boutique litigation firm which, interestingly, had a bunch of Watergate people who went to testify before the Congressional committee that was investigating Watergate.

**KD:** So you were representing the Watergate people?

**JK:** Yes, our firm represented a couple of the Watergate people, and we actually represented one of the Agnew people. Agnew was also in hot water, and we represented one of those folks. So I did a little bit of that, and I wanted to get an expertise under my belt, and I was not getting an expertise being in private practice. I was having a lot of fun.

**KD:** Had you been thinking about the securities industry or that sort of thing?

**JK:** I took securities regulation in law school, and I loved it.

**KD:** Who did you take it with, do you remember?

**JK:** In law school? Sure. Harold Green. I don't know whether Harold is still alive. His son is a fellow that I met on a couple of deals. His name is Phil Green. Phil Green was in law school about two or three years behind me, and he actually was on the board of a public company that we represented a couple years ago. So I used to see Phil from time to time, and I would obviously inquire about Harold Green who I thought was terrific.

**KD:** Okay. So this interest in securities law had been percolating back there while you were in private practice.

**JK:** Actually, while I was in law school. And when I was in private practice, I really did virtually no securities stuff. And when I decided to go out and get an expertise, I was sort of immediately attracted to go to the SEC. I was two years out of law school, so I was sort of prime property, somebody who had a little bit of private practice training. I talked to a bunch of government agencies and had a pile of offers, and I went to the SEC.

**KD:** Okay. Now did you interview at a particular part?

**JK:** At the SEC, I interviewed in Investment Management and in Market Reg, and I got offers at both, and I went to Market Reg, which is now Trading and Markets again.

**KD:** Right. Who did you interview with at Market Reg? How did that work?

**JK:** I went to work for a guy named Dan Polaro who died a number of years ago, and his boss was Lee Pickard. I see Lee from time to time. Lee must be seventy years old by now. Lee was a terrific guy.

**KD:** So what did you get into when you came in?

**JK:** I was in a broker-dealer compliance program. We were responsible for making sure that the exchanges, and then the NASD, had adequate programs in place to survey their members. One of the things that we did a lot of work on was the CBOE, which was kind of a brand new thing in the early seventies. I think the first trip I ever took was to Chicago to the CBOE, and I think I probably went with Herb Brooks who's still at the SEC in trading and markets, so a very old and dear friend.

**KD:** Tell me a little bit about going to the CBOE and seeing this new kind of animal. Granted, you hadn't been in the SEC for that long, but tell me a little bit about that emerging business.

**JK:** Well, I guess one of the reasons that it was so interesting is I think that they were only trading options on ten stocks at the time. I think that each time they wanted to add stocks, they had to come to the Commission to ask the Commission's permission, and so one of the things that we were responsible for doing was making sure that they could adequately surveil their members who were trading these options. One of the things we were terribly concerned about was the suitability of options for a retail investor. So we wanted to make sure that there were adequate programs in place for brokers who were trying to sell these options to people, but they made the people understand what the risks in trading these options were.

**KD:** Had they set up structures to do that?

**JK:** I think so, but I think we were probably helping them along. Each time they sort of came in to add stocks on which they would trade options, we would do some analysis as to whether or not they had adequate facilities to surveil the trading of them, and then adequate facilities to make sure that the brokers that were selling them were doing so in a responsible way. And there might have been some odd capital requirements associated with options trading. I can't remember that all that well. But I do have a reasonably vivid recollection; it was the nascent part of the trading in stock options. I can't remember when they went into puts, but I think that there was the CBOE, and then the Amex got into it so we went to inspect the Amex, and then the Pacific got into it. I don't remember the sequence after that.

**KD:** Things were moving pretty fast after that. The CBOE, in particular, was supposedly a pilot project.

**JK:** It was a pilot project. They spun off from the Chicago Board of Trade, as I recall. Yes, it was viewed as a pilot. They kept coming in and saying, “We want to trade more.” We kept saying, “Hold on; you’re a pilot.”

