of tender offer prospectuses which reveal the details of all pre-announcement trading in target shares by tender offerors, Chiarella was well aware that it was the common practice of prospective tender offerors to purchase target shares on the open market prior to announcement of their tender offer plans (GX31F, R.489-92).[3] Chiarella explained what his knowledge of the practice of offeror corporations meant to him (R.492):

> "I was doing the same thing that they were doing and I had no intention of doing anything wrong with that."

An investigation by the SEC into trading activity in one of the target corporations whose shares Chiarella purchased led to the commencement of an injunctive action by the SEC against Chiarella (*SEC* v. *Chiarella*, No. 77 Civ. 2534 [S.D.N.Y. 1977]). The SEC proceeding was settled when Chiarella entered into a consent decree with the SEC and disgorged his $30,000 profit to those target shareholders whose stock he fortuitously purchased (R. 15-17).

Shortly thereafter Chiarella was fired by Pandick and sought unemployment insurance benefits (R.484-85). In

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3. The common practice of a prospective offeror purchasing shares of the prospective target in the open market is demonstrated by one of the proofs Chiarella is alleged to have worked on. Government Exhibit 31F—the printer's proof which underlies Counts 11 and 12—establishes that three weeks prior to the announcement of the tender offer, the offeror had purchased on the open market 34,000 shares of the target corporation's stock. The document contains the following language:

> "Neither the Offeror, any officer or director of the Offeror, nor any affiliated person has effected any transaction in the Shares during the past 60 days *except for the purchase in brokerage transactions by the Offeror during the period from September 7, 1976, through September 17, 1976 of an aggregate of 34,000 shares. . . .*" (Emphasis supplied.)

the process of seeking those benefits, Chiarella met with a New York State unemployment examiner who told Chiarella to explain the reasons for having been fired. Chiarella gave the examiner the full statement of reasons requested (R.275-78).

In January, 1978, Chiarella was indicted on 17 counts (each count representing a separate purchase of target stock) charging violations of Section 10(b) and Rule 10b-5. A pre-trial motion to dismiss the indictment upon the ground that the conduct alleged—the purchase of stock without disclosure of material, nonpublic information—was not within the scope of Section 10(b) and Rule 10b-5 because Chiarella had no relationship with the target corporations and was under no duty to disclose his information which originated with the offeror corporations, was denied in a written opinion (*United States* v. *Chiarella,* 450 F.Supp. 95 [S.D.N.Y. 1978]; Appendix B to Chiarella's petition for a writ of certiorari).

At trial in the Southern District of New York before the Honorable Richard Owen and a jury, Chiarella objected unsuccessfully to the introduction into evidence of the statements he made in connection with seeking unemployment benefits (GX12; transcript of proceedings April 3, 1978, pp. 1-24 — 1-34; transcript of proceedings April 4, 1978, pp. 152-154; R.275). His requests to charge the jury that specific intent to defraud was a requisite element of the crime were denied (R.559-60, 572-73, 712).

On April 10, 1978, Chiarella was convicted on all counts (R.723) and on May 19, 1978 he was sentenced to a term of imprisonment of one year with all but one month suspended on each of counts 1-13 to run concurrently and to a term of probation of five years on counts 14-17 (see judgment filed May 19, 1978).

Chiarella's conviction was affirmed by the United States Court of Appeals for the Second Circuit on November 29, 1978 by a divided panel (Kaufman, Ch. J. and Smith, J.; Meskill, J. dissenting). A motion for rehearing and suggestion for rehearing *en banc* was denied on January 4, 1979.

Pending this Court's decision, Chiarella's sentence has been stayed. Bail in the form of a $10,000 personal recognizance bond was posted.

Summary of Argument

I. Chiarella's conduct is not within the scope of Section 10(b) and Rule 10b-5. Nothing in the plain language of the statute and rule suggests liability for trading without disclosure of material, nonpublic information. The legislative history of the statute shows that Chiarella's conduct was never intended by congress to be covered by Section 10(b). The administrative history and administrative and judicial interpretations of the Rule show its application to nondisclosure of material nonpublic information has been grounded in the trader's breach of a duty to disclose arising out of a fiduciary or other special relationship with the issuer corporation—a relationship Chiarella concededly did not have. Indeed, conduct identical to Chiarella's—an "outsider's" purchase of an issuer's stock based on and without disclosure of an impending tender offer for the issuer's shares—has specifically been ruled out as a *civil* violation of Rule 10b-5 by every court that has addressed the issue. Moreover, an expansive interpretation of Section 10(b) and Rule 10b-5 conflicts with the required strict construction of criminal statutes.

