

February 7, 2019

Harvey Pitt – SECHS Founder - Oral History

[Dan Goelzer:](#) Good afternoon. This is an interview with Harvey Pitt for the SEC Historical Society's virtual museum and archive of the history of the U.S. securities markets and financial regulation. I'm Dan Goelzer. The date is February 7, 2019, and we're in Washington D.C.

[Dan Goelzer:](#) Just to set the stage a bit: From 1968 to 1978, Harvey Pitt served on the staff of the Securities and Exchange Commission, eventually becoming, in 1975, the youngest General Counsel in the SEC's history. Harvey had a second SEC career beginning in 2001 when he was the 26th Chairman of the Commission. For the nearly 25 years in between, Harvey was a partner in the law firm of Fried Frank here in Washington, and a leading member of the securities bar. After he left the SEC chairmanship, Harvey founded the strategic consulting firm Kalorama Partners, where he continues today. We're sitting in Kalorama's offices in Washington D.C. for this interview.

[Dan Goelzer:](#) I'll just add, as a personal aside, I had the privilege of working with Harvey when I was a young staff attorney at the SEC, beginning in 1974, and I think I can say that no one's had a bigger impact on my career than Harvey. He's given me good advice on a wide range of legal and non-legal issues over the years, and I consider him very much a friend and a mentor.

[Dan Goelzer:](#) For those who would like to get more of a sense of the full scope of Harvey's career, he has two oral histories already in the virtual museum that cover the span of his time at the SEC, both as General Counsel and Chairman. One was taken in May of 2007, and the second in May of 2008. Please take a look at those interviews to learn more about Harvey's background.

[Dan Goelzer:](#) Today we want to talk about something a little different --the origins and creation of the SEC Historical Society itself and Harvey's role in that event.

[Dan Goelzer:](#) Harvey, as I think you're probably aware, we're creating a Founders' Exhibit in the virtual museum that will look at how the SEC Historical Society was created, in order to honor the 20th anniversary of the Society. There were three primary founders: yourself, of course, and also David Ruder and Paul Gonson. David and Paul have already been interviewed, and the oral histories of the three of you with respect to the Society will all be part of the Founders' Exhibit.

[Dan Goelzer:](#) Today, we'd like to get your recollections of how the Society was born, what your role in that process was, what the responsibilities of the other founders were, and what some of the early challenges and issues that the Society faced were.

[Dan Goelzer:](#)

It makes sense to start at the beginning. What can you tell us about where the idea to create the SEC Historical Society came from, how you first heard about it, and how you became involved?

[Harvey Pitt:](#)

Well, before I do, Dan, I just want to say a word about you and the current leadership of the SEC Historical Society. It was a real privilege for me to be able to work with you, and I consider you to be a valued friend. I think with you at the helm right now, and with Jane Cobb as the Executive Director, the SEC Historical Society is in fabulous hands and is making great strides forward. So I'm delighted to participate in this oral history.

[Harvey Pitt:](#)

With respect to the Historical Society, I first heard about this in a communication—I think it was a telephone call—from David Ruder. David and I had become good friends, particularly after his tenure as SEC chairman. But he indicated to me that he had spoken with then SEC Chairman Arthur Levitt and that the thought at the Commission was that an organization should be created for the SEC along the lines of the Supreme Court Historical Society. I think the analogy to the Supreme Court Historical Society was both apt and very much at the forefront of our planning because, while the Supreme Court certainly does its best to facilitate the efforts of the Supreme Court Historical Society, that Society is completely independent from the Supreme Court. The Supreme Court does not, and it would be improper for it to, engage in fundraising or other similar activities. And decisions are made solely by the Supreme Court Historical Society. I'm a member of the Supreme Court Historical Society as well.

[Harvey Pitt:](#)

And the thought was that a group would be created dedicated to preserving the historical artifacts of the SEC's existence and activities, and promote policies, discussions, and similar efforts to enhance the ability of people who are interested in researching the historical antecedents of the SEC and various of its particular actions. Frequently, people read about an action taken by the Commission, and they do not always know exactly what went on behind the scenes to get to the point where a policy evolved and became a formal pronouncement of the agency.

