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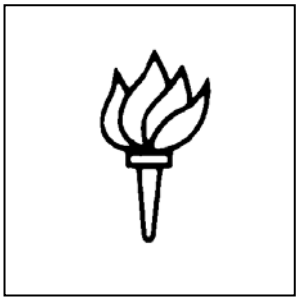

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ABSTRACT

We examine the career paths of attorneys in the Enforcement Division at the SEC. Using a variety of performance metrics, we find evidence that long term lawyers and lawyers in regional offices do not perform as well as other SEC attorneys. We also report that men and women may differ in their career paths in this field. We find that early-stage female attorneys perform just as well as male attorneys. Notwithstanding their comparable performance, these early-stage women are less likely to get a raise or promotion. We find that women are more likely to stay at the SEC, at least at earlier points in their careers. We also find evidence that attorneys who perform well at the SEC are more likely to leave the agency, and that their destination is more likely to be a partnership at a law firm, contradicting the "revolving door" hypothesis.

Keywords: SEC enforcement

Data: publicly available, FOIA requests

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1. Introduction

Numerous papers have studied the enforcement choices of the Securities and Exchange Commission (SEC) and the impact of the agency's enforcement actions, but little scholarly attention has been paid to the attorneys who do the actual work of the Enforcement Division. Those attorneys are responsible for conducting the investigations that lead to the filing of enforcement actions and for litigating those cases once they are filed. What are the incentives faced by those individuals? How do they perform? Who gets ahead at the SEC? Who leaves the SEC, and where do they go when they leave? Understanding the career patterns of SEC enforcement attorneys may shed light on their incentives. This paper attempts to begin filling this gap in the literature.

Our focus is on attorneys employed by the SEC's Division of Enforcement in 2004. We obtained the list of SEC Division of Enforcement attorneys from the SEC's 2004 Telephone Directory.[1] Using publicly available information, as well as data obtained from the Securities Enforcement Empirical Database (SEED) project at NYU[2] as well as from the SEC through FOIA requests, we track their employment paths through June 2016. Using this sample, we evaluate a series of hypotheses relating to the career patterns of lawyers at the Enforcement Division.

We look at the performance of attorneys in the Enforcement Division. We conjecture that long term attorneys stuck in the Division are likely to underperform. We find some evidence to support this "dead wood" hypothesis, with long term attorneys involved in fewer court cases, fewer cases brought against individuals, and fewer cases in which another regulator is involved.

We also examine differences in performance between men and women employed in the Division. We find that women are less likely to be assigned to Rule 10b-5 cases. When we break this out, however, we find that the effect holds for females with management positions, but not for women who are staff attorneys or who have recently been employed in the Division. Recently hired female attorneys at the SEC take on cases similar to their male counterparts and produce similar results. Our other performance variables also show women lagging behind male counterparts, except for women who were recently hired and also those who are long term SEC employees.

We also look at compensation patterns. Despite equivalent performance of recently hired female and male SEC attorneys, we find that recently hired male attorneys are more likely to get pay raises and promotions than female attorneys from 2004 to 2014. We find no difference between men and women in the payment of bonuses measured in 2014.

[1] Despite our best efforts, we were unable to find SEC Telephone Directories more recent than the 2004 edition.

[2] The SEED project is a joint venture between the NYU Pollack Center for Law and Business and Cornerstone Research.

Our next set of tests looks at who stays at the SEC. We conjecture women may be more inclined to stay at the SEC relative to male counterparts because government work may offer a more manageable schedule that may fit better with greater family caregiving obligations. We further conjecture that attorneys who perform well at the SEC, as measured by the significance of the enforcement actions that they are involved in, will be less likely to stay at the SEC because their outside employment options will be more attractive. This hypothesis contradicts the "revolving door" hypothesis (Smallberg 2011), which posits that SEC attorneys will be inclined to pull their punches in bringing enforcement actions because it will enhance their job prospects when they depart for the private sector.

We find that women are more likely to stay at the SEC, but this effect goes away for women who are long term SEC attorneys. Attorneys who work in the regional offices are also more likely to stay. We also find that attorneys who were partners in large law firms before coming to the SEC are more likely to depart, consistent with a credentialing hypothesis; attorneys from private practice go to the SEC for a limited time to gain experience as well as the imprimatur of having worked at the SEC. Consistent with our "anti-revolving door" hypothesis, we find that attorneys who perform well are more likely to leave the agency. Specifically, we find attorneys who are associated with the strongest enforcement cases as measured by the average number of civil court cases, the average number of 10b-5 court cases, the average number of court cases where there is another U.S. regulator involved, and the average number of court cases where an individual is targeted are more likely to depart.

Our final set of tests looks at the landing spot for attorneys who choose to leave the SEC. We find that women are less likely to land positions as law firm partners or in the financial services industry relative to their male counterparts. This effect is mitigated, however, for women with more experience. We see that attorneys in regional offices are also less likely to leave for top-paying positions. By contrast, top managers are more likely to leave for these positions. Finally, we find that the strongest performers at the SEC are the attorneys most likely to land positions as partners in private practice after leaving the SEC.

We proceed as follows. Part 2 surveys the prior literature in this field and develops hypotheses. Part 3 describes our sample and our empirical tests. Part 4 provides a brief conclusion.

2. Prior literature and hypotheses

2.1 Prior literature

The existing empirical work on SEC enforcement looks at the outputs generated by the SEC's enforcement work,[3] focusing on sanctions imposed and consequences for companies and their officers when they are implicated in financial misconduct. Very little

[3] For an overview, see Choi & Pritchard (2016).

empirical attention has been paid to the attorneys who do the actual work of the Enforcement Division. This dearth may in part reflect the limited availability of relevant data. The SEC does not disclose its investigations until an enforcement action is filed. Even then the attorneys responsible for the case will only be revealed if the case is filed in court and the attorneys are required to enter an appearance. If the enforcement action is pursued in an administrative proceeding, the SEC's enforcement release may or may not reveal the names of the attorneys responsible for the action.[4]

To date, the only substantial empirical work on SEC enforcement attorneys is DeHaan et al. (2016). They collect data on the career paths of SEC enforcement division lawyers involved in SEC cases involving accounting misrepresentations over the period 1990-2007. They find minimal differences in the enforcement outcomes for "revolving door" lawyers that eventually leave the SEC to join law firms relative to other lawyers. However, the lawyers that leave to join law firms that specialize in defending clients against the SEC are associated with stronger enforcement effort, as proxied by higher damages collected, a higher likelihood of criminal proceedings, and a higher likelihood of SEC actions that charge the CEO. Overall, they conclude that the revolving door promotes more aggressive regulatory activity, rather than an attempt to curry favor with prospective employers. Their findings suggest that SEC attorneys are anxious to show their ability to promote their job prospects.

This pattern is consistent with individuals viewing time spent working in government as an investment in human capital (Sauer 1998), offering an opportunity to specialize (NALP 2004). It is commonly understood that many attorneys will view experience at the SEC as a valuable credential, lending them credibility as white collar defense attorneys, conducting internal investigations, or serving as a legal advisor to firms in financial services subject to regulation by the SEC. The desire to bolster credentials may be reflected in their job performance. For example, Boylan (2005) finds that the length of prison sentences is positively related to subsequent career trajectories for U.S. Attorneys. In related work, Boylan & Long (2005) find that prosecutors in districts where private sector salaries are relatively high compared to government salaries are more likely to take cases to trial, which they attribute to a desire to gain relevant experience.