II. The fair notice requirement of the Due Process Clause was violated by Chiarella's conviction. The state of the law—prior judicial interpretations, administrative actions and rulings, legislative history, other relevant statutory provisions, as well as custom and usage—was such at the time of his security transactions that no one could have rationally predicted that Chiarella's conduct would come within Section 10(b) and Rule 10b-5. The Second Circuit's novel and expansive interpretation of the law and rule to cover Chiarella's conduct by the creation of a new "test" for liability—"regular access to market information"—is, much like an *ex post facto* law, constitutionally impermissible.

III. The trial court's refusal to charge the jury that "specific intent to defraud" was an essential element of the crimes charged violated this Court's holding in *Ernst & Ernst* v. *Hochfelder,* 425 U.S. 185 (1976). The charge given, that Chiarella could be convicted if the jury found he had a realization that his conduct was wrongful, was not sufficient to charge the very different concept of specific intent to defraud required by *Hochfelder*.

IV. The statements made by Chiarella to New York's Department of Labor and later used against him at his trial should not have been admitted into evidence. The New York law makes the statements absolutely privileged from disclosure, prohibits their use in any court, and punishes disclosure as a criminal offense. This privilege and rule of inadmissibility should have been sustained in Chiarella's federal criminal trial under Rule 501 of the Federal Rules of Evidence. Honoring the privilege in federal court is consistent with federal interests. Congressional enactments have evinced a clear intent to protect information required by federal as well as state agencies. Constitutional considerations, founded on the Fifth Amendment right against self-incrimination, also favor recognition of the privileged status of this information. In addition, this Court has approved a specific rule which would have required federal courts to defer to the state privilege which attached to Chiarella's statement.

ARGUMENT

POINT I

The purchase of stock on the open market based on and without disclosure of material, nonpublic information does not violate Section 10(b) of the 1934 Securities Exchange Act and Rule 10b-5 promulgated thereunder where the purchaser has no fiduciary or other special relationship with the issuer or its stockholders and the information was obtained from and created by a source wholly outside and unrelated to the issuer.

A. Introduction

This case is the first criminal prosecution ever brought under Section 10(b) of the Securities Exchange Act of 1934 and SEC Rule 10b-5 for securities trading based on and without disclosure of material, nonpublic information. Not even a true corporate "insider" (which Chiarella is not) who traded on "inside" information obtained from the issuer corporation (which Chiarella did not) has ever been charged with a crime under Section 10(b) and Rule 10b-5. Nor has there ever been a litigation in which even civil liability for nondisclosure has been imposed under Section 10(b) and Rule 10b-5 on someone like Chiarella who concededly is not an "insider," the "tippee" of an "insider," or one with a special relationship with other traders and investors.

Nothing in the language or history of Section 10(b) and Rule 10b-5 supports the expansion of the statute and rule to embrace the conduct at issue here. Indeed, conduct identical to Chiarella's—an "outsider's" purchase of an issuer's stock based on and without disclosure of an impending tender offer for the issuer's shares—has specifically been ruled out as a civil breach of Section 10(b) and Rule 10b-5 by every court that has addressed the issue. Moreover, the expansive view of the statute and rule urged by the government in support of this criminal case and adopted by the courts below to uphold the indictment and affirm the conviction flatly conflicts with the fundamental rule requiring strict construction of penal laws.

B. The Language and History of Section 10(b) and Rule 10b-5

Mr. Justice Rehnquist noted in *Blue Chip Stamps* v. *Manor Drug Stores*, 421 U.S. 723, 737 (1975), that the case law which has developed under Section 10(b) of the 1934 Securities Exchange Act is tantamount to "a judicial oak which has grown from little more than a legislative acorn." The metaphor is particularly apt in this case because analysis of the language and history of the statute and Rule

10b-5 promulgated by the SEC pursuant to the statute shows that the genetic makeup of the "acorn" is inconsistent with what the government urges should be a new branch on the "judicial oak"—criminal liability for mere silence by a non-insider in connection with a stock transaction.