[Harvey Pitt:](#)

That was what I heard. And when David reached out to me, I was thrilled to join him and work with him because I've admired David for most of my professional career, and even more so in later times.

[Dan Goelzer:](#)

So you were positive, you were enthusiastic, when David presented the idea to you?

[Harvey Pitt:](#)

I was. I was very positive about this notion because there are so many documents and decisions that become very hard to obtain. And the notion of having a museum that would make these materials available to scholars and practitioners was very appealing. I must say, as a practitioner, I have frequently utilized the facilities of the SEC Historical Society website. There are important historical materials relating to the work of the SEC that I have only been able to find on that website, and not anywhere else. It is a fabulous resource for people

looking to explore particular issues or even make arguments on behalf of clients.

[Dan Goelzer:](#)

This was pretty much the infancy of the internet. So, at that point, the thought was of a mission that revolved around physical documents?

[Harvey Pitt:](#)

Yes. I think the concept was that we would gather all the actual artifacts in hard copy, and that eventually there would be a building to house it. In hindsight, that was probably a little naïve, because finding a building or finding space to house all of this would have created prohibitive costs. But the concept was physical at the time the SEC Historical Society was initially created.

[Dan Goelzer:](#)

All right.

[Dan Goelzer:](#)

Well, if we move the story forward: David gave you a call, presented the idea, you were enthusiastic about the idea. What happened next?

[Harvey Pitt:](#)

David pulled together a group of people together. One thing about David is that his intuitive sense—to find a broad base of people who captured various aspects of the SEC's historical existence—was uncanny. And I might say that David has developed an uncanny ability to begin new major organizations and see them through their infancy and get them up and running. The SEC Historical Society was a very important one, but he also did that with the Mutual Fund Directors Forum. And the one thing I've noted about David throughout his career is he's organized, he's thoughtful, and he's very creative. I don't think Chairman Levitt could have asked anyone better than David to get this off the ground.

[Harvey Pitt:](#)

In any event, I think there was a group of about 19 or 20 people. At my age, I'm not necessarily quite precise on the numbers. But, David got together a good cross-section of people, including both those who had served at the Commission, as well as those who had interacted with the Commission. He went out of his way to find people who had connections with the agency in a variety of different areas. And, we convened the group. We agreed on a statement of mission and purpose, and then set about the task of trying to create the reality of the SEC Historical Society out of the germ of an idea that Chairman Levitt and Chairman Ruder had concocted.

[Dan Goelzer:](#)

Before we go forward with the story, with the history, you've spoken a little about David and some of his really unique abilities and talents. I did want to ask you to talk a bit about your relationship with the other founder, Paul Gonson. Obviously, this wasn't the only time in your career that you'd been involved with both of them.

[Harvey Pitt:](#)

No. Paul Gonson and I go back a very long way. Paul and I, ironically, both started in the SEC General Counsel's Office on the very same day. Paul had been at the Commission for a number of years. He had been in what was then known as the SEC's Division of Corporate Regulation, which mostly focused on

bankruptcy proceedings and a statute over which the SEC finally succeeded in divesting responsibility—the Public Utility Holding Company Act, or PUHCA, as we affectionately referred to it. In any event, Paul and I started in the SEC GC's Office on the same day. Paul was my supervisor, and I worked directly for Paul.

[Harvey Pitt:](#)

We worked very closely together. I found Paul to be incredibly bright and extremely hardworking. I think the thing that troubled me the most about Paul came to light when we were working on a brief late into the night one day—it turned out Paul knew all the night staff and they all greeted him with great affection, which he deserved. But, the fact that he knew all these people so well and they knew him certainly didn't bode well, I thought, for my personal time. And that turned out to be correct.

[Harvey Pitt:](#)

Working with Paul was just a sheer delight. He knew how to write briefs and so on. We both worked for David Ferber, who at the time was the Commission's solicitor. And I was the junior, Paul was the middle person, David was the senior supervisor or solicitor. And all of us reported to Phil Loomis, who at that time was the revered general counsel of the SEC.

[Harvey Pitt:](#)

I wound up working with Paul for most of my first 10-plus years at the Commission, although I had a stint out of the office. I actually had several stints out of the office during my tenure. Eventually, as you have alluded, I became the SEC's General Counsel, and Paul wound up, in effect, working for me, which he did with incredible aplomb and grace. I have always admired Paul.