Attorneys may vary in their motivation for working at the SEC. Some will be attracted to a career in public service, enjoying the opportunity to wear the "white hat." (Weisbrod, 1983). Similarly, many will find the work of the SEC inherently interesting and challenging. For other lawyers, government employment may offer more manageable hours than the private sector. Some individuals will be willing to forego a bigger paycheck in exchange for more time for family or other obligations. Government lawyers report working fewer hours than their private sector counterparts (NALP 2004).

[4] In recent years, the SEC has been more forthcoming with the names of SEC personnel involved in an administrative proceeding in its news releases. We leave further examination of SEC personnel associated with administrative proceedings for future work.

A more manageable work/life balance may be particularly important to some woman, who choose to take on greater family caregiving obligations. Those obligations are commonly offered as reasons why the compensation and status of women in the legal profession trails that of men. The entry of women into the legal profession took off in the 1970s (Rosen 1992) and women now represent roughly half of law school graduating classes. Equivalent numbers, however, have not necessarily translated into equivalent status in the profession or compensation, particularly in the private sector. Having children is more likely to depress women's income in the private sector than in government (Dixon & Seron 1995), perhaps because women are less likely to become a partner in the largest law firms (Sterling & Reichman 2016). On average, female lawyers make 85% of what male lawyers earn (NALP 2009), a narrowing of a long standing disparity (Hagan 1990).

Does gender influence career paths? Survey research indicates that women in the early portion of their careers are disproportionately represented in government legal positions (NALP 2004), but this differential is not found for federal government employment and narrows as lawyers get further into their careers (NALP 2009). Thus, having more women in lower-paid government employment may explain a portion of the overall gender gap in pay among lawyers noted above, but not all of it. Even among lawyers working for the federal government, women report earning 6% less pay than male lawyers (NALP 2009). This may reflect the fact that women employed as lawyers by the federal government report working fewer hours than their male counterparts (NALP 2009). It is unclear, however, if this reflects a choice by women to work fewer hours or supervisors giving them less substantive assignments. In this regard, it is worth noting that female attorneys working for the federal government report lower levels of job satisfaction than men (NALP 2009).

2.2 Hypotheses

As discussed above, for some individuals, a stint at the SEC is a useful stepping stone to a more lucrative position in the private sector, the so-called "revolving door" studied by DeHaan et al. (2016). As discussed above, critics worry that this revolving door makes the staff of the SEC too cozy with the industry that it regulates. Defenders of the practice counter, however, that the possibility of moving to a lucrative position in the private sector down the road allows the SEC to attract better quality job candidates to the agency. Moreover, establishing a reputation for intelligence and energy in pursuing the SEC's enforcement agenda may be a more marketable credential than an effort to curry favor with prospective employers.

Not everyone, however, will succeed in translating their SEC experience into lucrative private sector employment. Some attorneys will stay at the SEC, not by choice, but because there are no private sector opportunities available to them. This possibility suggests a reverse selection effect, with the best lawyers leaving the agency for more lucrative opportunities, leaving the less ambitious behind (Goddeeris 1988). For these attorneys, it may be difficult to stay motivated in their work for the agency. As the years

pass, a reverse selection effect may manifest itself, with those remaining long term at the SEC being relative underperformers.

H1: Long term SEC attorneys are likely to be enforcement underperformers.

No a priori reason would suggest that men and women should differ in their performance as enforcement attorneys. Moreover, both law and government policy mandate that men and women be treated equally in the terms of their employment. All else equal we should expect women in the Enforcement Division to perform the same and be treated the same as their male counterparts. It is worth noting, however, that some literature suggests that woman lawyers may lag behind their male counterparts in receiving challenging assignments (Sterling & Reichman 2016), which may affect their performance and compensation.

H2: Male and female attorneys will perform similarly and will be compensated similarly.

Our next set of hypotheses relates to whether attorneys are likely to leave the SEC, and if they do, their destination. Based on our conversations with enforcement division attorneys, we speculated that men and women may follow different career paths at the SEC. In particular, some women may choose to take on greater family obligations in the middle of their careers relative to men, which may make the relatively manageable hours of a government job attractive. (Women just starting their careers may delay childbirth; women who have sent their children to college may have more time to devote to their careers.) Some women, however, may drop out of the labor market temporarily while their children are young, returning after they send their children to school. Their absence from the labor pool for a time may affect their opportunities for advancement.

H3: Women attorneys with the least experience and the most experience will be more likely to leave the SEC than women in the middle of their careers.

H4: Women attorneys will be less likely than men to leave the SEC for positions as law firm partners and with financial institutions.

As noted above, some will view service at the SEC as a credentialing device. These attorneys come to the SEC with the intention of returning to the private sector after a few years of service. Boylan (2004) shows that tenure in office for U.S. Attorneys is influenced by salaries available in alternative private sector employment. We predict that attorneys who have come to the SEC from lucrative private sector employment will be more sensitive to the pain of forgoing immediate income for government service, and thus, more apt to leave the SEC for more profitable employment.

H5: Attorneys who leave partnerships with law firms to join the SEC will be more likely to leave the SEC for law firm partnerships.

Our last hypothesis relates to the destination of attorneys who leave the SEC. Following DeHaan et al (2016), we posit that attorneys who are effective performers at the SEC will develop reputations that they can translate into highly-paid positions in the private sector.

H6: SEC attorneys who are high performers will be more likely to leave the SEC for the private sector.

3. Data and empirical results

3.1 Sample

Our sample consists of attorneys who worked in the SEC's enforcement division in 2004. We obtained the names of the employees of the Enforcement Division from the SEC's 2004 telephone directory. We supplement this information with information about subsequent positions at the SEC through FOIA requests. These requests yielded employee names, job titles and grades, and postings, through 2014. We also collected pay grade information from federalpay.org that reports data obtained from the U.S. Office of Personnel Management. We use this information to classify the attorney hierarchically. Our categories are as follows:

Staff Attorney Employed by the SEC at SK-14 or below, who would be considered the entry-level attorneys.

Top Manager Employed by the SEC at SK-17 and above. These attorneys typically have the title of Assistant Director, Assistant District Administrator, or Assistant Regional Director, or higher.

The baseline category for comparison in our tests is all attorneys in SK-15 and 16.

We also distinguish among the various SEC offices. We code attorneys as Regional if they are employed in an office other than New York or Washington, DC. Given the concentration of the financial services industry in New York, and the concentration of the white collar defense bar in Washington, attorneys in those offices may more private sector options than attorneys working in regional offices such as Fort Worth or Miami (Boylan 2004).

Using publicly available information, we track the employment choices of the attorneys in our sample through June 2016. We collected background information on the SEC attorney names through Internet searches, including the Martindale Hubbell dataset on LexisNexis, LinkedIn, and Google. These searches yielded information on prior and subsequent employment and when the individual started at the SEC. We use this background information to construct a number of variables relating to their employment subsequent to the SEC. We also create an indicator variable to reflect work experience prior to coming to the SEC: NLJ 250 Prior Partner, which is defined as 1 if the attorney

was a partner at one of the 250 largest law firms in the US before coming to the SEC. We conjecture that these attorneys are most likely to view experience at the SEC as adding a valuable credential. We posit that attorneys with prior government experience are more likely to see government employment as a long-term career path and may perform at a higher level as a result. To test the importance of prior government experience, we create the indicator variable Prior Gov Attorney. To test the importance of education (Rebitzer & Taylor 1995), we research the law school attended by the individual and their graduation year. We use the law school attended for our variable, Top Law School, which we define as the top 18 law schools as ranked by U.S. News in 1992.