1. The Language of the Statute and Rule

The language of Section 10(b) and Rule 10b-5 does not proscribe trading without disclosure of material, nonpublic information. Section 10(b) makes unlawful "in connection with the purchase or sale" of securities the "use or employ[ment]" of "any manipulative or deceptive device or contrivance" in contravention of SEC rules. SEC's Rule 10b-5 prohibits in connection with the purchase or sale of securities (1) the "employ[ment of] any device, scheme, or artifice to defraud," (2) the "mak[ing of] any untrue statement of a material fact" or the "omi[ssion] to state a material fact necessary in order to make the statements made, in the light of circumstances under which they were made, not misleading," and (3) the "engag[ing] in any act, practice or course of business which operates or would operate as a fraud or deceit."

The only nondisclosure specifically addressed is the failure to reveal "a material fact" necessary to make other statements made not misleading. Thus, affirmative misrepresentation by the device of half-truths is plainly prohibited by the language of Rule 10b-5. Total silence in connection with a stock transaction—the conduct at issue here—is not referred to at all.[4] Indeed, since the "scope [of SEC Rule 10b-5] cannot exceed the power granted the Commission by Congress under §10(b)" which proscribes only "manipulative or deceptive device[s] or contrivance[s]," the general fraud prohibitions of clauses 1 and 3 of Rule 10b-5 (employing a "device, scheme, or artifice to defraud" and engaging in an "act, practice or course of business which operates . . . as a fraud or deceit") cannot be construed to make unlawful *every* failure to disclose material, nonpublic information (*Ernst & Ernst* v. *Hochfelder,* 425 U.S. 185, 214 [1976]). At most, only a failure to disclose that amounts to a "manipulative or deceptive device or contrivance" is within the plain meaning of Section 10(b) and Rule 10b-5.

2. *Legislative History of Section 10(b)*

Nothing in the legislative history of Section 10(b) reveals a congressional intent to include trading without disclosure of material, nonpublic information within the concept of "manipulative or deceptive device or contrivance." Congressional concern was with prohibiting manipulative and deceptive devices in connection with stock transactions which had the danger of artificially and dishonestly affecting the market price of securities. The language now comprising Section 10(b) was originally included as Section 9(c) of the bills introduced in the Senate and House (S. 2693, 73d Cong. 2d Sess. [1934]; H.R.

4. In recognition of the plain meaning of clause 2 of Rule 10b-5, the district court dismissed that portion of the indictment charging Chiarella with having omitted to state a material fact necessary in order to make the statements made not misleading (R.537, 550). Since Chiarella made no statement at all in connection with his stock purchases, there was no evidence to support the charge that he violated clause 2 of Rule 10b-5.

7852, 73d Cong. 2d Sess. [1934]; H.R. 8720, 73d Cong. 2d Sess. [1934]). The other subsections of Section 9 authorized the SEC to regulate securities transactions involving "short" sales and "stop-loss" orders—practices which could create a false or misleading appearance of trading activity and have an effect on market prices not reflective of true market conditions. The committee hearings regarding Section 9(c)'s prohibition on the use of "any manipulative or deceptive device or contrivance" reveal that the subsection was designed as a catch-all to insure that other types of manipulation or deception resulting in the generation of artificial prices not specifically prohibited by the express provisions of Section 9 would be prohibited through appropriate SEC regulation. *See* Hearings on Stock Exchange Regulations Before the House Committee on Interstate and Foreign Commerce, 73d Cong. 2d Sess. 115 (1934).[5] Trading on material, nonpublic information, a practice which would tend to push the market price of a security in the right direction, is not within the ambit of congress' intention to regulate "manipulative or deceptive device[s] or contrivance[s]" which could

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5. There is evidence in the legislative history that congress assumed that problems regarding trading without disclosure of material, nonpublic information were distinct from problems of manipulation and deception. Congress chose to deal with the problem of "insider" trading explicitly in Section 16(b) (15 U.S.C. §78p[b]) by providing for corporate recovery of short swing profits made on transactions by "insiders." There is no suggestion anywhere in the legislative history of the 1934 Act that congress intended any other section to deal with the subject. *See,* S. Rep. No. 792, 73rd Cong. 2d Sess. 9, 12-15, 21 (1934); Remarks of Congressman Lea, 78 Cong. Rec. 7861-62 (1934); S. Rep. No. 1455, 73d Cong. 2d Sess. (1934); H.R. Rep. No. 1383, 73d Cong. 2d Sess. (1934); Hearings on Stock Exchange Regulation Before the House Committee on Interstate and Foreign Commerce, 73d Cong. 2d Sess. 132-35 (1934). *See also,* Manne, *Insider Trading and the Administrative Process,* 35 Geo. Wash. L. Rev. 473, 491-92 (1967); Ruder, *Civil Liability Under Rule 10b-5: Judicial Revision of Legislative Intent?,* 57 Nw. U.L. Rev. 627, 652-54 (1962).

