

OFFICE OF THE CHAIRMAN
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

April 4, 1977

Karen S. Lee, Chairman
Tom C. Clark Award Committee
Federal Bar Association
1815 H. Street, NW
Washington, D.C. 20008

Dear Ms. Lee:

It is with genuine pleasure that I nominate Richard Holmes Rowe, Director, Division of Corporation Finance, Securities and Exchange Commission, for the Justice Tom C. Clark Annual Award for 1977. My fellow Commissioners join me in this nomination.

Approximately thirty-two percent of the Commission's staff are lawyers and their contributions to the high professionalism which prevails at the SEC is widely recognized. As these young lawyers progress upward in their career ladders, the competition is keen for the limited number of supervisory positions at grades GS-15 and higher.

The nominee's career with the agency is a fine example of how a young law graduate can develop and use his talents in progressively more responsible positions. Recognized by his peers as an outstanding lawyer, he also possesses the kind of leadership qualities which inspires subordinates and engenders trust and confidence as an advisor to the Commission.

I cannot think of any individual who is more deserving and who completely fulfills the purposes and objectives of the Justice Tom C. Clark Annual Award than Richard H. Rowe. In his quiet and unassuming manner, he has dealt with issues and problems affecting corporate disclosure activities which have been extremely controversial and sensitive. As a "public corporate securities lawyer", he has set an enviable standard of high performance which has advanced the cause of the investing public, with due regard given to the concerns of the companies who bear the burden of compliance. The selection of Richard Holmes Rowe as a recipient of this Award would continue the tradition of the Justice Tom C. Clark Award to recognize outstanding Federal attorneys and administrators.

Sincerely,
Roderick M. Hills
Chairman

Nomination of Richard Holmes Rowe
for 1977 Justice Tom C. Clark Award

Richard Holmes Rowe is forty years old, and a 1957 graduate of Bates College. From 1957-1960, he served on active duty with the United States Marine Corps Reserves, and was released from active duty with the rank of First Lieutenant. In 1962, he was a Management Analyst, GS-7, with the Veterans Administration, and during the summer of 1963, while a second-year law student at Harvard, he served as a legal intern, CS-5, with the Securities and Exchange Commission. Following graduation from Harvard Law School in 1964, he joined the SEC as a law clerk, GS-9, in the Division of Corporation Finance. Mr. Rowe progressed to the more responsible positions of GS-11 Trial Attorney (1965); GS-12 Trial Attorney (1966); and GS-13 Legal Assistant to an SEC Commissioner (1967-1969). He returned to the Division of Corporation Finance as Special Counsel, GS-14. After a short absence from the Commission, he rejoined the Division of Corporation Finance in 1970 as Special Counsel, GS-14; served as Assistant Director, GS-15, (1970-1972); as Associate Director, GS-16, (1972-1976); and from February, 1976, to present as Director, Division of Corporation Finance, GS-17 (GS-18).

As Director of the Commission's Division of Corporation Finance, Mr. Rowe has supervisory responsibility for administration of the Commission's full and fair disclosure program under the federal securities laws. During the past year, Mr. Rowe assisted the Commission in its review of major registration and reporting forms required under the Securities Act of 1933 and the Securities Exchange Act of 1934, with the principle objective of more effectively integrating the Commission's disclosure rules and regulations promulgated under those Acts. As a direct result of Mr. Rowe's efforts, characterized by an outstanding legal expertise and ingenuity, the Commission enacted numerous amendatory measures that have served to significantly reduce the regulatory burdens on reporting companies in a manner consistent with the statutory mandate of the protection of investors. In carrying out his responsibilities as Director of the largest operating division in the Commission, Mr. Rowe has demonstrated that he is an excellent administrator and executive, as well as an outstanding lawyer.

Mr. Rowe's most recent major contributions involve the Commission's Voluntary Disclosure Program for corporations engaged in certain corporate practices including bribes, kickbacks, illegal or improperly recorded political contributions and other improper or questionable payments in the United States and abroad. In most cases, these activities have involved either maintenance of corporate funds outside of the normal financial accountability system, or maintenance of books, records and supporting documentation not properly accounting for questionable or improper transactions or payments made to government officials, employees, or others, in order to obtain or retain business or favorable treatment relating thereto.

Mr. Rowe is the person primarily responsible for developing and administering the Voluntary Disclosure Program and the practices followed by the Division of Corporation Finance in connection with reviewing registration statements, periodic reports, and proxy

statements filed by companies who have engaged in the activities described above. This program is an important complement to, and is directly coordinated with, the Commission's enforcement program, and was formulated to facilitate companies' compliance with the disclosure provisions of the federal securities laws. To date, approximately 350 publicly held companies have participated in the Voluntary Disclosure Program. As a result of the disclosures made pursuant to the program, a widespread pattern of corporate misconduct has been altered.