To help us understand how the work that these attorneys have done at the SEC influences their career patterns, we also collected the number of SEC civil enforcement cases against public companies in which these attorneys were involved from 2004 to 2015, which we used to calculate their average number of cases per year while at the SEC (Any Cases). Our source for this data is the complaints for SEC civil actions against public companies obtained from the SEC's website, from Bloomberg Law, or from the SEED database. For each complaint, we recorded the names of the SEC attorneys listed at the bottom of the complaint. Our approach is underinclusive in that we do not track SEC attorney involvement in actions involving private companies or administrative proceedings. Prior to 2010, the SEC did not regularly list the attorneys involved in SEC administrative proceedings. Our focus on public companies allows us to focus on those attorneys that get the highest profile cases at the SEC. The downside of this approach is that it does not include cases such as insider trading and pump-and-dump schemes, which will primarily involve individuals.

For the period 2004 to 2015, we also collected detailed information about enforcement actions in which violations of Rule 10b-5 were alleged. For actions involving public companies, Rule 10b-5 actions requires proof of scienter and thus we conjecture are more serious cases of fraud and that the highest performing attorneys at the SEC will be assigned to them. We computed the average number of Rule 10b-5 cases per year in which an attorney was involved (10b-5 Cases). All else equal, a higher number for this variable suggest greater involvement enforcing against substantial fraud. More serious cases may attraction the attention of multiple regulators, so we create the variable Other Government, which is the average number of cases per year from 2004 to 2015 against public companies in which another regulator, such as DOJ or a state attorney general, also brought an action against the company. We also create the variable Individual Actions, which is the average number of cases per year from 2004 to 2015 against public companies in which an individual was also named as a defendant. Naming an individual may indicate that the Division has taken a tougher stance in settling a potential enforcement action. Finally, we create the variable Officer Resignations, which is the average number of cases per year from 2004 to 2015 against public companies in which an officer of the company was terminated or resigned as a result of the enforcement action.

We classify attorneys who started in 1990 or earlier as Long Term (corresponding to attorneys with 15 years or more experience as of the end of 2004). We classify attorneys who started in 2000 or later as Short Term (corresponding to attorneys with five years or

less of experience at the SEC as of the end of 2004). We use the Short Term category to examine the career patterns for the relatively recent hires at the SEC as of 2004. The baseline category is attorneys who started between 1991 and 1999.

We also construct variables relating to compensation and promotion. We obtained data on compensation and employment position at the SEC from www.federalpay.org which reports pay data from the U.S. Office of Personnel Management. We calculate the average base pay change for the attorneys for each year from 2004 to 2014 (or the last year the SEC attorney was employed at the SEC if earlier than 2014) as a percentage of their prior base salary (Average Base Pay % Change). We calculate Bonus Ratio as the bonus in 2014 (or last year at SEC) divided by base pay in 2014 (or base pay in last year at SEC). Finally, we code Promotions Rate, which is the average number of ranks the SEC attorney is promoted per year from 2004 to 2014 or the last year the SEC attorney was employed at the SEC if earlier than 2014. Variable Definitions are provided in the Appendix. Table 1 provides descriptive statistics for our sample.

[Insert Table 1 here]

We first look at the status of the attorneys in our sample as of 2004 in Panel A of Table 1. The average attorney had 13.9 years of experience and is approximately 40 years old. Nearly 4% were close to retirement age in 2004, which we define as 55 or older in 2004 or over 65 years of age by 2015. Short Term attorneys make up 47.2% of the sample. Only 14.9% of the attorneys employed in 2004 were Long Term attorneys. Women were 30.0% of the sample. Only 6.7% of the SEC attorneys had been partners at NLJ 250 firms (NLJ 250 Prior Partner). In contrast, 17.5% of the SEC attorneys had served as a government attorney prior to joining the SEC (Prior Gov. Attorney). Attorneys were employed in regional or district offices (other than New York) made up 43.9% of the sample.

Looking at responsibilities, Staff Attorneys make up 37.1% of the sample. This is an entry-level position for which individuals can be hired with minimal experience at a firm or other government agency. These attorneys do the bulk of the investigative work of the Division. Top Managers made up 22.9% of the sample.

Panel B of Table 1 provides descriptive statistics on the attorneys in our sample. We see that the SEC is a long term destination for many of the attorneys, with close to half (47.5%) still employed by the SEC as of 2016. Looking at the cases in which the attorneys are involved, the average attorney was listed as appearing in 0.145 cases per year and 0.081 Rule 10b-5 cases per year between 2004 and 2016. Other regulators (e.g., DOJ or state attorneys general) were involved in 9.2% of the cases. For the average attorney, 9.9% of the cases involved actions against individuals as well as a corporate defendant, and in 7.5% of the cases an officer resigned or was terminated as a result of the investigation.

Looking at compensation and promotion, the average attorney in our sample got annual base pay increases of 5.5% (Average Base Pay % Change). In addition, they were

promoted 0.135 pay grades, on average, per year along the SEC pay scale that ranges from SK-1 to S-17 for employees and then SO-1 to SO-3 for Senior Officer positions (Promotion Rate).

3.2 Who Succeeds at the SEC?

How do long-term SEC employees compare with attorneys hired more recently? Are they equally effective, more effective a result of greater experience, or less effective because they have burned out? Consistent with H1, the "dead wood" hypothesis, we conjecture that Long Term staff attorneys are likely to underperform. We are also interested in comparing the performance of men and woman (Hypothesis H2).

As our dependent variable for this analysis, we use the attorney's average cases per year that include Rule 10b-5 allegations (10b-5 Cases). We treat an attorney as involved in a Rule 10b-5 case only if the complaint for the case lists the SEC attorney's name. The SEC has a range of violations that it can allege against public companies, but only Rule 10b-5 allegations require proof of scienter. Other violations involving misleading disclosures can be premised on negligence or strict liability. Thus, Rule 10b-5 cases are the ones that allege intentional wrongdoing, which makes them both more challenging to prove, but also arguably reflecting violations that cause investors greater damage. Our focus on complaints and SEC civil actions omits other activities of SEC attorneys including participation in administrative proceedings, investigations, rulemaking, and so on. Nonetheless, to the extent civil actions represent the highest profile activities of SEC attorneys, we expect that the highest performing SEC attorneys will be assigned to Rule 10b-5 civil actions.

We estimate a regression model with 10b5 Cases as the dependent variables with robust standard errors. The base model (Model 1) is as follows:

$$\begin{aligned} \text{10b5 Cases}_i = {} & \alpha + ß_{1i}\text{Short Term}_i + ß_{2i}\text{Long Term}_i \\ & + ß_{3i}\text{NLJ 250 Prior Partner}_i + ß_{4i}\text{Prior Gov. Attorney}_i \\ & + ß_{5i}\text{Top Law School}_i + ß_{6i}\text{Regional Office}_i \\ & + ß_{7i}\text{Staff Attorney}_i + ß_{8i}\text{Top Manager}_i \\ & + ß_{9i}\text{Female}_i + ß_{10i}\text{Female x Staff Attorney}_i \\ & + ß_{11i}\text{Female x Top Manager}_i + \varepsilon_i \end{aligned}$$

In Model 1, we include a number of independent variables. We include the indicator variable Long Term to examine whether longer-term SEC attorneys correlate with lower performance. We also include the indicator variable for Short Term to control for the possibility that individuals who are relatively early in their tenure may have fewer opportunities to work on the most significant cases. The baseline category for these regressions is attorneys who joined the agency between 1991 and 1999 (Medium Term). We include indicator variables for attorneys who were previously NLJ 250 Prior Partners, who may come to the agency with greater experience, as well as who were previously Prior Government Attorneys, who may also have greater experience with government enforcement actions. We include an indicator variable for Top Law School if the SEC

attorney went to one of the top 18 law schools as ranked by U.S. News and World Report in 1992 (Top Law School). We include the indicator variable for whether the SEC attorney is based in a Regional Office, which may have a different mix of cases. We include indicator variables for Staff Attorney, Top Manager, and Female attorney. We also include variables interacting Female with Staff Attorney and Top Manager. Table 2 reports the results for Model 1. In Model 2, we replace those interaction terms with interaction variables for Female x Short Term and Female x Long Term. We present the results for Model 2 in Table 2.