[Dan Goelzer:](#)

Did you and Paul and David have particular ways that you divided up the responsibilities at the inception of the Historical Society?

[Harvey Pitt:](#)

When we started, Paul was really going to focus on financial, and I was going to focus on getting a 501(c)(3) organized. And I would say there my most brilliant contribution was to inveigle a young associate at my law firm, Noah Berlin, to take on the task of working with us. Noah eventually became the general counsel of this Historical Society, and still is.

[Dan Goelzer:](#)

And still is, as I think you know.

[Harvey Pitt:](#)

And he is phenomenal. He is also a remarkable oenologist. He's very, very well-versed in wine. So, if you ever need wine suggestions, Noah is the person to whom you should turn.

[Harvey Pitt:](#)

Noah bore the laboring oar of organizing the SEC Historical Society as a 501(c)(3) organization.

[Dan Goelzer:](#)

I worked with Noah at the PCAOB, and he didn't reveal to us his talent with respect to wine. I'm sorry I missed that.

[Harvey Pitt:](#)

Ah! At Fried Frank, he hosted a wine tasting for everyone. I was amazed because those were the beginning days of wineries moving away from corked bottles of wine to screw caps. And I remarked in introducing Noah for the presentation that he'd expanded my horizons because the only time I drank wine out of a screw top bottle was when I was in college, and I think the brand was called Thunderbird. But Noah provided us with much better wines, even if they did have screw tops!

[Dan Goelzer:](#)

Well, at some fairly early point there must have been a decision to create a board of trustees, which brought still more people into the picture. What can you tell us about that decision and what the criteria were and how you found other people to serve on the board?

[Harvey Pitt:](#)

One of, I think, David's important contributions, and I mentioned this in passing earlier, was to expand the group that was making decisions. I think David believed that having a small group of people making critical decisions would not be good for the ultimate health and expansion of the Society. So, he broached the subject. And, if my memory is right, David came up with the list. I know you were on that list, as well you should have been. My recollection is that the list David came up with was perfect.

[Harvey Pitt:](#)

One of the ulterior motives we had—I don't want to say this was diabolical—was that, by expanding the group of decision makers, we might also be able to develop potential sources of revenues, because this was not going to be a self-sustaining operation. We needed to find donors to raise money. And our early efforts focused on that as well.

[Harvey Pitt:](#)

I don't recall any disagreement about the list of the original 20. I believe the list was around 20, or something close to that. I think everyone mentioned for the group was fine.

[Harvey Pitt:](#)

There was also some discussion about another group that was forming around the same time—the Association of SEC Alumni, or ASECA. ASECA indicated that it was willing to fund us. I believe there was some talk about having a permanent board seat assigned to ASECA. We all agreed that it would be important for the two organizations to coexist. We did not think there was overlap between the functions. But, I do recall all three of us, Paul, David, and I, were of the view that no one should have an assigned seat on the SEC Historical Society's board; rather, we felt that that should be a function determined by the membership and normal organizational democratic processes.

[Dan Goelzer:](#)

I imagine that the time when the first board of trustees was selected may be the point where someone else who was important in the early days came into the picture, Ted Levine.

[Harvey Pitt:](#)

Ted Levine was very important. He became a member. Ted and I had been very close friends and colleagues, both at the Commission and then in private

practice. After I left the SEC Historical Society, at some point Ted became either the treasurer or secretary, and then ultimately the president.

[Harvey Pitt:](#)

I attribute a lot of the success that the Historical Society had in cultivating sponsorship to Ted, and his efforts during his tenure. Ted was very organized. He knew everyone, both in private practice and the government, and in all the affiliated entities that interact with the SEC on a daily basis. Under Ted, a great amount of significant strides were made in raising capital. This was critical because, after I left to become Chairman of the Commission, we managed to saddle the organization with an unfortunate financial hole that had to be plugged. This deficit occurred as a result of our first major issues conference. Ted was prominent among those who were incredibly helpful.

