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Making the Complex Understandable

How Well Do you Know the SEC?

Can you name longest tenured SEC Chairman? Want to know how much the Commissioners and staff earn? If so, read on…

by Beckie Bown
October 2012

If you're reading this article, you've probably somewhat familiar with the SEC. But have you ever thought about how that agency really operates? For instance, who are the SEC commissioners – and could you qualify to become one? How much are the SEC staff paid? Where does the SEC Chairman go on vacation? Okay maybe this last one is a bit too much information, but let's try to answer some of those other questions.

The Commissioners

The SEC is headed by five commissioners. Commissioners are appointed by the President of the United States with the support of the Senate. Each commissioner serves a staggered five-year term. One of the commissioners is appointed as Chairman or top SEC executive.

The current commissioners are:

- Mary L Shapiro (Chairman),
- Elisse B Walter,
- Luis A Aguiler,
- Troy A Parades, and
- Daniel M Gallagher.

By law, no more than three commissioners can belong to the same political party, which ensures the SEC is bipartisan.

Generally, the commissioners have a legal background and experience in regulation. Many of the commissioners have also held previous positions at the SEC.

Where are they are now…

- Arthur Levitt, Chairman 1993-2001. Adviser to the Carlyle Group and Goldman Sachs. Director at Bloomberg LP. Still the longest serving SEC chairman in history.
- Harvey Pitt, Chairman 2001-2003. CEO of Kalorama Partners, a consulting and legal firm.
- William Donaldson, Chairman 2003-2005, retired.
- Christopher Cox, Chairman 2005-2009, Partner of Bingham McCutchen (legal firm) and Principal, Bingham Consulting.

The salaries of the commissioners are surprisingly low - the Chairman only receives a salary of approximately $165,000.

This may not sound too bad but compare it to the $1.4 million salary that Mary Shapiro received in her previous role before joining the SEC. Many commissioners have gone on to lucrative appointments at legal or consulting firms after finishing their term – so let's not feel too sorry for their "sacrifice".

The Chairman

As mentioned in the sidebar on the previous page, Mary Shapiro is the current SEC Chairman, and the first women to serve in that role. She has presided over a record number of enforcements, pursued dozens of companies and individuals in connection with the financial crisis, and obtained the largest individual financial settlement in SEC history. However, there has been some criticism that she has not been tough enough, especially in relation to some of the more high profile cases, including those involving Lehman executives. In addition, some of the negotiated settlements with companies under investigation have been less than expected.

The Staff

There are approximately 3,500 employees based in Washington or located in eleven regional offices. All staff are assigned to work within one of the SEC's five divisions and nineteen offices.

Only US citizens can apply and the applicant is subject to background checks and security trading restrictions.

You may have heard of Craig Olinger, who has worked at the SEC since 1986, or you may be familiar with the member of the staff who reviews your company's 10-K filings. But you are probably less familiar with the other 3,498 or so employees. The majority of them will have a legal or accounting background, which isn't surprising given the SEC's responsibility for enforcement and regulation.

Most of the accountants will have between 3 and 8 years' previous experience and will reside within the Division of Corporate Finance, Division of Enforcement or the Office of Chief Accountant. They will examine filings, consider accounting issues, draft rules, or assist in enforcement investigations.

The typical salary for an experienced accountant at the SEC is between $100,000 and $150,000. Lawyers can earn more. Working at the SEC often offers the opportunity to be involved in leading-edge and high-profile issues.

A job at the SEC can also be a springboard into a highly paid role in industry, as the experience gained at the SEC is highly valued.

There's varying reports about the workload of SEC staff members. There has been some criticism of inefficiencies at the SEC. And in one embarrassing situation, the SEC terminated over 30 employees for using SEC computers to visit, shall we say, inappropriate web sites. On the other hand, the additional regulatory requirements of the Dodd-Frank Act will require additional resources to implement, yet recent requests for additional funding have been turned down by the U.S. Congress. Therefore, current employees may see their individual workloads increase.

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Hopefully, you now have a better insight into men and women behind the SEC. Next time when reading the regulations or a staff Q&A, perhaps you'll give more consideration to the people who had to draft these documents!