[Insert Table 2 here]

In Models 1 and 2, note that the indicator variables for Short Term and Long Term are insignificant. We do not find any evidence that either Short Term or Long Term SEC attorneys are correlated with different performance compared with the base category of Medium Term SEC attorneys.

Looking at our control variables, attorneys in Regional Offices have fewer 10b-5 cases (significant at the 5% levels in Models 1 and 2) as do Staff Attorneys (not significant however). The coefficient for Top Manager is positive and significant at the 1% level in both models. This may reflect their supervisory responsibilities, which require them to be involved in more cases, while lower level attorneys may be putting more time into fewer individual cases.

Looking at our gender variables, Female correlates with fewer 10b-5 cases in both of the models (significant at the 1% levels in Models 1 and 2). When we add interaction variables between Female and Staff Attorney and Female and Top Manager in Model 1, we find that females who are staff attorneys perform the same as males who are staff attorneys with respect to Rule 10b-5 cases.[5] In contrast, females who are Top Managers tend to underperform males who are Top Managers for 10b-5 cases.[6] Model 3 adds interactions between Female x Short Term and Female x Long Term. The sum of Female and Female x Short Term is not significantly different from zero, indicating that short term female attorneys participate in the same number of 10b-5 cases as short term male attorneys.[7] Similarly, the sum of Female and Female x Long Term is not significantly different from zero.[8] The underperformance of females for these cases is confined to the Medium Term female SEC attorneys.

As a robustness test, we removed the indicator variables for Short Term and Long Term and interaction terms with Short Term and Long Term from Model 2 of Table 2 and added Experience with an interaction variable between Experience and Female. Unreported, we found that the coefficient on Experience was not significant but the

[5] The sum of Female and Female x Staff Attorney in Model 1 is not significantly different from zero (F-test p-value = 0.8578).
[6] The sum of Female and Female x Top Manager in Model 1 is negative and significant at the 1% level (F-test p-value = 0.0027).
[7] The sum of Female and Female x Short Term in Model 2 is not significantly different from zero (F-test p-value = 0.5629).
[8] The sum of Female and Female x Long Term in Model 2 is not significantly different from zero (F-test p-value = 0.1874).

coefficient on Experience x Female was negative and significant at the 1% level, consistent with higher performance for more junior female SEC attorneys compared with more senior female SEC attorneys.

We wanted to see if the relations identified from the regressions presented in Table 2 held for other potential measures of performance. Accordingly, we re-ran the regression specified in Model 2 of Table 2 with alternative dependent variables. We estimate regressions for four independent variables: 1) an OLS model using the number of SEC civil court cases for any cause of action as the dependent variable (Any Cases); 2) an OLS model using the number of SEC civil court cases for any cause of action in which an individual is named per year as the dependent variable (Individual Cases); 3) an OLS model using the number of SEC civil court cases in which another regulator brings charges per year as the dependent variable (Other Regulator); 4) an OLS model using the number of SEC civil court cases in which an officer resigns as the dependent variable (Officer Resignations). The independent variables are the same as those used in the Model 1 presented in Table 2. We present the results of these estimations in Panel A of Table 3. We also used the same independent variables as those used in Model 2 of Table 2 and present the results in Panel B of Table 3.

[Insert Table 3 here]

We do not see a consistent pattern for these metrics of performance, with a couple of exceptions. The coefficient for Long Term is negative and significant at the 10% level in two of the four models (Any Cases and Individual Cases) in both Panels A and B of Table 3, offering some support to Hypothesis 1. We also find a significant negative coefficient for Staff Attorney in three of the four models (Any Cases, Individuals, and Officer Resignations) in Panel A and two of the four models (Individuals and Officer Resignations) in Panel B. Staff Attorneys are less likely to be involved in these cases with significant consequences for culpable individuals. In both Panel A and Panel B, SEC attorneys from Regional Offices tend to underperform in three of the four models (Any Cases, Individual Cases, and Other Regulator). As in Table 2, Top Managers outperform in all the models of Panels A and B.

In contrast to the results presented in Table 2, the coefficient for Female is significant in only one of the four models in Panel A of Table 3 (Individual Cases; negative and significant at the 10% level). Moreover, the interaction terms between Female and Staff Attorney are insignificant in all the models and the interaction term between Female and Top Manager is significant in only one of the four models of Panel A (Individual Cases; negative and significant at the 10% level). We find stronger results in Panel B where Female is negative and significant at the 1% level in all four models. The interaction term between Female and Short Term is positive and significant at the 1% level in all four models and the sum of Female and Female x Short Term is not significantly different from zero.[9] The interaction term between Female and Long Term is also positive in all four models but not significant and the sum of Female and Female x

[9] The p-values for the F-test of the sum of Female and Female x Short Term are as follows: Model 1 p-value = 0.2679; Model 2 p-value=0.5620; Model 3 p-value = 0.3431; and Model 4 p-value = 0.6099.

Long Term is not significantly different from zero.[10] As in Table 2, the results from Panel B indicate that although relatively new hire female SEC attorneys perform at the same level of new hire male SEC attorneys, Medium Term females tend to underperform Medium Term male SEC attorneys. We conclude that there is some evidence that contradicts Hypothesis #2 particularly for the Medium Term attorneys at the SEC.

3.3 Who Gets Paid and Promoted at the SEC?

We next look at the pattern of pay raises at the SEC. Attorneys at different stages in their career at the SEC may experience different patterns of pay and promotion. We focus our analysis only on the Short Term SEC attorneys to compare attorneys at roughly the same point in their careers. Focusing on Short Term SEC attorneys also allows us to consider whether gender differences exist in pay and promotion among newly hired SEC attorneys as they pursue their career at the SEC.

Our first focus is on the annual percentage change in base salary for the attorneys in our sample (Average Pay % Increase) measured from 2004 to 2014 or the last year the attorney was employed at the SEC. We estimate the following regression model with robust standard errors.

$$\begin{aligned}\text{Average Pay \% Increase}_i = {} & \alpha + ß_{1i}\text{NLJ 250 Prior Partner}_i \\ & + ß_{2i}\text{Prior Gov. Attorney}_i + ß_{3i}\text{Top Law School}_i \\ & + ß_{4i}\text{Regional Office}_i + ß_{5i}\text{Staff Attorney}_i \\ & + ß_{6i}\text{Top Manager}_i + ß_{7i}\text{Female}_i + \varepsilon_i\end{aligned}$$

We include independent variables for NLJ 250 Prior Partner, Prior Government Attorney, Top Law School, Regional Office, Staff Attorney, Top Manager, and Female to assess the relationship between the various attorney characteristic variables and pay increases at the SEC. We present the results of these estimations in Model 1 of Table 4.

[Insert Table 4 here]

We see that SEC attorneys who work in a Regional Office receive lower pay increases over time compared with SEC attorneys working either in Washington DC or New York City (coefficient on Regional Office negative and significant at the 5% level). We also find that those newly hired SEC attorneys who are a Staff Attorney in 2004 are more likely to receive a pay increase (coefficient on Staff Attorney positive and significant at the 1% level), likely because they start at a much lower salary than attorneys who start at a higher level than Staff Attorney. Lastly, note that the coefficient on Female is negative and significant at the 10% level. All other things being equal, newly hired female SEC attorneys receive lower pay increases over time compared with newly hired male SEC attorneys. These results stand in sharp contrast to the results in Tables 2 and 3, which showed that, if anything, recently hired women outperformed their male counterparts. These results suggest that newly-arrived female attorneys were being

[10] The p-values for the F-test of the sum of Female and Female x Long Term are as follows: Model 1 p-value = 0.3267; Model 2 p-value=0.2483; Model 3 p-value = 0.5231; and Model 4 p-value = 0.1782.

given challenging assignments, but not receiving pay increases commensurate with that effort.