[Harvey Pitt:](#)

One other person who was extremely helpful was Alan Levenson. Alan was one of the original group of 20 trustees. I remember that David, Alan, and I did the interviewing for the Society's first Executive Director, who turned out to be Carla Rosati. I recall that Alan was very helpful in assisting us through that process and making sure that we got the Society off to a very good start.

[Dan Goelzer:](#)

Well, that does touch a little on something else I wanted to ask about, which was how did the work get done in the early days? What was the base of operations? And then how did that lead to a decision to hire an executive director?

[Harvey Pitt:](#)

Well, the first thing we needed was a place for the Historical Society. And my law firm, very helpfully, was willing to make space available. I made staff available to work on the legal issues we had. And so for a period of time, the SEC Historical Society's address was the address of the Fried Frank law firm.

[Harvey Pitt:](#)

David was the overall guru, orchestrating all our efforts. But, the notion was to have an audit committee and have a board that would take on responsibility. Noah was doing the legal work, which led to his being appointed General Counsel of the Society. And, the Society's needs for physical space had been addressed. Then, we had to deal with the day-to-day issues. And it became very clear that we needed somebody who had expertise in running a museum. We had a number of good candidates. Carla Rosati was the person we selected.

[Dan Goelzer:](#)

So the Society progressed to the point where it had a board of trustees, an executive director, a kind of home at Fried Frank, and some support from Fried Frank. And then, at about that point in time, you were nominated and appointed to the SEC chairmanship, as we mentioned earlier, and had to leave the Society as a result. Correct?

[Harvey Pitt:](#)

I did.

[Dan Goelzer:](#)

You commented a little on this already, but where did things stand at that point?

[Harvey Pitt:](#)

Yes. At that point, the SEC Historical Society was still in its nascent phase. But it had facilities, it had legal work ongoing, it had, I believe, received temporary 501(c)(3) status. Eventually, that became permanent. But we had Noah work under the supervision of one of our tax partners at Fried Frank, Alan Kaden, who was very helpful in assisting us to move on down that path.

[Harvey Pitt:](#)

I was then nominated to be Chairman of the SEC—actually, I was nominated to be a Commissioner. The President appoints the Chairman. Unlike the CFTC, the position of SEC Chairman is not approved by the Senate. It just approves the appointment of a Commissioner, and the President indicates his intention to designate that person as Chairman, pursuant to Reorganization Plan No. 10. At that point, I resigned from the SEC Historical Society because it would not have been appropriate for me to keep working for the Society while my nomination to be a Commissioner was pending approval. I was approved in August of 2001.

[Harvey Pitt:](#)

Upon my departure, Paul Gonson became the President. The Society was building up its membership slowly but steadily and was doing well in terms of its early stages.

[Dan Goelzer:](#)

What was the relationship like with the SEC? You mentioned that the Supreme Court really has kinds of a, I guess we would say, a hands-off relationship -- supportive, but hands-off -- with respect to its Historical Society. What was the relationship like between the SEC Historical Society and the SEC? And did it change when you chaired the SEC?

[Harvey Pitt:](#)

I think the relationship was good. I think, to some extent, Chairman Levitt and the staff at the SEC at the time saw a couple of issues. First, there were all these documents housed at the SEC. The SEC has always been pressed for space. Indeed, in the old days, when you walked through 500 North Capitol Street, and then 450 Fifth Street, you would see boxes and boxes overflowing with papers in all the hallways. It was always a little off-putting to see that, because you wondered how anybody could keep track of the contents of those boxes. Given the SEC's space difficulties, one issue was to find a repository for those documents to prevent the destruction of many of those documents.

[Harvey Pitt:](#)

A second issue was to have someone record the activities, the triumphs, and maybe even the foibles, of the Commission. There was some thought on Chairman Levitt's part that, perhaps, the SEC Historical Society could be an occasional advocate for the SEC. But, David, Paul, and I very quickly agreed that that would not be an appropriate function for us. Indeed, if we were going to advocate for the SEC, we would have been unable to become a 501(c)(3) organization. And we very much wanted to be a not-for-profit, tax exempt organization. So that idea was rejected.

[Harvey Pitt:](#)

There was very good cooperation, notwithstanding that. I think members of the SEC staff, people like Jack Katz and others, who was the Secretary of the Commission for many years, were helpful. They provided information. They provided guidance at times when it was needed.