**KD:** Okay. Do you remember when that went away, when the decision was made that they weren’t a pilot anymore?

**JK:** I don’t remember that. There was that option study that they did. I guess Harold Williams had become the chair, so that was in ’76 or 7, he was Carter’s chair. I think Harold Williams was the guy who got the options study done, and Teberg was the guy who led that. I think he died a number of years ago, Dick Teberg.

**KD:** I want to get a sense from you as to whether your folks, the people you were working with, were particularly concerned. It was a pretty big deal to, at some point, just freeze the market. The SEC was deeply concerned at that point, and I’m wondering if the concerns went back to when you were dealing with the options market.

**JK:** Yes, there was a deep concern about this stuff. There was a deep concern about them expanding and expanding too quickly. And there was also sort of the view, I think it probably came out of the Division of Enforcement, was this really gambling? Were we really legalizing gambling by allowing them to move forward? And I think that there were probably divisions in the division of then Market Regulation as to whether to go. I think that there were probably the more conservative types who said, "This is going too quickly." And then I think that Lee was probably in favor of just kind of getting this going, and let competitive forces take their – I don't want to put any words in Lee's mouth, but I think that Lee was a little more advanced.

**KD:** But this was a subject of discussion.

**JK:** Oh, yes, within the division and then amongst the divisions.

**KD:** Did you ever take options-related issues to the Commission?

**JK:** Yes.

**KD:** Were you able to sit in on those?

**JK:** Yes, I sat at the Commission table on a number of options-related issues.

**KD:** Was there the same sort of division there that you talked about within and among the divisions?

**JK:** Yes, I think so, but I'm not sure that I remember that graphically. It was thirty-six years ago now, back when I had hair.

**KD:** Yes. The big thing happening, of course, when you came in was that they're looking at the national market system or centralizing the markets. How did that affect other things you were doing aside from the options' work?

**JK:** Actually, it didn't really. There was always this sort of quiet drumbeat about what is now FINRA and it sort of getting a sole self-regulator. But there were so many self-regulators out there at the time that there was never any real serious effort to get that done. But I think the central market stuff was really on the market structure side. Those were the smart guys, the real intellectual guys, and then there were kind of the meat-and-potatoes people like us. We were just worried about compliance and making sure that securities laws were being enforced and stuff. We weren't thinking great thoughts. We were just trying to get it right.

**KD:** Some of that would've affected broker-dealer issues, though, as far as maybe standardizing or simplifying.

**JK:** Yes. I guess the only other piece that related to the broker dealers, which was sort of central market- or national market-related, was the broker dealers were always concerned about the fact that all of these self-regulators were coming in and examining them. And so what they wanted was they wanted a designated examining authority. So if you were a member of the New York Stock Exchange, the New York Stock Exchange would have been the designated examining authority. If you were a member of the Midwest Stock Exchange but not a member of the New York Stock Exchange, the Midwest was your designated examining authority.

But if you were a member of the Midwest and the New York, then the New York was your – so I think that sort of played around there. There was always that kind of tension between the brokerage community and the self-regulators that too many people were piling on. There was always, as I recall, sort of a "get-your-act-together." So the New York Stock Exchange would examine you for capital and stuff, but then the CBOE would examine you for options. So you wanted to make sure that people came in at the same time. There was always that complaint about, "I just got finished with the New York Stock Exchange that were here for three weeks and now you guys are showing up."

**KD:** Was there anything that you tried to do about that? Was there any policy change during this period?

**JK:** Yes. Well, I think that we came up with a concept of the designated examining authority. I can't remember whether that preceded me or whether I just knew about that. I guess you always try to get people organized so that they showed up at the same time, or showed up at relatively the same time.

**KD:** Right. Other activities while you were in Market Reg? Was most of your time dealing with the options exchanges and broker dealers?

**JK:** All of the time I was in Market Reg I did that.

**KD:** Okay. You made that neat distinction between the guys in the trenches and the big thinkers. Who were the big thinkers when you were there? And did you interface with those folks?