artificially affect market prices and not reflect true market conditions. *See* H. G. Manne, Insider Trading in the Stock Market (1966).

3. *Administrative History and Interpretation of the Rule*

In contrast to the legislative history of Section 10(b) which does not specifically address the issue of trading without disclosure of material, nonpublic information, the administrative history and interpretation of Rule 10b-5 is enlightening. The Rule was adopted by the SEC in 1942 to close "... a loophole in the protections against fraud administered by the [SEC] by prohibiting individuals or companies from buying securities if they engage in fraud in their purchase." SEC Release No. 3220 (May 21, 1942).[6] No definition of "fraud" was supplied by the SEC at the time of the Rule's adoption. The burden of later SEC interpretations of its Rule makes clear that a failure to disclose material, nonpublic information in connection with a stock transaction amounts to "fraud" within the scope of Rule 10b-5 only where the failure to disclose is in breach of an affirmative duty to disclose. *In the Matter of Cady, Roberts & Co.*, 40 S.E.C. 907 (1961); *but*

6. The Rule appears to have been adopted over the course of one or two days when the SEC realized that the antifraud provisions of the 1933 Securities Act (15 U.S.C. §77q[a]) applied only to the "offer or sale" of securities and not their purchase. The Rule was adopted in particular response to a Regional Administrator's report regarding a corporate president who, while misrepresenting to other shareholders that the corporation was doing very badly, was buying up their shares and failing to disclose that the corporate earnings were going to quadruple. When the text of Rule 10b-5 drafted in response to the report was presented to the commissioners, all approved it and the only comment made was "Well . . . we are against fraud, aren't we?" *See* Conference on Codification of the Federal Securities Laws, 22 Bus. Law. 793, 922 (1967) (remarks of Milton Freedman, one of the Rule's co-drafters).

compare, e.g., *SEC* v. *Sorg Printing Co., Inc.*, CCH Fed. Sec. L. Rep. ¶95,034 (S.D.N.Y. 1975).

Cady, Roberts & Co., supra, is the seminal SEC interpretation applying Rule 10b-5 to the nondisclosure of material, nonpublic information in connection with securities trading. The SEC ruled that Section 10(b) and Rule 10b-5 had been violated by Cady, Roberts & Co., a stock brokerage partnership and one of its partners who sold stock of Curtiss-Wright Corp., on the basis and without disclosure of highly unfavorable and unpublished dividend information obtained from a Curtiss-Wright director who was also a registered representative employed by Cady, Roberts.[7] Because the case was "of first impression and one of signal importance in [the SEC's] administration of the Federal securities acts" (*Cady, Roberts, supra,* at 907), Chairman William L. Cary painstakingly spelled out the legal principles underlying the SEC's application of Rule 10b-5 (*id.* at 911-12):

> ". . . Rule 10b-5 appl[ies] to securities transactions by 'any person.' Misrepresentations will lie within [its] ambit, no matter who the speaker may be. *An affirmative duty to disclose material information has been traditionally imposed on corporate 'insiders,' particularly officers, directors, or controlling stockholders. We and the courts have consistently held that insiders must disclose material facts which are known to them by virtue of their position but which are not known to persons with whom they deal and which, if*

7. The SEC proceedings in *Cady, Roberts & Co.* were resolved by Cady, Roberts & Co.'s offer of settlement permitting a maximum sanction of a 20-day suspension of the trading partner from membership on the New York Stock Exchange. Apparently there was no referral of the matter by the SEC to the Justice Department's Criminal Division.

known, would affect their investment judgment. Failure to make disclosure in these circumstances constitutes a violation of the antifraud provisions.

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"Thus our task here is to identify *those persons who are in a special relationship with a company and privy to its internal affairs, and thereby suffer correlative duties in trading its securities.* Intimacy demands restraint lest the uninformed be exploited." (Emphasis supplied.)

