

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

February 17, 1983

Honorable Ron Mann  
Associate Director  
Presidential Personnel  
The White House  
Washington, D.C. 20500

Dear Ron:

As you learned from Mark Cannon at the reception held in December for Richard Richards, my term at the Securities and Exchange Commission expires on June 5 of this year. Many people within the Commission and in the private sector have told me that they believe it would be in the public interest for me to seek another term and have encouraged me to do so if I can financially afford to stay. I have now decided that I am interested in serving another term at the SEC if the President desires to reappoint me.

Before making the decision to express an interest in being reappointed, I discussed the matter with certain Administration officials whose opinions I respect. First, I met with William Casey, Director of the Central Intelligence Agency, who was Chairman of the SEC and interviewed me before President Nixon nominated me to be a Commissioner. He is aware of my activities as a Commissioner and my views on the important issues before the Commission. During our recent meeting Mr. Casey advised me to seek renomination and offered his support should I decide to take that step.

Subsequently, I met with Secretary of the Treasury Donald Regan who supported me five years ago when he was Chairman of Merrill Lynch. Feeling that he is perhaps the most knowledgeable person in the Administration on securities matters, I told him that I wanted his input before deciding whether to seek reappointment. After discussing many of the major issues confronting the securities and banking industries, Secretary Regan stated that we agreed on the important issues, we have the same philosophy of government and regulation and that he would support me for renomination. In fact, Mr. Regan offered to contact the White House in order to initiate its consideration of my renomination.

I have also met with Senator Garn of Utah who, as you know, is Chairman of the Senate Banking Committee which considers nominations to the SEC. Senator Garn strongly supported me when the Carter Administration was openly hostile to my reappointment five years ago and spent a full year searching for a different nominee. At that point, Senator Garn and then Banking Committee Chairman Proxmire told President Carter that they would wait just as long to

consider anyone other than myself for the position. At our recent meeting, Senator Garn said that he would again support my nomination.

I am scheduled to meet this week with Senator Hatch, who is the other Senator from my home state of Utah. He supported me five years ago, and I expect that he feels the same way now. In fact, in 1978 I had very broad support from members of both parties in the House and Senate. No doubt this was partly due to the relationship I had with them while serving with Senator Wallace F. Bennett as his economics assistant and then as the Minority Staff Director of the Senate Committee on Banking, Housing and Urban Affairs. I would expect to have similar support this time if members are made aware of my interest in continuing to serve.

Other people have given me unsolicited expressions of support to seek renomination. These include Bill Marriott of the Marriott Corporation, Richard Wirthlin, consultant to the President, and Jack Carlson, the Executive Vice President of the National Association of Realtors. Among the many others who have encouraged me to seek reappointment are former Commissioners of both parties, former top staff members of the Commission, Members of Congress, and members of the securities bar, the accounting profession and the banking industry who are familiar with my prior service on the Hill and at the Commission.

There are several aspects of my background and performance as a Commissioner that may be helpful to the President's decision regarding reappointment.

I believe that my formal training as an economist aids me in making significant contributions to the many Commission decisions having important economic implications. Three other members of the current Commission were previously practicing attorneys and Chairman Shad had a very successful career in the securities industry.

I am the only member of the Commission from west of the Mississippi River. Three members are from New York and one is from South Carolina.

I have had significant experience with banking laws, rules and regulations both on the Banking Committee Staff and at the Commission while working with bank regulatory agencies. This has been helpful to the Commission in establishing disclosure requirements for bank holding companies and in developing what has been considered to be a very desirable self-regulatory structure for municipal securities dealers. It should also be helpful in future relationships with bank agencies and the banking industry as the functions of banks and securities firms merge.

Many members of the staff and the securities bar have expressed concern about the loss of continuity on the Commission if I do not remain a member. There would be less Commission experience among the Commission members than at any time since the establishment of the Commission in 1934. This experience can be important in evaluating previous Commission actions to determine how they can best be changed, if necessary, to reduce regulatory burdens while maintaining appropriate investor protections, and to bring to fruition long term projects such as the development of the National Market System. Moreover, the many changes occurring at the Commission have prompted some Members of Congress, particularly on the House side, to

question the Commission's motivation and direction. The credibility I have developed as a Senate staff member and at the Commission can be very helpful in Congressional relations.

Although I have been an advocate of vigorous enforcement of securities laws, it is my view that with adequate disclosure, free market forces and competition are the best regulators of business. I believe that this philosophy is consistent with that of the Administration toward responsible deregulation. Interestingly, my continuing commitment to deregulation of the securities industry, vigorous enforcement of the securities laws, and the prompt development of a National Market System for securities transactions mandated by Congress in 1975 caused some securities industry opposition to my renomination in 1978. No doubt much of the opposition came from the leading role I took in the abolition of anti-competitive fixed brokerage commission rates in order that such charges could be determined by free market forces. Incidentally, this action has saved investors at least \$6-8 billion dollars in brokerage commissions compared to former fixed rates and, as I predicted in 1975, it has not been detrimental to the securities industry. In fact, the industry has become more competitive, more innovative, more efficient, better capitalized, and more profitable.

I have also supported removing anti-competitive exchange rules prohibiting members from trading listed securities other than on an exchange. The Commission has not been willing to require this change but we have at least stopped the anticompetitive rules from applying to new listings. I have also favored permitting greater competition among investment banking firms, more efficient means for corporations to obtain capital from public investors, and reductions in limitations on competition between commercial and investment bankers. In addition, more than nine years ago I proposed that financial services offered by banks, securities firms and other financial institutions be regulated on the basis of the activity rather than the type of institution involved. This approach is now gaining support and is embodied in the Administration's proposals to amend the Glass-Steagall Act to permit banks to deal in revenue bonds and sponsor mutual funds. It is also being considered by Vice President Bush's Task Group on Regulation of Financial Services.

Consistent with my position that direct government regulation should be limited to the extent possible, I have always strongly supported self-regulatory organizations in the securities industry and believe that subject to Commission oversight, the private accounting profession should have the opportunity to establish appropriate accounting and auditing standards.

Having had experience managing a small business, I have supported and continue to support efforts to reduce regulatory burdens on small companies. Last year Chairman Shad asked me to be Chairman of the first SEC Government-Business Forum on Small Business Capital Formation which developed 37 legislative and administrative proposals to assist small businesses. I have been asked to act in that capacity again for the Forum scheduled to be held this September. I also had the opportunity to supervise the planning and be the presiding official of the Seventh Interamerican Conference of Securities Commissions and Similar Organizations that was held in Washington, D.C. last year. This Conference was attended by representatives of securities market regulatory bodies from 12 American countries and observers from 19 countries from other parts of the free world.

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Having provided you with a general description of my views, positions and activities with respect to securities issues, I am enclosing a list of speeches I have given as Commissioner and of appearances representing the Commission before Congress. I will be happy to send you copies of any of these if you desire more details of my positions and views. I am also enclosing copies of the pages of the hearings held by the Senate Committee on my previous nominations, and letters from the then ranking Republican and Chairman of the Senate Banking Committee when I was being considered in 1978.

I hope this information will be helpful to you. If you desire further information, please feel free to call me at 272-2100.

Sincerely,

John R. Evans  
Commissioner

Enclosures