**JK:** Oh, sure. Some friends. Actually, I think Bob Lewis was one of those big thinkers, and Bart Friedman, and Merritt Cole who actually practices over at White and Williams here in town. They were all doing that market structure thing and thinking great thoughts, as I said. And Bart Friedman, by the way, is somebody that I'm episodically in touch with. He's at Cahill Gordon in New York, and I did a deal there about a year and a half ago and I called them up. We spent fifteen or twenty minutes talking.

**KD:** Would they get information from folks like you who were hanging around at the exchanges? Did they come and say, "I want to know about what's going on?"

**JK:** Probably not. They were probably just thinking great thoughts.

**KD:** [Laughter]. All right. Let's talk a little bit about the Office of Consumer Affairs. It was pretty new when you got there.

**JK:** Yes. Congress wanted to pass a law for there to be a consumer agency, similar to what you just got in this Dodd-Frank bill. I think the Ford Administration was opposed to that, and they told everybody to go set up their own consumer affairs offices. So the Commission did that, and they set up an office, and they had an acting director, a guy named Van Carter, and Van did it for a year or a couple of months. And then I think it was in February 1977, they had these hearings about getting the arbitration systems that each of the SROs had in place, getting a uniform set of rules. This was self-regulatory rules.

**KD:** The hearings?

**JK:** The hearings were SEC hearings on these rules. They wanted a permanent director, and so they interviewed a bunch of people. And I can't remember whether somebody asked me to do it or whether I sort of voluntarily did it. I had run a consumer center in law school, so it was natural. It had a good ring for me. At the time, I was sort of angling to leave Market Reg, so this turned out to be fine. Out of those hearings came the SRO's commitment to go do this themselves so that the SEC wouldn't impose this upon them.

And out of that came the Securities Industry Conference on Arbitration, SICA. It's been around forever. So I was sort of the staff contact to SICA. I served on SICA for a number of years after I left the Commission. So SICA developed these uniform set of rules, which was known as the Uniform Arbitration Code, and we got those all through the Commission. I think I spruced up the complaint handling system at the SEC. And then in ’79, I went off to be the first SEC person to go on the President’s Executive Exchange Program, which was fabulous. Too bad it no longer exists.

**KD:** I want to get to that, but I want to get a little more on the Office of Consumer Affairs.

**JK:** Which is now the Office of Consumer Education or something.

**KD:** It sounds like it was a back hip pocket kind of thing when you got there. How much personnel, how much did they have in the way of resources?

**JK:** They had about seven or eight people who were answering complaints. They were not high GS’s. They were part of something else at the time. Can’t remember what they were part of. The Office of Information, Reports and Information – they were something else. I carved them out. There was a terrific guy who was a branch chief named Frank Donaty, Jr. Frank Donaty, Sr., was the comptroller of the SEC at the time. And Frank Donaty, Jr., I gathered, retired a couple of years ago from investment management, but he was a really good guy.

And he had this kind of rag-tag group of six or seven people who answered complaints. They could barely speak English. They just didn’t have a lot of background. You get a complaint in from an investor saying, “My account at Merrill Lynch is all screwed up,” and they would write a letter to Merrill Lynch and say, "We got this letter; send me a report." Basically, it was really just a processing function.

We coded the complaints so that you got X number of complaints about Merrill Lynch about this or that, and we established a coding system so we knew what the complaints were and so we could see trends and so forth, which was not all that brilliant, but I don't think it was being done at the time.

**KD:** What did you do with the trends?

**JK:** Well, we'd call up Stanley Sporkin in enforcement and say, "We've got this sort of trend." Actually, we identified this thing. It was very cool at the time. The firms used to engage in this practice called remote checking where if you had an account in New York and you sold a couple shares of stock, and you wanted a check, they would send you a check from San Francisco. So you'd put the check in your checking account. It would take X number of zillions of days to clear because it had been written out of a bank in San Francisco; and if you were in San Francisco, they'd send you one from New York. So I remember we did this release which was very controversial.

I remember Roberta Karmel got really pissed off about it. So we didn't have enough complaints about remote checking or something. But in any event, we did that and there were probably a couple of other—not rule-making releases, but releases that got put out saying consumers should watch out for this, and watch out for that and so forth.