A large number of public corporations have announced that they have terminated various types of improper or questionable activities and payments and have adopted policies barring such misconduct in the future. New internal control procedures designed to prevent these practices from recurring have been implemented by most companies as part of the Voluntary Disclosure Program, and the business, legal and accounting communities have developed a new sensitivity and, alertness to the need to stop these activities.

The success of the Voluntary Disclosure Program has been widely publicized. Most recently, the courageous stand taken by the SEC in dealing with improper corporate payments was praised by the Subcommittee on Oversight and Investigation of the Committee on Interstate and Foreign Commerce of the House of Representatives. In a report issued on September 15, 1976, the Subcommittee indicated that this was a significant factor in its determination that the SEC is the most effective of the federal regulatory agencies.

While serving as Director of the Division of Corporation Finance, Mr. Rowe has demonstrated a deep sense of regulatory responsibility. He has engaged in a comprehensive review of existing disclosure rules and regulations, and has not hesitated to recommend to the Commission rescission of those rules and regulations that have failed to practicably effectuate their objectives. Further, in recommending regulatory initiatives, Mr. Rowe has consistently undertaken to apprise the Commission of perceived costs and other consequences to reporting companies. His objectivity and conscientiousness have earned him the respect of those in both the public and private sector.

During his tenure as Associate Director, Division of Corporation Finance (October 1972 to February 1976), Mr. Rowe had the responsibility for assisting the Commission in developing the so-called "140 series" of rules which resulted in substantial financial savings both to American business and to the government. Rule 146, which has been effective since June, 1974, provides objective standards for businessmen seeking to privately raise capital, enabling them to shortcut the time, expense and other burdens associated with compliance with the registration provisions of the federal securities laws. Rule 144 provides objective standards for the resale of securities acquired in private transactions, and provides liquidity for investors necessary to make private transactions attractive. Other rules of the "140 series" provide significant protection for investors in connection with business combination transactions (Rule 145) and objective standards for the raising of capital by local companies from local investors (Rule 147).

Annual reports to stockholders are the most widely disseminated sources of information concerning individual American businesses. Mr. Rowe was the Commission's principal representative on the Industrial Issuer's Advisory Committee which recommended that the Commission adopt rules to require more meaningful financial and business information in annual reports to stockholders. His efforts as the principal drafter of rules to carry out the Committee's recommendations resulted in the Commission adopting rules in the fall of 1974 to require more complete disclosure and to widen dissemination of data filed with the Commission.

As an attorney, Mr. Rowe's legal talents have not been limited to the rule-making area. As Assistant Director in the Division of Corporation Finance, he supervised the investigation which led to the Commission's civil injunctive action in 1972 against National Student Marketing Corporation. In addition to uncovering massive fraud on investors, this landmark case resulted in a reexamination of the role of professionals, primarily lawyers and accountants, who advise persons with respect to securities laws matters. In another case, Great Southwest Corporation, Mr. Rowe was largely responsible for investigating, instituting and settling administrative proceedings against the company. This was the first enforcement action regarding the Penn Central debacle.

In an agency staffed with skilled lawyers, Mr. Rowe has demonstrated outstanding legal capabilities in the development of rules, regulations, forms, legal interpretations and the conduct of public investigatory hearings as to matters of material economic and social significance. He is respected throughout the Commission and the private securities bar for his integrity, intelligence and abilities. He is exceptionally imaginative and creative in his approach to the consideration of alternatives in the resolution of important legal issues, and brings to his tasks a high level of analytical ability and writing skill.

Indicative of the important issues in which he has assisted the Commission are: (a) the matter of estimates, forecasts and projections of future economic performance of companies, as an element of disclosure in documents filed with the Commission; (b) the matter of takeovers, acquisitions and beneficial ownership by foreign and domestic persons, and the need for rules to cope with emerging problems in this area of corporate activity; and (c) the matter of disclosure of economic realities concerning companies seeking public financing or whose securities are publicly traded, including research and development expenditures and new products or services.

Mr. Rowe exemplifies the career Federal attorney who elects to serve the public interest, and the Members of the Securities and Exchange Commission. and its staff believe his accomplishments are a profound and sincere testimonial to the very goals the Justice Tom C. Clark Award seeks to promote and reward.

[signature] Roderick M. Hills, Chairman

[signature] Philip A. Loomis, Jr, Commissioner

[signature] John R. Evans, Commissioner

[signature] Irving M. Pollack, Commissioner