[Harvey Pitt:](#)

When I became Chairman, I was, of course, very enthusiastic about the SEC Historical Society and deemed it to be very important that the Commission, without compromising the Society's independence, show its support and assistance. One of the first things we talked about was having a major issues conference.

[Harvey Pitt:](#)

Over the years, the Commission has had a number of major issues conferences. When Rod Hills was chairman in '75, the Commission had a major issues conference. I was rapporteur for that conference. I thought that having a major issues conference, particularly at the beginning of what would be my tenure as Chairman, would be ideal. And I think Paul and others agreed with it, so I went out of my way to support this notion.

[Harvey Pitt:](#)

I would say the Major Issues Conference was a huge artistic success. It was not, however, by any means a commercial success. It left an enormous economic deficit of about \$100,000.

[Harvey Pitt:](#)

Between my appointment as SEC Chairman and the holding of the Major Issues Conference, 9/11 hit. I have no doubt that 9/11 was a major contributor to the lack of paid attendance. Everyone at the SEC was able to attend for free, I believe.

[Dan Goelzer:](#)

Well, I just want to stop you there. Whatever thought you were giving to the major issues conference, that must have been one of the most hectic and challenging times in your professional life because, of course, the markets closed in the wake of 9/11. It then fell to you, it fell to the SEC, to preside over a plan with the exchanges to reopen them.

[Harvey Pitt:](#)

It was. I would have to say it was the most intense period of my professional life. All my professional life, and in private practice, I had provided guidance on crisis management where I advised clients who were in a crisis how to deal with it, or how to prepare for a crisis. Here I was, Chairman of the SEC, suddenly we were confronted with a huge crisis.

[Harvey Pitt:](#)

I did an oral history on 9/11, so I won't repeat all that occurred here. But, night and day I was consumed with that. I went up to New York immediately the next morning. That in itself was a major task because we held a meeting at the New York Stock Exchange and getting there was no easy task. We mobilized both the industry and other agencies of government, the Treasury Department in particular.

[Harvey Pitt:](#)

I was in New York City virtually all that whole week, and just intensely dealing with how we would assist the securities markets in becoming capable of reopening. My biggest fear was that we would only have one chance at that—that is, we could reopen the markets, but if for some reason they teetered and had to close again, we would irreparably damage public confidence. That meant we had to proceed in a very careful manner.

[Harvey Pitt:](#) Dealing with the aftermath of 9/11 certainly took attention away from things like the Major Issues Conference.

[Dan Goelzer:](#) Then somewhere in the midst, or at least certainly after you're dealing with this national crisis, I take it you got a phone call from David Ruder informing you that registrations were very low for the conference and that the board's thought was to cancel the conference.

[Harvey Pitt:](#) Yes. I think David was quite politic about it, but he suggested that we cancel the program or perhaps reschedule it for a much later time. I was very much afraid that, if we did that, the SEC Historical Society itself would wind up with egg all over its face and potentially not be able to develop the way we had all envisioned.

[Harvey Pitt:](#) We had gotten prominent figures to prepare papers. Senator Paul Sarbanes was giving one of the keynote addresses. I was fearful that canceling or postponing the Conference would undermine the credibility of the SEC Historical Society, as well as all the efforts that had gone into putting this forward.

[Harvey Pitt:](#) I was also motivated to some extent by the fact that one of our approaches, philosophically, to the 9/11 crisis was to show the terrorists and the world that the U.S. was resilient, that we would not be cowed or stopped by this tragic event. Indeed, although I made the decision to wait until the following week to have the markets reopen—a move that was criticized in part—I was being importuned from all sides, including even the White House, to get the markets back up and running immediately to show the terrorists that they had failed. So, a bit of that mindset might have been with me.

[Harvey Pitt:](#) In any event, I expressed my view to David. And he wound up agreeing not to defer. I can't say for certain that he agreed with me that the Conference should not be deferred, but he agreed not to defer, which is part of the reason that I credit David because, among all of his other skills, he's a consummate statesman.