**KD:** And you were putting the industry on notice.

**JK:** Yes. Actually, I think I got quotes in the *New York Times*. I probably still have the article. I remember Roberta was quoted as saying something like she didn't really think it was a problem, and then I was quoted as saying, "We contacted Justin Klein, who clearly didn't want to get into a fight with one of his bosses." [Laughter]. But I think that there's a *New York Times* article, and I think I probably have it somewhere.

So being in Consumer Affairs was fun. I was twenty-nine years old, so I was a pretty young guy, and I was the head of an office.

**KD:** And it's, essentially, complaints.

**JK:** It was complaints and arbitration. It was complaints and getting these arbitration rules made uniform.

**KD:** Something that did make it into the newspapers is the national system for resolving disputes. Tell me a little bit about that.

**JK:** Well, that's the Uniform Code of Arbitration.

**KD:** And the reason they made it in was there was some sense that there was some industry pushback where people didn't want yet another body or somebody else checking in with them. This had to do, I think, with small claims.

**JK:** Here's the issue. The issue was that the SEC was going to adopt these rules. We were going to just stick it to the industry. And the industry came in and said, "Hold on a second. We'll take care of this." So that's when SICA was formed and that's when they did their own rules. So those became SRO rules. Rod Hills was quoted as saying he wanted there to be a system in place so that an investor could resolve a dispute about a postage stamp. And that might even be a good quote. And so one of the things that they wanted out of the Uniform Code of Arbitration was a small claims procedure whereby you could resolve something with one arbitrator on the papers so that you didn't have to have a full-blown hearing.

And there was a concern about how much that could be, and I can't remember what it was. Some small amount: 5,000 bucks or 2,500 bucks or something that you could resolve on the papers. And that was at the investor's insistence. In other words, the investor could say, "I want a full-blown hearing," or the investor could say, "I'll try your small claims' procedure."

**KD:** And how did the industry respond to that?

**JK:** Well, I think once SICA got set up and got going, I think the industry was probably fine.

**KD:** Okay. But there was a period there where you were looking at doing this without devising something in the SEC.

**JK:** Well, the *you* is interesting. I arrived on the scene at the time that the industry said, "We'll do this." So Van Carter was the one who was sticking it to the industry. Have you interviewed him? Is he still alive and well?

**KD:** I don't think I've even heard the name before. It appeared to me through some of the records that you got stuck holding this ball, and you're standing in the middle of all of this trying to figure out what to do with it. And so the question was how did it resolve itself?

**JK:** Well, it resolved itself by the industry picking up the ball. I used to go to the SICA meetings, and I think that they still have SICA meetings. I'm not really sure.

**KD:** Anything else we should touch on in the Office of Consumer Affairs?

**JK:** The only other issue, which was a hot issue and continues to be a hot issue by the way, is mandatory arbitration. I can't remember the sequence of this, whether we did any releases about that. The industry felt very strongly about having mandatory arbitration, pre-dispute arbitration. And there have been a pile of Supreme Court cases about that.

**KD:** Had there been at that point?

**JK:** No. There was one case at the time.

**KD:** What was the SEC's position?

**JK:** I can't remember. I can tell you that there's probably a release or two out there which says, "People should be aware of mandatory pre-dispute arbitration agreements." And I know that when I was on SICA, we redid some of those agreements to make the disclosure better for investors that, in fact, you were entering into a pre-dispute arbitration. But I might have that a little screwed up.

**KD:** But it was, clearly, a focus.

**JK:** Oh, yes.

**KD:** Let's go to the Presidential Exchange Program.

**JK:** I had a ball.

**KD:** How did you get to be the guinea pig?

**JK:** There was a guy named Ben Milk, who was the executive director of the SEC at the time, and he was really a pretty good friend of mine, and I reported to him. I think he came to me and said, "Look, we have an opportunity to send –" he was a big management guy. He was always sending people away to management programs and stuff. And I think he came to me and said, "We have this opportunity to send somebody on this; would you like to do it?" It involved having a bunch of interviews and getting selected if you got selected. And then once you got selected for it, you then had to go out and get a job. And the Exchange program sent your resume out to all of the companies that sort of participated in the program.