We also looked at bonuses. The SEC may have greater discretionary ability to reward high performance through bonus payments instead of base pay changes. For this analysis, we used the ratio of bonus to base salary for the year 2014 or the SEC attorneys last year at the SEC (Bonus Ratio) as our dependent variable. We use the same independent variables as in Model 1 of Table 4 and report the in Model 2 of Table 4. Unlike Model 1, we do not find evidence that female SEC attorneys receive any different bonuses compared with male SEC attorneys.

Finally, we looked at who was promoted in the Enforcement Division. For this analysis, we use Promotion Rate as our dependent variable and our independent variables are the same as used in the estimations presented in Table 2. We use the same independent variables as in Model 1 of Table 4 and report the in Model 3 of Table 4. We present the results in Model 3 of Table 4.

Unsurprisingly, Staff Attorneys are promoted a higher rate; there is more room to move up. The coefficient for this variable is positive and significant at the 1% level. We also find evidence that female SEC attorneys who are Short Term as of 2004 are less likely to get promoted compared with male SEC attorneys who are Short Term. The coefficient on Female is negative and significant at the 10% level.

3.4 Who Leaves the SEC?

We next look at who leaves the SEC, which we define as being no longer employed by the SEC in 2016. Recall from Table 1 that 48% of the attorneys employed by the Division in 2004 were still there in 2016, so slightly over half of the attorneys employed in 2004 had departed by the end of our sample period.

For our test, we employ a Cox proportional hazard model. Our dependent variable is leaving the SEC (1=left the SEC in any given year) from 2004 to 2016. The Cox proportional hazard model we estimate is as follows:

$$h(t, \mathbf{X}) = h_0(t)e^{x'\beta}$$

In the Cox hazard model, $h(t, \mathbf{X})$ is the hazard rate. The Cox model is semiparametric and does not require us to make assumptions about the baseline hazard rate, $h_0(t)$. In the Cox model, $\mathbf{X}$ represents the vector of regressors and β is a vector of estimated coefficients. For our first model (Model 1), we include variables for the number of years the attorney has spent at the SEC (Experience) and an indicator variable for whether the SEC attorney is age 55 or older as of 2004 (Close to Retire). These variables control for the increased tendency of those with more experience and those closer to retirement to leave the SEC. We also include variables Female, NLJ 250 Prior Partner, Prior Government Attorney, Top Law School, Regional Office, Staff Attorney, and Top Manager. We posit that partners are large law firms (Prior NLJ 250 Prior

Partner) are likely to be coming to the SEC to burnish their credentials and are unlikely to stay. Attorneys in Regional offices may have fewer attractive employment opportunities because they are typically outside the major financial centers. Moreover, the cost of living in those cities may be more manageable. (Some former attorneys that we spoke to discussed the difficulty of sending children to college on a government lawyer's salary on top of the cost of living in New York or Washington.) The management experience of attorneys in the Top Manager role may make them more attractive to outside employers; conversely, the limited responsibilities of Staff Attorneys may make them less attractive. We report the results in Model 1 of Table 5.

[Insert Table 5 here]

Not surprisingly, those SEC attorneys who are close to retirement are more likely to depart from the SEC. In Model 1 of Table 5, the coefficient on Close to Retire is positive and significant at the 10% level. In Model 1, those close to retirement have a 99.5% greater likelihood of departing the SEC compared with those who are not close to retirement. Those who were a NLJ 250 Prior Partner are more likely to depart the SEC (with a 67.5% increase in the probability of departure) and those who are top managers are also more likely to depart (with a 75.2% increase in the probability of departure). SEC attorneys at a Regional Office are 24.6% less likely to depart compared with SEC attorneys in Washington DC or New York City.

Turning to gender, the coefficient for Female is negative and significant in Model 1. Female SEC attorneys have a 26.4% lower likelihood of departing the SEC compared with male SEC attorneys. To examine whether the propensity of female SEC attorneys relative to male SEC attorneys to leave the SEC changes with experience, we add interaction terms between Female x Experience and Female x Close to Retire to Model 1 and report the results in Model 2 of Table 5.

In Model 2, note that the interaction term between Female and Experience is above 1, indicating that while female SEC attorneys are less likely to depart the SEC compared with male attorneys, this differential narrows as female attorneys spend more time at the SEC. The coefficients in Model 2 indicate that female attorneys with more than 18 years at the SEC become more likely to depart the SEC compared with their male counterparts. This pattern offers some support to Hypothesis #3 suggesting that gender has an important interaction with age and time at the SEC in determining likelihood of leaving the SEC. This pattern lends support to the supposition that family obligations may affect career choices for the women in our sample. Women are more likely to stay, but not women who have been in the Division the longest.

As a robustness test of the relationship of gender for newly hired SEC attorneys and the likelihood of departure we re-estimated Model 1 only for the Short Term SEC attorneys as of 2004 and omit Close to Retire from the model. Unreported, the coefficient for Female in the model is less than 1 (0.601) and significant at the 5% level. Short Term female SEC attorneys are 39.9% less likely to depart the SEC compared with Short Term male SEC attorneys in any given year from 2004 to 2016.

In order to assess the effect of performance on likelihood of departure, we compute our measures of performance (10b-5 Cases, Any Cases, Individual Cases, Other Regulator, and Officer Resignations) up to the end of 2010 for each SEC attorney. We then estimate a hazard model with leaving the SEC as our dependent variable (1=left the SEC in any given year) for those SEC attorneys who are still attorneys as of the end of 2010. The base model includes as independent variables for Experience, Close to Retire, and Female. Due to possible collinearity between other attorney characteristics (NLJ 250 Prior Partner, Prior Gov. Attorney, Top Law School, Regional Office, Staff Attorney, and Top Manager) and our measures of performance we omit these other attorney characteristic variables from the base model. We report the base model as Model 1of Table 6. In separate models reported in Table 6, we add to the base model 10b-5 Cases as an independent variable (Model 1), Any Cases (Model 2), Other Regulator (Model 3), Individual Cases (Model 4), and Officer Resignations (Model 5).

[Insert Table 6 here]

In Model 1, the coefficient for 10b-5 Cases is greater than 1 and significant at the one percent level. Attorneys involved with more 10b-5 cases are more likely to leave the SEC. Similarly, in the other models, the coefficients on Any Cases, Other Regulator, and Individual Cases are all greater than 1, indicating that higher performance is correlated with a greater propensity to leave the SEC.

Overall, these results are inconsistent with the "revolving door" hypothesis that posits that attorneys may go soft in enforcement actions to curry favor with outside employers. In fact, the opposite appears to be true. Consistent with Hypothesis #6, attorneys who produce tangible results for the agency appear to be more likely to have attractive outside employment options.