The SEC thus made it plain nearly twenty years after Rule 10b-5 was promulgated that, unlike a misrepresentation in connection with a securities transaction which is a fraud under Rule 10b-5 "no matter who the speaker may be," total nondisclosure amounts to a Rule 10b-5 fraud only when the silence is in breach of "an affirmative duty to disclose" such as the duty of one who "[is] in a special relationship with a company, . . . privy to its internal affairs . . . and trad[es] its securities."[8] This well-rea-

8. The SEC's citation in *Cady, Roberts* to *Speed* v. *Transamerica Corp.*, 99 F. Supp. 808, 828-29 (D.Del. 1951) and *Kardon* v. *National Gypsum Co.*, 73 F. Supp. 798, 800 (E.D. Pa. 1947) as the sole judicial support for its interpretation of Rule 10b-5 makes powerfully clear that the application of Rule 10b-5 to nondisclosure in connection with a securities transaction was meant to embrace only a nondisclosure which violates an insider's duty to disclose. In *Speed* v. *Transamerica, supra,* 99 F. Supp. at 828-29, Chief Judge Leahy wrote:

"The rule [*i.e.,* Rule 10b-5] is clear. It is unlawful for an insider, such as a majority shareholder, to purchase the stock of minority shareholders without disclosing material facts affecting the value of the stock, known to the majority stockholder by virtue of his inside position but not known to the selling minority stockholders, which information would have affected the judgment of the sellers. The duty of disclosure stems from the necessity of preventing a corporate insider from utilizing his

(footnote continued on next page)

soned interpretation of the Rule cannot be said to have been modified in any sense by the mere commencement by the SEC of injunctive actions against Chiarella and other printers, especially where none of those actions were accompanied by interpretative opinions or policy pronouncements varying from *Cady, Roberts*. *E.g.*, *SEC* v. *Sorg Printing Co., Inc., supra*.

C. Judicial Development of Section 10(b) and Rule 10b-5

The case law regarding nondisclosure liability under Rule 10b-5 after *Cady, Roberts* and before *Chiarella* is undeviating. Liability under the section and rule for the failure to disclose material information concerning the stock of an issuer has been found *only* where the failure to disclose is in breach of an affirmative duty to disclose arising out of a fiduciary relationship the trader or the original source of the information has with the issuer or out of some other special relationship the trader has with the issuer or other investors. Absent an affirmative duty to disclose, the cases make it perfectly clear that trading on the basis of material, nonpublic information is not a violation of Section 10(b) and Rule 10b-5.

The landmark case of *SEC* v. *Texas Gulf Sulphur Co.*, 401 F.2d 833 (2d Cir. 1968) (*en banc*), *cert. denied*, 394

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position to take unfair advantage of the uninformed minority stockholders."

And in *Kardon* v. *National Gypsum Co.*, *supra*, 73 F. Supp. at 800, the court wrote:

> "Under any reasonably liberal construction, these provisions [of Rule 10b-5] apply to directors and officers who, in purchasing the stock of the corporation from others, fail to disclose a fact coming to their knowledge by reason of their position, which would materially affect the judgment of the other party to the transaction."

U.S. 976 (1969), is illustrative. In that case the SEC sought to enjoin Texas Gulf Sulphur and several of its officers, directors and employees from violating Section 10(b) and Rule 10b-5 and to compel the rescission of securities transactions in the stock of Texas Gulf Sulphur entered into by the individual defendants on the basis and without disclosure of material, nonpublic inside information. The Second Circuit ruled that the nondisclosure violated Section 10(b) and Rule 10b-5 because the insiders had an affirmative duty to disclose inside corporate information when trading in the shares of the corporation. Relying on the SEC's decision in *Cady, Roberts, supra,* the court wrote (401 F.2d at 848):

> ". . . anyone in possession of material inside information must either disclose it to the investing public, or, if he is disabled from disclosing . . . or he chooses not to do so, must abstain from trading in or recommending the securities concerned while such information remains undisclosed."