I actually had two job offers. I had one at General Motors where they wanted me to do stuff about arbitration agreements or organizing their customer complaints. It was something that tagged on what I'd been doing. And then I had an offer at GE. And GE was really interesting because I can't remember whether they told me what I was going to be doing before I got there when I was interviewing, or whether they just hired me and said, "We're going to find something for you to do. We like participating in the program, we like having people and you seem like you're a nice guy."

So I can't remember whether that was it because what I ended up doing had nothing to do with anything that I had done anywhere. It was really doing sort of these public issues. Reginald Jones, who was the chairman of the board of GE, was in his last couple of years. And he was doing all of these business-related issues. I'll give you an example in a minute. And he had what he called his kitchen cabinet.

There were five or six of these people who used to write these little papers about these public issues. And then he'd go talk about them with a business roundtable and these other fancy places. He was very close to President Carter. Actually, we used to both go to the White House all the time. And so I was with these people who were, basically, briefing Jones. It was great.

So the best thing I ever did when I was there was, in 1980, Chrysler was going to go bankrupt. And the business roundtable was asked to take a position on the bankruptcy. And so I worked with these two or three other people at GE to come up with a business roundtable position, which was to oppose the bailout in favor of the bankruptcy. You know, told them to do whatever the hell they wanted to do.

And so I ended up writing, along with these other people, a paragraph that long basically saying there are winners and losers in this world, and losers should be allowed to be losers. And so we did that and, obviously, that didn't carry the day. The government bailed out Chrysler and they bailed them out again. But my wife and I took a vacation in 1985 in March in Puerto Rico, and I brought Lee Iacocca's book called *Iacocca*. And I'm sitting there on the beach reading this book, and there is the damn statement for the business right in the middle of the book. I said, "Boy, this looks familiar."

So it was those kinds of issues that I worked on. Some for Reg Jones; some for Jack Welch, actually. He was then one of three vice chairmen at GE battling for the top spot.

Obviously, he succeeded, and there was a guy named John Burlingame and a guy named Ed Hood, each of whom went off to do different things, they went different places.

**KD:** You get to be the big thinker now.

**JK:** Yes, I was a big thinker. And it was a great program. There were about fifty people on it, and they were, presumably, high-potential people, both the government and in business, and you basically got scrambled up for a year. So I went to GE; there was another guy from GM who went someplace else. There was a guy from Goldman Sachs who went to the FDIC. There was a guy from *Reader's Digest* who went to the Comptroller of the Currency. It was really sort of a potpourri of people.

**KD:** Did they get you together to swap notes or anything like that?

**JK:** Oh, yes. It was a really cool program. The first week of the program, you all went to something like a week of meetings, just these high-level meetings. And then in the middle of the fall, we all went to Wharton for a week and thought great thoughts. And then in January, we went to Europe for two weeks. And then in the end of the program, you spent a week or three or four days at the Wye Plantation in Maryland thinking great thoughts and decompressing and talking about this thing. So it was a great program. It really was.

**KD:** So did you manage to keep your seat warm at the SEC?

**JK:** Well, here was the deal. You had to go back, and you had to go back for at least a year. And GE offered me a job and told me they wanted me to stay, and I told them I needed to fulfill my commitment to the SEC. And when I came back, I said I didn't want to go back to Consumer Affairs, I want to go do something else. So the SEC sent this guy, Don Lewis, off to Goldman Sachs. And he was an assistant director in Corp Fin, and so I took his chair. And then I think he came back and also was an assistant director in Corp Fin after he had been gone. And then he retired shortly thereafter. And being an assistant director in Corp Fin was great because it really gave me the meat and potatoes securities stuff that I never really had. And that's what I practice today.

**KD:** It must've been a bit of a change coming from Market Reg into Corp Fin

**JK:** Yes it was. It was really good that I got to come in in a supervisory level because I probably wouldn't have known what I was doing if somebody handed me a registration statement and said, "Here, go read this and make some comments."