[Harvey Pitt:](#) Accordingly, we went forward with the Conference. And as I said, the conference was a huge artistic success. Papers were written that really advanced thought on a number of significant issues, but unfortunately, left the SEC Historical Society with a large deficit. Northwestern University really stepped up. Even though all the losses were supposed to be the responsibility of the SEC Historical Society, Northwestern picked up half and deferred the Society's obligation to pay the remaining half to give the SEC Historical Society time to try and raise the outstanding \$50,000 that was due.

[Harvey Pitt:](#) I don't know whether it was the right or the wrong decision to proceed with the Conference. It was a difficult decision. But, the Historical Society, notwithstanding that initial economic deficit, surmounted the challenge and survived, for which I am very grateful.

[Dan Goelzer:](#)

It certainly seems, in hindsight, that we would have to agree that it was the right decision. In particular, your point about an artistic success is widely shared. And the financial hole was eventually filled, and the Society moved ahead.

[Dan Goelzer:](#)

Let me ask you about one last event that occurred shortly after the major issues conference -- the opening of the virtual museum and, in effect, the decision to switch from what, as you've said, everybody assumed at the beginning would be a physical museum or physical repository of documents to an internet-based museum. I know you were at the SEC then and had your hands full with many other things. But do you have any background on that decision?

[Harvey Pitt:](#)

Yes. I think when the difficulties associated with trying to create a physical museum became apparent, and when they were compounded by the economic deficit that was created by the Major Issues Conference, people realized that, if the Society were to truly succeed, it could not afford to pursue a physical museum. I believe we were getting to that conclusion, in any event. But, the notion of a virtual museum was creative. It was very different because, as you pointed out earlier, we were still in an early stage of the Internet, but the Internet had become more accessible. And, as we have discussed, the Historical Society was still being housed at Fried Frank when I became SEC Chairman. As a result, apart from the formidable task of building a museum, the Society didn't have its own offices, and it was not paying any rent.

[Harvey Pitt:](#)

The combination of those factors made it very clear that something had to be done. I do not recall who specifically came up with the idea of a virtual museum, but since it was not me, I can say it was brilliant. In one fell swoop, it solved a lot of issues. More importantly, it made what are now the vast resources of the SEC Historical Society accessible to everyone. And that, after all, was one of the underlying missions of the Society, even though the three founders had not seen this approach at the very beginning of the SEC Historical Society's existence. It took a while to come to that conclusion.

[Harvey Pitt:](#)

But the notion of having this universal accessibility, in my view, was brilliant. It made the Society even more vital than I think it would have been had it developed a physical structure. Physical museums are wonderful. I visit museums all the time. But it is nonetheless an "occasion" when I go to a museum. When I sit in my office and I can pull up documents that I cannot find anywhere else, I know that the SEC Historical Society is serving its most important mission. And that, to me, was a great idea. I don't know whose idea it was. It certainly wasn't mine. I wish it had been. But I think it was a brilliant idea.

[Dan Goelzer:](#)

Well, that's really a terrific summary of where the Society has gone. I just want to ask you at the end, is there anything else you'd like people to know or remember or take away from the early days of the Society and the creation of the Society?

[Harvey Pitt:](#)

I think that the SEC is an amazing institution. I think David Ruder has said, "Anybody who works there, certainly anybody who is privileged to be Chairman, comes away from the agency loving it." I loved the agency from the outset of my professional career, because that is where I started my professional career.

[Harvey Pitt:](#)

I think the SEC has a crucial mandate. It has very dedicated, bright, creative, and hardworking men and women working there. And I believe the Historical Society is an important facet of the SEC's existence.

[Harvey Pitt:](#)

Anyone who watches plays this oral history should take away, I hope, one factor—the SEC Historical Society is a great organization doing wonderful things, and it can use every bit of support it can obtain. Anybody can contribute. I hope that people will feel motivated to support it.

[Harvey Pitt:](#)

As I said at the outset and I'll conclude now, I think the Society is in absolutely fabulous hands. You, Jane, and the Board, are all doing outstanding jobs. I am very proud to have been a part of this Organization's beginning. And, I am proud to be a supporter of it now.

[Dan Goelzer:](#)

Well, thank you for that, Harvey. Thank you. This has been a fascinating hour of discussion. Thank you for your role in creating the Society, and thank you for taking the time to discuss that history with us.

[Harvey Pitt:](#)

Thank you.