3.5 Who Goes Where?

Our last set of regressions explores the destinations of enforcement attorneys who leave the division. We divide the sample of departing attorneys into several categories. The base category consists of attorneys who remain at the SEC as of 2016. The remainder are divided into six categories: 1) Private Practice, Associate or Counsel; 2) Private Practice, Partner; 3) Financial or Compliance Industry; 4) Non-Profit or Academia; 5) Other Government; and 6) Retirement or Non-Legal/Compliance Industry. We posit that our first three categories, attorneys who leave the SEC to become associates or partners in law firms or a position in the financial services industry, are motivated, at least in part, by monetary returns. The latter three categories are consistent with individuals who are not motivated primarily by financial rewards. We use these categories as the dependent variable in a single multinomial logit model with the base category for each being remaining at the SEC, so each of the six columns represents a different type of leaving the SEC and each is compared pairwise with staying at the SEC. The multinomial logit

model is as follows:

$$\begin{aligned}\text{Prob(Employment Type After SEC)}_i = {} & \alpha + ß_{1i}\text{Experience}_i \\ & + ß_{2i}\text{Close to Retire}_i + ß_{3i}\text{Female}_i \\ & + ß_{4i}\text{Experience x Female}_i \\ & + ß_{5i}\text{Close to Retire x Female}_i \\ & + ß_{6i}\text{NLJ 250 Prior Partner}_i + ß_{7i}\text{Prior Gov. Attorney}_i \\ & + ß_{8i}\text{Top Law School}_i + ß_{9i}\text{Regional Office}_i \\ & + ß_{10i}\text{Staff Attorney}_i + ß_{11i}\text{Top Manager}_i + \varepsilon_i\end{aligned}$$

The independent variables are the same as Model 2 of Table 5. We present the results in Table 7.

[Insert Table 7 here]

We see that experience does not correlate with securing highly paid employment after leaving the SEC. The coefficient for Experience is negative and significant for the Private Practice Partner and Financial or Compliance Industry categories, while it is positive and significant for the Retirement or Non-Legal/Compliance category.

Focusing on gender differences, women are less likely to leave to become partners at law firms or work in the financial industry or in compliance, so they are not securing the highest-paid post-SEC employment. This offers some support for Hypothesis #4. This relation is mitigated, however, for women with more experience. This suggests that younger women are either less interested or less successful in securing these highly-paid positions after leaving the SEC, but that is not true for older women.

We find other significant correlations for Staff Attorneys: they are significantly less likely to become law firm partners and significantly more likely to head for the last category, Retirement or Non-Legal/Compliance. (This category includes one attorney who became a therapist). By contrast, Top Manager is positive and significant for the Private Practice, Partner and Financial or Compliance Industry categories. This correlation suggests that top level experience at the SEC is a marketable credential when seeking employment in the private sector. The opportunities for attorneys departing the Regional Offices are more limited. We find negative and significant coefficients for the Private Practice, Partner and Financial or Compliance Industry categories, as well as the Other Government category. Presumably that last category is a more popular destination for attorneys in the Washington, DC office. Serving as a government attorney before joining the SEC (Prior Government Attorney) is positively correlated with becoming an attorney with another government entity after leaving the SEC.

Our last set of tests looks at the relation between performance at the SEC and destination upon departure from the SEC. We compute our measures of performance (10b-5 Cases, Any Cases, Individual Cases, Other Regulator, and Officer Resignations) up to the end of 2010 for each SEC attorney. We then estimate a multinomial logit model using the same destination categories as in Table 7 with staying at the SEC as the base category only for those SEC attorneys who were still at the SEC at the end of 2010. The

base multinomial logit model is as follows:

$$\text{Prob(Employment Type After SEC)}_i = \alpha + ß_{1i}\text{Experience}_i + ß_{2i}\text{Close to Retire}_i + ß_{3i}\text{Female}_i + ß_{4i}\text{10b-5 Cases}_i + \varepsilon_i$$

In the base model (Model 1) we include independent variables for Experience and Close to Retire to test the importance of tenure at the SEC as well as the prospect of retirement on the destination of a person who leaves the SEC. We also include an indicator variable for Female to test the importance of gender. We include 10b-5 Cases as the performance measure. We do not include the other independent variables from the multinomial logit model of Table 7 because of possible collinearity with the difference performance measures. In separate models, we replace 10b-5 Cases with the following performance measure variables: Any Cases (Model 2), Other Regulator (Model 3), Individual Cases (Model 4), and Officer Resignations (Model 5) as independent variables. In Table 8 we report only the coefficients for the performance variables from the multinomial logit models.

[Insert Table 8 here]

The coefficients for the performance variables are all positive and significantly related to Private Practice Partner. This result, in conjunction with the results from Table 7, suggests that departures from the SEC are not only correlated with performance, but that the departure is related to a high-paying destination after leaving the SEC. This offers additional support to Hypothesis #6. The performance coefficients are generally insignificant in relation to other destinations, with the exception of Other Regulator, which is positive and significantly related to Non-Profit or Academia, albeit only at the 10% level.

4. Conclusion

What is the career path of an SEC enforcement attorney? Our paper provides evidence that longer term SEC attorneys tend to underperform other SEC attorneys, consistent with the hypothesis that higher performers may leave the SEC before becoming a long termer. We find evidence that the higher performers at the SEC are more likely to depart the SEC, consistent with the Long Term SEC attorneys correlating with underperforming attorneys.

We also find gender matters for the career trajectory of attorneys at the SEC. Among the group of relative new hires as of 2004 (Short Term SEC attorneys), we find that women and men perform equally well at the SEC. Nonetheless, when we look at how Short Term SEC attorneys progress in their careers at the SEC after 2004, we find that women tend to get lower pay increases and fewer promotions. One explanation for this differential is that women tend to be less likely to leave the SEC at least initially in their careers. When women do leave the SEC, they tend to go to lower paid positions, less likely to end up in private practice partnership and financial or compliance industry jobs

after the SEC. To the extent the threat of departure, particularly to a higher paying job, may lead the SEC to offer higher compensation and greater promotions to retain an attorney, the decreased willingness to depart on the part of female SEC attorneys may lead to lower pay and fewer promotions.

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Table 1: Descriptive Statistics for Enforcement Division Attorneys

Panel A: Full Sample Measured in 2004

Variable	N	Mean	Median	SD
Experience	406	13.9	13	7.169
Close to Retire	406	0.037	0	0.189
Short Term	417	0.472	0	0.500
Long Term	417	0.149	0	0.356
Female	417	0.300	0	0.459
NLJ 250 Prior Partner	359	0.067	0	0.250
Prior Gov. Attorney	359	0.175	0	0.381
Top Law School	410	0.456	0	0.499
Regional	417	0.439	0	0.497
Staff Attorney	410	0.371	0	0.484
Top Manager	410	0.229	0	0.421

Panel B: Full Sample Variables Based on 2004 to 2015 data

Variable	N	Mean	Median	SD
SEC 2016	413	0.475	0	0.500
10b-5 Cases	417	0.081	0	0.169
Any Cases	417	0.145	0	0.322
Individual Actions	417	0.099	0	0.202
Other Government	197	0.092	0	0.170
Officer Resignations	417	0.075	0	0.154
Average Base Pay Change %	394	0.055	0.051	0.022
Bonus Ratio	397	0.008	0.003	0.013
Promotions Per Year	374	0.135	0	0.228

Table 2: Who Performs Well at the SEC?

	Model 1 10b-5 Cases	Model 2 10b-5 Cases
Short Term	0.00183 (0.12)	-0.0185 (-0.93)
Long Term	-0.0354 (-1.16)	-0.0485 (-1.20)
NLJ 250 Prior Partner	0.0272 (0.61)	0.0233 (0.51)
Prior Gov. Attorney	-0.0160 (-0.87)	-0.0172 (-0.94)
Top Law School	-0.00547 (-0.34)	-0.00263 (-0.17)
Regional Office	-0.0426* (-2.45)	-0.0420* (-2.40)
Staff Attorney	-0.0258 (-1.53)	-0.0166 (-1.20)
Top Manager	0.116** (3.05)	0.0960** (3.25)
Female	-0.0427** (-2.77)	-0.0829** (-3.82)
Female x Staff Attorney	0.0392 (1.59)	
Female x Top Manager	-0.0736+ (-1.78)	
Female x Short Term		0.0728* (2.58)
Female x Long Term		0.0301 (0.66)
Constant	0.0981** (5.58)	0.110** (5.27)
N	353	353
Adj R^2	0.096	0.091

Exponentiated coefficients; *t* statistics in parentheses; $^{+}$ $p < 0.10$, * $p < 0.05$, ** $p < 0.01$.

