

MEMORANDUM

TO: Chairman Ruder
THROUGH: George Kundahl *ASK*
FROM: Jim Foster *JF*
SUBJECT: Honorary Awards for 1987

November 6, 1987

Each year during the Awards Ceremony, the Commission honors members of the staff for outstanding achievements and dedicated service. Also, during the ceremony, the Federal Bar Association confers awards to selected employees in honor of former Commissioners Cohen, Pollack, Loomis and Woodside. There are certain awards that the Chairman determines while committees select the recipients of other awards. The purpose of this memo is to describe the awards the Commission confers, identify the persons who have been nominated for these awards and give you our recommendations on the nominees.

DISTINGUISHED SERVICE AWARD: This is the highest honorary award that is conferred by the Commission and is reserved for persons who have made distinguished contributions to the work of the Commission and/or the administration of the Federal Securities Laws over a period of at least five years.

The Commission has conferred this award to as few as two and to as many as seven at a time in the past. In our view, the significance and prestige of the award are reduced if it is conferred to too many persons at one time, or worse yet, if it is conferred to persons who do not clearly measure up to the level of previous recipients. Over the years the Commission has conferred this award to former Chairmen Cohen and Shad, former Commissioners Woodside, Loomis and Pollack as well as to certain very highly regarded members of the staff. There are six nominees for 1987. While all six are qualified for this Award, we believe that two nominees, Martin Kuperberg and Gerald Osheroff, are exceptionally deserving this year for the following reasons.

During the recent market crisis, Kuperberg personally monitored conditions in the firms in order to keep the Chairman and Commission currently informed on the rapidly changing situation. While the recent crisis was atypical, Kuperberg's performance was typical of his work over the past 14 years. By conferring this high honor to Kuperberg, the Commission would send another strong signal of its reliance upon and appreciation for the beleaguered staff in the New York Region. Osheroff is an expert on the Investment Company Act of 1940 and is held in high esteem by the industry and staff for his fairness and competence. We have reason to believe that Osheroff may retire soon, and this award would recognize his more than 27 years of distinguished service to the Commission and the investing public.

A brief summary of the contributions of each nominee follows:

Martin Kuperberg is an Assistant Administrator in the New York Office. As a securities compliance examiner and later as the manager of the broker-dealer inspection program in that office, he has uncovered significant violations by the brokerage firms; developed creative inspection and examination techniques for detecting highly sophisticated fraud, selected and developed very competent staff and has made material contributions as a member of the Commission's Performance Standards Review Board that is charged with evaluating the performance standards of all of the Commission's general managers. The New York Regional Office's broker-dealer inspection program, perhaps the most important program of the Commission in recent weeks of market turbulence, has been rated outstanding consistently. Since being placed in charge of the broker-dealer inspection program, Kuperberg has achieved or exceeded all of the stated goals without sacrificing quality. The Commission has earned a good reputation for its protection of investors through its broker-dealer inspection program. The broker-dealer inspection program in New York is a major reason why the Commission enjoys such a good reputation and the inspection program in the New York Regional Office is outstanding due to Kuperberg's personal contributions over the years.

Osheroff was nominated by Kathie McGrath for his role in the Commission's continuing effort to adapt regulatory schemes designed in 1940 to a rapidly evolving industry. In particular, Osheroff is credited with developing schemes whereby money market funds have been able to use amortized cost valuation to maintain a stable net asset value and thus attract investors; for paving the way through public hearings for allowing mutual funds to use their assets to pay for the distribution of shares; for allowing the use of repurchase and reverse repurchase agreements by funds for short term money management; and for allowing safe internationalization of the portfolios of investment companies by developing new approaches in areas such as custody arrangements for holding of investment company assets which protect U.S. investors.

Catherine McGuire was nominated by Richard Ketchum. As his senior counsel, McGuire has contributed to the management of the Division, has taken substantial responsibility for the Division's short and long range planning efforts and has contributed greatly to the Division's successful completion of challenging agenda items. She played a critical role in drafting the Government Securities Act of 1986, earning the respect and praise of Chairmen Dingell and Wirth and both majority and minority staffs. She earned the praise of the Department of the Treasury for helping that Department complete its rulemaking responsibilities under the Government Securities Act. She has also made major contributions to projects relating to municipal disclosure, the applicability of pre-dispute arbitration clauses and inspection of SRO-sponsored arbitration. McGuire has been on the staff for 14 years.

Linda Quinn was nominated by Deputy Director Elisse B. Walter for her work in codifying examination procedures and developing staff instructional materials, for authoring the Division's Proxy Reference Manual; for helping to transform the concept of an integrated disclosure system into a reality; for broadening the integrated disclosure project to encompass the rationalization of the existing rule structure, for her work as staff director of the Commission's Advisory Committee on tender offers, for her leadership of the Division that has fostered an atmosphere of professionalism, creativity and a scholarly approach to the Division's work, tempered with an understanding of the practical considerations. Linda Quinn has 7 years of SEC service.

Myrna Siegel was nominated by Dan Goolzer for her leadership in sustaining the Commission's reputation for strict professional integrity. Among other things, she counsels the Chairman, other members of the Commission and staff concerning the Commission's rules and policies in the area of ethics and professional responsibility; conducts inquiries into allegations of staff misconduct, writes Commission regulations and proposed legislation dealing with ethical conduct matters and drafts briefs and other documents for the Commission, as amicus curiae, to express its views on professional responsibility matters. Myrna Siegel has 10 years of SEC service.