In finding an affirmative duty to disclose in *Texas Gulf Sulphur,* the court relied on "traditional fiduciary concepts" and the "'special facts' doctrine" developed in common law tort cases involving fraud by silence (401 F.2d at 848). The essence of the common law rule is that a tort action for fraud by silence lies where one party to a business transaction fails to disclose facts material to the transaction that the other party is entitled to know because of a fiduciary or other special relation of trust and confidence between them. *See, e.g., Strong* v. *Repide,* 213 U.S. 419 (1909); *Hotchkiss* v. *Fisher,* 136 Kan. 530, 16 P.2d 531 (1932); *Oliver* v. *Oliver,* 118 Ga. 362, 45 S.E. 232 (1903); *Diamond* v. *Oreamuno,* 24 N.Y. 2d 494, 248 N.E. 2d

910 (1969); 3 L. Loss, Securities Regulation 1446-48 (2d ed. 1961); 3 Fletcher, Cyclopedia Corporations 281-92 (1975 revision); ALI Restatement of the Law 2d, Torts §551(2)(a).[9]

As Chief Judge Fuld wrote in *Diamond* v. *Oreamuno*, *supra*, 24 N.Y. 2d at 498-99, a securities fraud by silence case:

> "Just as a trustee has no right to retain for himself the profits yielded by property placed in his possession but must account to his beneficiaries, a corporate fiduciary, who is entrusted with potentially valuable information, may not appropriate that asset for his own use. . . . [T]here can be no justification for permitting officers and directors . . . to retain . . . profits which . . . they derived solely from exploiting information gained by virtue of their inside position as corporate officials."

Since *Texas Gulf Sulphur*, it has become firmly entrenched in Section 10(b) and Rule 10b-5 case law that nondisclosure amounts to a "manipulative or deceptive device or contrivance" *only* when such nondisclosure is in breach of a duty to disclose arising out of a fiduciary relationship between the trader or the original source of information and the issuer or some special trustee type of relationship between the trader and other investors.[10] *See*,

9. As the treatises point out, it was the so-called "minority rule" of the common law which imposed a fiduciary obligation to disclose upon insiders when trading the shares of their corporation. 3 Fletcher, Cyclopedia Corporations, *supra*, 288-92; 3 L. Loss, Securities Regulation, *supra*, at 1446-47.

10. In opposing certiorari, in *SEC* v. *Texas Gulf Sulphur*, *supra*, the SEC itself acknowledged that the duty to disclose arises out of the fiduciary obligation a corporate "insider" owes the corporation's shareholders. (*See* Brief for the SEC in opposition to petition for a writ of certiorari in *Coates* v. *SEC*, No. 68-897, p.17.)

e.g., *Lewelling* v. *First California Co.*, 564 F.2d 1277 (9th Cir. 1977); *Schein* v. *Chasen*, 478 F.2d 817, 823 (2d Cir. 1973), *vacated on other grounds*, 416 U.S. 386 (1974); *Radiation Dynamics, Inc.* v. *Goldmuntz*, 464 F.2d 876, 890 (2d Cir. 1972); *SEC* v. *Great American Industries, Inc.*, 407 F.2d 453, 460 (2d Cir. 1968) (*en banc*), *cert. denied*, 395 U.S. 920 (1969); *Myzel* v. *Fields*, 386 F.2d 718 (8th Cir. 1967), *cert. denied*, 390 U.S. 951 (1968); *Kohler* v. *Kohler Co.*, 319 F.2d 634 (7th Cir. 1963). The Second Circuit wrote in 1972:

> "The essential purpose of Rule 10b-5, as we have stated time and again, is to prevent corporate insiders and their tippees from taking unfair advantage of the uninformed outsiders." *Radiation Dynamics, Inc.* v. *Goldmuntz, supra,* 464 F.2d at 890.

Absent such a relationship and the correlative duty to disclose, nondisclosure of material, nonpublic information is not a Rule 10b-5 violation.

> "The party charged with failing to disclose market information must be under a duty to disclose it to the plaintiffs." *Frigitemp Corp.* v. *Financial Dynamics Fund, Inc.*, 524 F.2d 275, 282 (2d Cir. 1975).

This state of the law was spelled out by the American Law Institute in its 1978 Proposed Official Draft of the Federal Securities Code.[11] In codifying the existing law regarding trading based on and without disclosure of ma-

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11. The American Law Institute's Proposed Official Draft of the Federal Securities Code (1978) was the result of an intensive effort over more than eight years to codify the federal securities laws by synthesizing the myriad statutes, administrative rules and court decisions spawned since 1933.