

Stanley Sporkin, Bane of Corporate Corruption, Dies at 88

As the S.E.C.'s enforcer, he targeted firms that made illegal campaign contributions in the U.S. and bribed officials to gain business in other countries.



By Sam Roberts

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Stanley Sporkin, a legal crusader who, as the chief enforcement officer at the Securities and Exchange Commission, held American corporations accountable for making illicit campaign contributions in the United States and for bribing public officials abroad, died on Monday in Rockville, Md. He was 88.

His death, from congestive heart failure in a hospice, was confirmed by his son Daniel.

In the 1970s, at a newly vitalized S.E.C., Mr. Sporkin investigated illegal corporate slush funds, pressured American companies to comply with the commission's cease-and-desist orders, and sued the firms if they failed to do so.

He also successfully lobbied Congress to pass the Foreign Corrupt Practices Act of 1977.

Mr. Sporkin's investigations led to admissions by leading corporations — including Gulf Oil, Exxon, Mobil Oil, Lockheed Aircraft, R.J. Reynolds Industries and Minnesota Mining and Manufacturing — that they had made millions of dollars in secret payoffs to scores of politicians.

The disclosures of bribery by American corporations operating abroad caused political scandals in Honduras, Japan, Italy, the Netherlands and other countries.

“We've gone through a metamorphosis in the last year, from a handful of disclosures by the Watergate prosecutor's office to an S.E.C. program involving 17 enforcement actions and 150 companies,” Roderick M. Hills, the S.E.C. chairman, told The New York Times in 1976.

The commission's reputation as a passive filing repository evolved into something more fearsome, especially when an enforcement arm was added in 1972. The more aggressive strategy was agreed upon collectively, but, Mr. Mills said, “If you want a symbol, Stan is the proper one.”

Instead of draining the commission's resources by taking every case to court, Mr. Sporkin sought to reach consent agreements under which a suspect corporation would appoint a special committee of its independent directors to examine allegations of irregularities and present its findings to the firm's full board for resolution.

“The special committee procedure proved to be the key to the S.E.C.'s program on questionable payments,” Joel Seligman wrote in his book “The Transformation of Wall Street” (1982).

Described as a cross between two fictional detectives — Rex Stout's Nero Wolfe, the brilliant, burly armchair investigator, and Columbo, the rumped, relentless police sleuth portrayed by Peter Falk on television — Mr. Sporkin played two other major public policy roles in real life.

From 1981 through 1985, during the Reagan administration, he was general counsel to the Central Intelligence Agency. From the end of 1985 until he retired in 2000, he served on the United States District Court for the District of Columbia.



Mr. Sporkin, who was named a federal judge in 1985, testifying at the Iran-contra hearings in Washington in 1987. Lana Harris/Associated Press

As a judge, he delivered a blistering opinion in 1990 that upheld the federal seizure of the Lincoln Savings and Loan Association; accused Charles H. Keating Jr. and his associates of “looting” that institution; and reprimanded the lawyers and accountants involved in the association’s failure as complicit.

He also wrote the opinion for a three-judge panel in 1993 that dismissed the cable television industry’s First Amendment challenge to federal rules requiring cable companies to carry broadcast stations’ programming.

In 1995, after inviting competitors to submit their objections anonymously to protect them from retaliation, he overturned as insufficient a consent decree under which Microsoft agreed to alter licensing practices that the government said were monopolistic. His decision was reversed.

After retiring as a judge, Mr. Sporkin joined the law firm Weil, Gotshal & Manges.

Mr. Sporkin was highly regarded at the S.E.C., where he was considered a loyal, mentoring boss. But he was the scourge of corporate lawyers who defended their miscreant clients before the commission, and sometimes even in court.

“The S.E.C. has succeeded in intimidating the attorneys who appear before it, with the result that zealous advocacy has been sharply curtailed in securities matters,” Monroe H. Freedman, the former dean of the Hofstra University Law School, wrote in “Lawyers’ Ethics in an Adversary System” (1975).

Mr. Sporkin never wavered in his view that, as he put it, “capitalism is the greatest thing going, but unchecked, it’s its own undoing.” He argued that the S.E.C.’s vigorous check on the system was an example of government that works.

“I want to take the hypocrisy out of our society,” he told The Washington Post in 1977. “We’ve got to treat everybody equally, not kick the hell out of the little guy.”

Stanley Sporkin was born on Feb. 7, 1932, in Philadelphia, one of four children of Maurice and Ethel (Weiner) Sporkin.

He said he was drawn to the law early, inspired by visits as a child to City Hall, where his father, a former assistant district attorney, presided as a judge in the Court of Common Pleas.

He married Judy Imber, an artist, who survives him. In addition to her and their son Daniel, he is survived by their daughter, Elizabeth Sporkin; another son, Thomas; his sister, Barbara Meyers; and five grandchildren.

After earning a bachelor's degree in accounting from Pennsylvania State University in 1953, Mr. Sporkin worked as an accountant until he could afford Yale Law School, from which he graduated in 1957. His first job was with a law firm.

"I found that it was very disturbing when clients weren't satisfied until they had one leg over the line between right and wrong," he said in 1976. "We'd tell a client that something was wrong, and then he'd ask, 'But is it illegal?'"

After clerking for United States District Court Judge Paul Leahy in Delaware, Mr. Sporkin joined the S.E.C. as a staff lawyer in 1961 and rose to become director of its enforcement division in 1974.

In its first crackdown on illicit campaign financing, in 1974, the commission accused American Ship Building and its chief executive, George M. Steinbrenner III, of making illegal contributions to President Richard M. Nixon's 1972 re-election campaign. Mr. Steinbrenner, who had bought the New York Yankees in 1973, negotiated an agreement with the commission to reimburse the company for the contributions.

In 1977, Mr. Sporkin was the S.E.C.'s chief enforcer when it accused Mayor Abraham D. Beame and other New York City officials of deliberately deceiving public investors about the city's deteriorating finances in 1974 and 1975 so that the officials could sell \$4 billion in city securities.

The White House had come under pressure from Wall Street to transfer or fire Mr. Sporkin when his former boss at the commission, William J. Casey, the director of central intelligence, recruited him to the C.I.A. Mr. Casey, in a way, was returning a favor.

In 1974, when Mr. Casey was chairman of the S.E.C., Mr. Sporkin had spared him from implication in the Watergate scandal. Mr. Sporkin advised him to rebuff White House attempts to delay the testimony of two witnesses in a politically embarrassing investigation of the financier Robert L. Vesco's illicit contributions to the Nixon campaign. Those attempts to interfere in the probe led to the indictment of several Nixon administration officials.

"Some day," Mr. Sporkin told Mr. Casey, according to his later testimony, "you are going to be thankful for relying on my judgment in this matter."

That day came in 1981, when Mr. Casey's nomination was being considered by the Senate Committee on Intelligence.

At the confirmation hearing, Senator Daniel Patrick Moynihan introduced a letter from Mr. Sporkin that said, "Mr. Casey's determination not to overrule my decision demonstrated the confidence that he had in his trusted subordinates as well as his own sound judgment in regard to the requested action."