Table 3: Who Performs Well at the SEC? Alternative Metrics

Panel A

	Model 1 Any Cases	Model 2 Individual Cases	Model 3 Other Regulator	Model 4 Officer Resignations
Short Term	0.0308	0.00403	0.0126	0.0156
	(1.23)	(0.23)	(0.61)	(1.12)
Long Term	-0.0821^{+}	-0.0587^{+}	-0.0232	-0.0322
	(-1.93)	(-1.69)	(-0.49)	(-1.16)
NLJ 250 Prior Partner	0.0103	0.00487	0.0140	-0.0109
	(0.18)	(0.13)	(0.37)	(-0.40)
Prior Gov. Attorney	-0.0312	-0.0280	0.000173	-0.0213
	(-1.02)	(-1.28)	(0.01)	(-1.28)
Top Law School	-0.0115	-0.00322	0.00425	0.00734
	(-0.45)	(-0.17)	(0.23)	(0.51)
Regional Office	-0.0885**	-0.0452*	-0.0683**	-0.0203
	(-3.12)	(-2.18)	(-3.38)	(-1.27)
Staff Attorney	-0.0470^{+}	-0.0377*	-0.00490	-0.0287*
	(-1.81)	(-2.01)	(-0.25)	(-1.97)
Top Manager	0.210**	0.146**	0.115**	0.105**
	(3.40)	(3.21)	(3.02)	(3.06)
Female	-0.0285	-0.0342^{+}	0.0279	-0.0158
	(-0.81)	(-1.71)	(0.64)	(-0.92)
Female x Staff Attorney	0.0511	0.0422	-0.0337	0.0159
	(1.10)	(1.43)	(-0.67)	(0.70)
Female x Top Manager	-0.119^{+}	-0.0867^{+}	-0.0785	-0.0808*
	(-1.68)	(-1.73)	(-1.16)	(-2.04)
Constant	0.154**	0.115**	0.0813**	0.0704**
	(5.20)	(5.38)	(3.76)	(4.46)
N	353	353	165	353
Adj R2	0.101	0.097	0.118	0.073

t statistics in parentheses; $^{+}$ $p < 0.10$, * $p < 0.05$, ** $p < 0.01$.

Panel B

	Model 1 Any Cases	Model 2 Individual Cases	Model 3 Other Regulator	Model 4 Officer Resignations
Short Term	-0.0138	-0.0258	-0.0133	-0.00585
	(-0.45)	(-1.10)	(-0.59)	(-0.32)
Long Term	-0.108*	-0.0756+	-0.0584	-0.0422
	(-1.97)	(-1.68)	(-1.09)	(-1.17)
NLJ 250 Prior Partner	0.0029	-0.0004	0.0063	-0.0144
	(0.05)	(-0.01)	(0.17)	(-0.51)
Prior Gov. Attorney	-0.0344	-0.0301	-0.0054	-0.0221
	(-1.12)	(-1.38)	(-0.19)	(-1.33)
Top Law School	-0.0083	-0.0005	0.0056	0.0094
	(-0.33)	(-0.03)	(0.31)	(0.64)
Regional Office	-0.0865**	-0.0439*	-0.0693**	-0.0193
	(-3.07)	(-2.12)	(-3.52)	(-1.20)
Staff Attorney	-0.0376	-0.0289+	-0.0141	-0.0265*
	(-1.53)	(-1.83)	(-0.70)	(-2.11)
Top Manager	0.176**	0.122**	0.0963**	0.0826**
	(3.66)	(3.44)	(3.05)	(3.07)
Female	-0.119**	-0.0936**	-0.0826**	-0.0656**
	(-3.40)	(-3.51)	(-2.72)	(-3.09)
Female x Short Term	0.156**	0.106**	0.107**	0.0737**
	(3.17)	(3.10)	(2.73)	(2.77)
Female x Long Term	0.0628	0.0403	0.139	0.0170
	(0.94)	(0.76)	(1.47)	(0.41)
Constant	0.183**	0.134**	0.107**	0.0858**
	(5.21)	(5.36)	(4.41)	(4.87)
N	353	353	165	353
adj. R^2	0.106	0.098	0.141	0.072

t statistics in parentheses; + $p < 0.10$, * $p < 0.05$, ** $p < 0.01$.

Table 4: Raises, Bonuses, and Promotions at the SEC

	Model 1 Average Pay % Increase	Model 2 Bonus Ratio	Model 3 Promotion Rate
NLJ 250 Prior Partner	-0.0130^{+} (-1.68)	-0.00551* (-1.98)	-0.0269 (-0.36)
Prior Gov. Attorney	-0.0068 (-1.57)	-0.0020 (-1.00)	-0.0667 (-1.56)
Top Law School	0.0028 (0.74)	-0.0015 (-0.83)	0.0463 (1.19)
Regional Office	-0.0073* (-2.00)	-0.0006 (-0.34)	0.0125 (0.35)
Staff Attorney	0.0121** (3.41)	-0.0016 (-0.84)	0.105** (2.96)
Top Manager	0.000646 (0.08)	0.00759 (0.93)	0.119 (1.21)
Female	-0.0069^{+} (-1.86)	- 0.0001 (-0.06)	-0.0684^{+} (-1.80)
Constant	0.0630** (15.83)	0.00918** (3.40)	0.119** (3.25)
N	167	173	167
r2_a	0.093	0.007	0.036

t statistics in parentheses; $^{+}$ $p < 0.10$, * $p < 0.05$, ** $p < 0.01$.

Table 5: Hazard Models for Who Leaves the SEC?

	Model 1	Model 2
Experience	0.989	0.976
	(-0.72)	(-1.44)
Close to Retire	1.995^{+}	2.770*
	(1.82)	(2.27)
Female	0.736^{+}	0.378*
	(-1.77)	(-2.33)
Experience x Female		1.055^{+}
		(1.88)
Close to Retire x Female		0.427
		(-0.96)
NLJ 250 Prior Partner	1.675^{+}	1.744^{+}
	(1.84)	(1.94)
Prior Gov. Attorney	1.042	1.056
	(0.21)	(0.27)
Top Law School	1.146	1.151
	(0.92)	(0.95)
Regional Office	0.754^{+}	0.739^{+}
	(-1.80)	(-1.92)
Staff Attorney	1.181	1.181
	(0.81)	(0.80)
Top Manager	1.762**	1.760**
	(3.01)	(2.98)
N	352	352
pseudo R^2	0.011	0.013
ll	-1024.0	-1022.1

t statistics in parentheses; $^{+}$ $p < 0.10$, * $p < 0.05$, ** $p < 0.01$.