John Sturc was nominated by Gary Lynch for his work in the "Santa Fe" case which resulted in the payment of \$7.8 million in disgorgement; his work in the Gruman case which resulted in the first finding of violations of Item 7 of Rule 14d-9, the rule requiring disclosure of "white knight" negotiations; for his overall leadership and direction which have resulted in the bringing of cases that have been noteworthy not only within the Commission and the securities industry but nationally and internationally as well. His efforts resulted in an agreement with Bank Leu International that led to the identity of Dennis Levine and the subsequent actions against him and others, including Boesky, Siegel and Kidder Peabody & Co. Under this leadership, the staff has recommended to the Commission many trading, accounting, market and other cases as well as 2(e) cases against certain firms that have been successfully pursued. Sturc has five years of SEC service.

SUPERVISORY EXCELLENCE AWARD: This award is the most popular among managers and supervisors as demonstrated by the large number of nominees each year. The award recognizes outstanding performance by persons who fulfill both their "people" and "program" responsibilities. The nominees this year are:

1. Robert T. Abshire, Supervisory Investigator, New York Regional Office
2. Louis P. Becka, Branch Chief, Philadelphia Regional Office
3. James E. Birchby, Assistant Regional Administrator, Denver Regional Office

4. Felice P. Congalton, Branch Chief, Enforcement, Seattle Regional Office
5. John J. Costello, Branch Chief of Invest. Co. Examinations, New York Reg. Office
6. William E. Ford, II, Assistant Director, Office of Personnel
7. Connie Gicewicz, Branch Chief, Broker-Dealer Examinations, Chicago Reg. Office
8. Diane Hinzpeter, Administrative Officer, Boston Regional Office
9. Bruce A. Hiler, Assistant Director, Division of Enforcement
10. Richard A. Kirby, Assistant General Counsel, Office of the General Counsel
11. William H. McDonald, Jr., Team Leader, Office of Information Systems Management
12. Barbara Brooke Manning, Assistant Regional Administrator, New York Reg. Office
13. Anita M. Nagler, Assistant Regional Administrator, Chicago Regional Office
14. Mauri L. Osheroff, Deputy Chief Counsel, Division of Corporation Finance
15. Mary S. Podesta, Chief Counsel, Division of Investment Management
16. John C. Roycroft, Assistant Director, Division of Corporation Finance
17. William C. Wooden, Assistant Director, Division of Investment Management

All of the nominees were praised for their individual and organizational accomplishments. Based upon the strength of the nominating memoranda, our knowledge of the nominee's compliance with the letter and spirit of administrative requirements together with the comments from others on the staff (including Jim Clarkson's views on the regional offices nominees), we recommend that you give the award to the following persons:

1. Robert T. Abshire, NYRO
2. Louis P. Becka, PRO
3. William E. Ford, II, Personnel
4. Richard A. Kirby, General Counsel's Office
5. Anita M. Nagler, CRO
6. Mauri L. Osheroff, Corp. Fin.
7. William C. Wooden, IM

EQUAL EMPLOYMENT OPPORTUNITY AWARD: This award is given in recognition of support for equal employment and promotional opportunities for women, minorities and handicapped applicants and employees. The nominees this year are: Deloris Taylor, a branch chief in the Office of Consumer Affairs and Information Services for her success in hiring handicapped employees for the Commission and Alexander Weir, an attorney in the Division of Enforcement, for his work as President and Counsel for the Association for Retarded Citizens of Virginia. The EEO manager nominated Taylor and concurs in the nomination of Weir. We recommend that the EEO award be conferred on these nominees.

SUPPORT STAFF AWARD FOR EXCELLENCE: This award is exceptionally popular with the employees in the secretarial, clerical and administrative positions on the staff. It is given to recognize exceptional performance by persons who have made a

significant impact on the mission of a particular division or office. The nominees are:

1. Barbara Glover, Secretary to Gary Lynch
2. Muriel L. Edwards, Secretary, Division of Investment Management
3. Lou Ann Gross, Secretary, Atlanta Regional Office
4. Lenore Heirman, Secretary, Chicago Regional Office
5. Melissa Kimps, Secretary to Linda Quinn
6. Germaine W. Kargbo, Secretary, Division of Market Regulation
7. The Payroll Section, Office of the Comptroller
8. Donna M. Smith, Administrative Clerk, New York Regional Office
9. Brenda J. Smith, Clerical Assistant, Division of Investment Management
10. Teri Swanson, Paralegal Specialist, Office of the General Counsel

A committee of administrative officers, persons who work closely with and often supervise the support staff, evaluated the nominees. The committee's recommendations in rank order, with which we concur, are as follows:

1. Donna Smith, NYRO
2. Brenda Smith, IM
3. Lou Ann Cross, ARO
4. Teri Swanson, GC
5. Lenore Heirman, CRO

Former Chairman Shad introduced two new awards during his administration. They were the PRODUCTIVITY AWARD which recognizes individuals and groups who have measurably improved productivity at the Commission, such as by reducing the cost required to perform a particular function or by improving the quality and timeliness of the service to the Commission or public; and the REGULATORY SIMPLIFICATION AWARD which recognizes offices, divisions or individuals who have initiated measures which will reduce the burden on persons who must comply with the Commission's regulations.

There have been times when we strained to agree with the nominations that were submitted. At other times we strained to identify non-nominees who had earned special recognition for productivity improvements and initiatives to reduce the regulatory burdens. There were no nominations submitted for 1987 and we recommend that you not confer these awards this year.

We are available at your convenience to discuss the nominations.