**KD:** What did you do to get up to speed?

**JK:** Just read a lot of registration statements. And I had two unbelievably helpful branch chiefs who really could've stuck it to me, really could've said, "What's this guy doing here? He didn't earn his stripes. Let's make his life miserable." But they were both great. They were both great.

**KD:** Lee Spencer?

**JK:** No. My branch chiefs were Charlie Leber and Steve Duvall. And Ed Greene was the director. Ed and I became pretty good friends, and Lee Spencer was the deputy director. I see Ed around at conferences and stuff. I haven't seen Lee in years.

**KD:** And he moved up to director at some point.

**JK:** Yes. Ed became general counsel, and Lee became director.

**KD:** Tell me a little bit about what was going on there. There had been a reorganization at Corp Fin. I don't know if that happened before you got there or while you got there, but I know Ed Greene was sort of reinventing the place.

**JK:** It probably happened before I got there. That sounds familiar. Was Ed Greene the one who was responsible for industry centralization? Okay. So by the time I got there, the place had been reorganized on that score.

**KD:** The question that arose for me was whether your going in there had something to do with that reorganization.

**JK:** No, but I think Ed was happy. I didn't grow up in the bureaucracy. I think Ed sort of liked that.

**KD:** What's that mean, growing up in the bureaucracy?

**JK:** I mean the guys who started out either out of law school or financial analysts and started out by reviewing registration statements and just kind of moved up the totem pole. I parachuted in. As I said, I really had no business being there other than the executive director and Ed Greene stuck me there.

**KD:** So, presumably, you wouldn't adhere to the old ways just because they were old.

**JK:** Yes, exactly.

**KD:** Well, you talked about the fact that you were managing, you came in at a higher level. Tell me about some of the things that you did, some of the initiatives or things that you were involved in in those Corp Fin years.

**JK:** I don't know that I can take credit for any initiatives. I think I can probably take credit for the fact that I managed to keep my head above water and survive. I think just by dint of my own sort of interpersonal skills, I was able to make friends with everybody and succeed. And I guess one of the things that our group did a fair amount of was we referred bunches of things to enforcement. There were a couple of enforcement cases that grew out of disclosure referrals that we made.

**KD:** Once again, you have a big thing that's happening, which is this whole integration of the '33 and '34 Acts. Again, any impact on the day-to-day for you or your people?

**JK:** Made sense. Just sort of made sense. Yes. It was at a time that people were incorporating by reference these periodic reports. But I don't have a clear, "and so this is what we did;" it was kind of happening, and it was making sense. It was being more efficient for both the outside and inside the agency.

**KD:** But your day to day then would've been making sure that people look at registration statements and keep abreast of disclosure.

**JK:** My day to day was to make sure that registration statements were screened. To the extent that they were selected for a full review or a partial review, that that review commenced and that comments were issued in a timely way and that we were responsive to the outside world in terms of not impeding the flow of capital and the marketplace by taking too long to do things or raising BS comments. And to the extent that any of the people in my branch, the branches that I supervise, raise BS comments, I get phone calls from the outside saying, "Somebody's raising this comment and would you mind looking into it?" Happily, I didn't have that happen much.

But from time to time, it did. And then it was my job to make sure that when people weren't reviewing registration statements, they were looking at '34 Act reports. And then it was my job to make sure that when people weren't reviewing registration statements, they were looking at '34 Act reports, which didn't have a capital-raising fuse on them. But, I mean, that was always sort of the challenge. If you didn't have a '33 Act registration statement that was burning off your plate, could you really get your discipline together to make sure that you started looking at 10K's? Sarbanes Oxley has changed that because now the SEC's got to review you every three years. But before that, they didn't have to. I would say that integration affected me more in Corp. Fin. than the national market system or the central market system affected me in Market Reg.

**KD:** Were there policies practices that were being reshaped? Were you developing new tools because of integration?

**JK:** Registration statements were getting shorter. You'd have these shorter registration statements. I guess part of the review process then was if you were going to do a full review of something, make sure that you grabbed everything that was incorporated by reference. I worry about that all the time in my own practice in terms of you file a registration statement, you incorporate by reference these documents. I say to young associates, "Let's make sure we look at everything that's incorporated by reference. We need to make sure that it still works."

