

# Public Filings 101

Harry R. Beaudry  
Mayer Brown LLP

Pamela Taylor  
Noble Energy, Inc.

UT LAW CLE Continuing Legal Education

38th Annual  
Corporate Counsel Institute

April – May 2016

Mayer Brown is a global legal services provider comprising legal practices that are separate entities (the "Mayer Brown Practices"). The Mayer Brown Practices are: Mayer Brown LLP and Mayer Brown Europe-Brussels LLP, both limited liability partnerships established in Illinois USA; Mayer Brown International LLP, a limited liability partnership incorporated in England and Wales (authorized and regulated by the Solicitors Regulation Authority and registered in England and Wales number OC 303359); Mayer Brown, a SELAS established in France; Mayer Brown Mexico, S.C., a sociedad civil formed under the laws of the State of Durango, Mexico; Mayer Brown (HK), a Hong Kong partnership and its associated legal practices in Asia and Tasi & Chequer Advogados, a Brazilian law partnership with which Mayer Brown is associated; Mayer Brown Consulting (Singapore) Pte. Ltd and its subsidiary, which are affiliated with Mayer Brown, provide customs and trade advisory and consultancy services, not legal services. "Mayer Brown" and the Mayer Brown logo are the trademarks of the Mayer Brown Practices in their respective jurisdictions.

## Origins of Public Company Disclosure

**BROOKLYN DAILY EAGLE**  
And Complete Long Island News  
LATE NEWS  
WALL STREET 1:15 PRICES ★★  
9th YEAR—No. 286  
★ NEW YORK CITY, THURSDAY, OCTOBER 24, 1929. ★ 32 PAGES THREE CENTS

**WALL ST. IN PANIC AS STOCKS CRASH**  
*Attempt Made to Kill Italy's Crown Prince*  
**ASSASSIN CAUGHT IN BRUSSELS MOB; PRINCE UNHURT**  
**Hollywood Fire Destroys Films Worth Millions**  
**FEAR 52 PERISHED IN LAKE MICHIGAN; FERRY IS MISSING**  
**PIECE OF PLANE LIKE DITEMAN'S IS FOUND AT SEA**  
**High Duty Group Gave \$700,000 to Coolidge Drive**  
**STOCKS CRASH IN RUSH TO SELL: BILLIONS LOST**  
Morgan, Mitchell Buying Stocks in Effort to Check Rush to Liquidate.  
Wall Street was in a panic today, with an eye

**THE FALL OF THE DOW JONES: 1928 TO 1934**

Year	Dow Jones Index (Approximate)
1928	200
1929	350
1930	250
1931	150
1932	100
1933	100
1934	100

Image date: Fri 25 Oct 1929  
SOURCE: Dow Jones & Company

## Origins of Public Company Disclosure

- New York Stock Exchange established in 1792
- Securities market largely unregulated for over 100 years
- Fraud, manipulation, insider trading
- Stock market dominated by wealthy insiders with access to information
- The Roaring Twenties:
  - Period of great urban economic growth and prosperity following World War I
  - Ordinary Americans now investing in the stock market
  - Margin buying: over \$8.5 billion out on loan!



## Origins of Public Company Disclosure

- Fraud and manipulation continued: stock pools
- “Blue Sky” Laws emerge
  - adopted in all but one state (Nevada)
  - to protect public from “blue sky merchants”
  - weak terms, ineffective enforcement
  - did not apply to interstate securities offerings: Investment Bankers Association
- 1929:
  - production had surpassed purchasing power
  - stock market bubble



## Origins of Public Company Disclosure

- By mid-1932, the stock market had lost **85%** of its value
- The Pecora Commission:
  - First witness called: Charles E. Mitchell, head of National City Bank (now Citibank)
  - Uncovered a wide range of abusive, fraudulent and manipulative practices in the banking and securities industries



## Origins of Public Company Disclosure

- In response to public outcry, Congress enacts the Securities Act of 1933
  - First major legislation to regulate the offer and sale of securities (original issuances)
  - Requires offers and sales of securities to be registered with the SEC (absent exemption)
  - Primary purpose is to ensure that buyers of securities receive complete and accurate information before they make an investment decision
    - Fundamentally rooted in a philosophy of disclosure
    - Unlike state blue sky laws, does not impose “merit” requirements – it is not illegal to sell a bad investment, as long as all the material facts are adequately disclosed
- Securities Exchange Act of 1934
  - Created the U.S. Securities and Exchange Commission
    - Protect investors
    - Maintain fair, orderly and efficient markets
    - Facilitate capital formation

Find the full text of this and thousands of other resources from leading experts in dozens of legal practice areas in the [UT Law CLE eLibrary \(utcle.org/elibrary\)](http://utcle.org/elibrary)

Title search: Public Filings 101

Also available as part of the eCourse  
[2016 Corporate Counsel eConference](#)

First appeared as part of the conference materials for the  
38<sup>th</sup> Annual Corporate Counsel Institute session  
"Public Filings 101"