Table 6: Hazard Models of Who Leaves the SEC? Performance Measures

	Model 1	Model 2	Model 3	Model 4	Model 5
Experience	0.941**	0.940**	0.941**	0.941**	0.941**
	(-2.68)	(-2.73)	(-2.67)	(-2.69)	(-2.68)
Close to Retire	9.486**	9.427**	8.544**	8.386**	8.382**
	(3.15)	(3.14)	(3.03)	(3.03)	(3.01)
Female	0.473*	0.430**	0.453*	0.430**	0.458*
	(-2.37)	(-2.65)	(-2.51)	(-2.64)	(-2.48)
10b-5 Cases	1.265**				
	(2.85)				
Any Cases		1.138**			
		(3.26)			
Other Regulator			1.141+		
			(1.89)		
Individual Cases				1.385**	
				(3.42)	
Officer Resignations					1.149
					(1.55)
N	260	260	260	260	260
pseudo R^2	0.030	0.030	0.025	0.032	0.024
ll	-343.9	-343.7	-345.7	-343.2	-346.1

t statistics in parentheses; + $p < 0.10$, * $p < 0.05$, ** $p < 0.01$.

Table 7: Where Do They Go?

	(1) Private Practice Associate or Counsel	(2) Private Practice Partner	(3) Financial or Compliance Industry	(4) Non-Profit or Academia	(5) Other Government	(6) Retirement or Non-Legal/Compliance
Experience	-0.0827	-0.0785^{+}	-0.204**	0.0824	-0.157*	0.230**
	(-1.31)	(-1.95)	(-3.81)	(0.73)	(-2.11)	(2.73)
Close to Retire	2.402	1.157	-24.28	-25.51	-24.96	1.761
	(1.50)	(0.94)	(-0.00)	(-0.00)	(-0.00)	(1.23)
Female	1.405	-3.213*	-2.711**	1.190	-0.493	0.570
	(1.15)	(-2.44)	(-2.97)	(0.50)	(-0.43)	(0.25)
Experience x Female	-0.265^{+}	0.141^{+}	0.183**	-0.0113	0.0800	0.0087
	(-1.71)	(1.82)	(2.61)	(-0.08)	(0.93)	(0.07)
Close to Retire x Female	-26.44	-28.60	-3.332	-0.625	-3.353	-0.400
	(-0.00)	(-0.00)	(-0.00)	(-0.00)	(-0.00)	(-0.15)
NLJ 250 Prior Partner	1.002	1.087	0.940	-14.83	2.940**	-0.662
	(0.81)	(1.64)	(1.02)	(-0.01)	(3.30)	(-0.47)
Prior Gov. Attorney	0.452	-0.375	0.636	-15.28	1.673**	-0.155
	(0.61)	(-0.75)	(1.31)	(-0.01)	(2.58)	(-0.19)
Top Law School	-0.411	-0.229	0.394	1.383	0.666	0.0241
	(-0.80)	(-0.67)	(1.12)	(1.50)	(1.30)	(0.03)
Regional Office	0.660	-0.681^{+}	-0.705^{+}	-0.505	-0.640	-1.216
	(1.24)	(-1.96)	(-1.86)	(-0.55)	(-1.17)	(-1.53)
Staff Attorney	0.133	-1.163*	0.179	15.13	0.216	3.160*
	(0.21)	(-2.25)	(0.39)	(0.01)	(0.33)	(2.32)
Top Manager	-0.183	1.446**	1.056^{+}	16.78	0.738	2.510*

	(-0.21)	(3.56)	(1.93)	(0.02)	(0.92)	(2.31)
Constant	-1.176	0.738	1.176	-20.25	-1.193	-8.474**
	(-1.18)	(1.15)	(1.60)	(-0.02)	(-1.11)	(-3.88)
N						318
pseudo R^2						0.196
ll						-395.4

Z statistics in parentheses; $^{+}$ $p < 0.10$, * $p < 0.05$, ** $p < 0.01$.

Table 8: Where Do They Go? Performance Measures

Performance Variable (Measured from 2005 to 2010	N	Pseudo R2	(1) Private Practice Associate or Counsel	(2) Private Practice Partner	(3) Financial or Compliance Industry	(4) Non-Profit or Academia	(5) Other Government	(6) Retirement or Non-Legal/Compliance
(Model 1) 10b-5 Cases	220	0.1848	0.436	0.558**	0.024	0.321	0.209	-12.812
			(1.20)	(3.56)	(0.08)	(0.65)	(0.43)	(0.99)
(Model 2) Any Cases	220	0.1788	0.194	0.290**	-0.157	0.197	0.086	0.101
			(0.74)	(2.85)	(-0.63)	(0.96)	(0.46)	(0.33)
(Model 3) Other Regulator	220	0.1811	-0.043	0.731**	-0.293	0.696+	0.071	0.780
			(-0.05)	(2.96)	(-0.57)	(1.94)	(0.14)	(1.48)
(Model 4) Individual Cases	220	0.1746	0.369	0.393**	-0.222	0.157	0.159	-0.491
			(1.38)	(2.98)	(-0.66)	(0.34)	(0.71)	(-0.62)
(Model 5) Officer Resignations	220	0.1763	0.273	0.454**	-0.196	0.242	0.102	-14.002
			(0.66)	(2.93)	(-0.55)	(0.49)	(0.34)	(-0.01)

z statistics in parentheses; $^{+}$ $p < 0.10$, * $p < 0.05$, ** $p < 0.01$. Each row reports the coefficient on a performance variable from the following multinomial logit model (with staying at the SEC as the base category):

$$\text{Prob(Employment Type After SEC)}_i = \alpha + ß_{1i}\text{Experience}_i + ß_{2i}\text{Close to Retire}_i + ß_{3i}\text{Female}_i + ß_{4i}[\text{Performance Measure}]_i + \varepsilon_i$$

The performance variables are measured from 2005 to 2010 and the model is estimated only for individuals who still are at the SEC in 2010.

Appendix: Variable Definitions

Variable	Definition
Experience	Equals 2004 minus the Law School Graduation Year for a particular attorney.
Close to Retire	Indicator variable for individuals who are age 55 or older in 2004.
Short Term	Employed by the SEC in 2000 or later.
Long Term	Employed by the SEC in 1990 or earlier.
Female	Coded as 1 for women and 0 for men.
NLJ 250 Prior Partner	Partner at one of the 250 largest law firms in the US, as ranked by the National Law Journal, before coming to the SEC.
Prior Government	Employed as a government attorney prior to joining the SEC.
Top Law School	Coded as 1 for top 18 law schools as ranked by U.S. News and World Report in 1992.
Regional Office	Indicator variable coded as 1 if employed in a regional or district office and 0 if employed in Washington, DC or New York.
Staff Attorney	Employed by the SEC at SK-14 or below.
Top Manager	Employed by the SEC at SK-17 and above. These attorneys typically have the title of Assistant Director, Assistant District Administrator, or Assistant Regional Director, or higher.
SEC 2016	Still employed by the SEC in June 2016.
10b-5 Cases	Average number of Rule 10b-5 cases per year (2004-2015) in which attorney appeared.
Any Cases	Number of court cases per year (2004-2015) in which individual is listed as counsel.
Individual Actions	Average number of cases per year (2004-2015) in which an individual was named as a defendant in which attorney appeared.
Other Government	Average number of cases per year (2004-2015) in which individual appeared that also involved an investigation by another government agency.

Officer Resignations	Average number of cases per year (2004-2015) in which individual appeared which lead to the resignation of an officer of the issuer.
Average Base Pay Change %	Average percentage increase in base pay for the SEC attorney from 2004 to 2014 or the last year the SEC attorney was employed at the SEC if earlier than 2014.
Bonus Ratio	Ratio of bonus to base pay in 2014 or computed for the last year the SEC attorney was employed at the SEC if earlier than 2014.
Promotions Per Year	Average number of ranks the SEC attorney is promoted per year from 2004 to 2014 or the last year the SEC attorney was employed at the SEC if earlier than 2014. Ranks are determined based on the SEC's SK-1 through SK-17 and then SO-1 to SO-3 ranking system (with one step up the ranks equal to 1 in the computation).