**KD:** Anything else that we should talk about having to do with your time at Corp Fin?

**JK:** To the extent that one of your companies was involved in a proxy contest or in a tender offer which was sort of a hostile tender offer, you got integrally involved in the various disclosures that were coming in about that and reviewing them and making sure that you were reviewing them in a timely way so that people could get their deals done. And those were the really fun transactions. That was a lot of fun when somebody was making a hostile tender offer for one of your companies, and the company was fighting it and putting out disclosures, telling the shareholders not to tender, and the guys doing the tender offer were saying, "They're a bunch of crumb bums; you really ought to tender to us." So that was fine.

And then proxy contests the same to the extent that insurgents were trying to replace the board and saying that the board has done a terrible job, and the shareholder returns have been terrible, and they can't manage their way out of a paper bag. That was all exciting disclosure stuff.

**KD:** And you were sitting in the middle of it.

**JK:** Yes. Really, as an assistant director, you're sort of the arbiter of it, whether you were going to clear the material or not.

**KD:** And that would have been a pretty hot time for that, the early eighties, right?

**JK:** Yes.

**KD:** Did you see it pick up?

**JK:** Yes. And then they did that tender offer study that Linda Quinn did that was responsible for a couple of the tender offer rules. And she was a very good friend. She must've died seven or eight years ago. She was great, a very good friend.

**KD:** What made you think about moving on from the Commission?

**JK:** Private school tuition bills. I talked to my father, and he was totally non-responsive. I said that I'd gotten this private school tuition bill, and it was for three hours for kindergarten, and I told him how much it was. And I thought the response should be, "Don't worry; I'll pick that up." And his response was, "Tuition room and board where you went to boarding school was less."

**KD:** You went back into private practice then at that point. Did you stay in D.C.?

**JK:** I moved here in 1983. I left the SEC in 1983, and I moved to a firm now called Dilworth Paxson. A great firm. Sort of imploded in the early nineties, and I left and came here in '92. I've been here ever since.

**KD:** Other than the obvious, tell me a little bit about how your SEC experience has shaped the rest of your career.

**JK:** Well it's a credential that you have, and you will always have it. There are times that I compete for business with other lawyers around town, and prospective clients will say, "Tell me why should I hire you instead of XYZ at the Pepper Hamilton firm," or at the Morgan Lewis firm. And the honest answer is, "Look, you should hire who you want to hire. You should hire the person with whom you have the best chemistry. Because, frankly, you're going to get the same kind of good legal advice from me or from three or four names that are the people I always compete with. And the fact of the matter is without casting any aspersions, I can say I was at the SEC and they weren't. So I don't know that it's a huge marketing advantage, but I think it has some cache associated with it.

Now I've been gone for twenty-seven years, which means that there were a lot of people who were not there when I was there. On the other hand, there were plenty of people who were there who still are there. It gives you some ability to pick up the phone and call somebody. Not necessarily get an answer, but get some direction as to who you ought to be talking to. And I think that that's enormously helpful.

**KD:** Is there some intangible that you've had from actually having been inside the SEC?

**JK:** Yes, I think that there probably is. I'm sure things are changed enormously since I was there. On the other hand, there are so many people who sort of hypothesize the way things are done. I know that the SEC is going to look at this. And you can say, "Well, if they don't review it, they're not going to look at it at all." And that seems amazing. I spent all this time putting together this filing, and I filed it and everything, and nobody's going to look at it? [Laughter]. I think you get sort of a sense as to how they think about things.

**KD:** Great. Anything else that we should talk about having to do with your career at the Securities Exchange?

**JK:** I loved it. It was terrific. I wouldn't trade it in for anything. It's not as if I look around and say, "Gee, if I'd only been in private practice for those nine years that I was there, I would be considerably wealthier." Doesn't at all resonate that way. I'm really pleased that I was there.

**KD:** All right. Well, thank you very much.

[End of Interview]