

## **RESTORING CONFIDENCE IN AMERICA'S CAPITAL MARKETS: Repairing the Broken Engine of Our Country's Economic Growth**

America has the greatest capital markets in the world. Most of today's largest American companies were small or nonexistent twenty-five years ago – a strong testament to the diversity, innovation, and efficiency of our capital markets.<sup>1</sup> The markets also generate wealth for individuals: a majority of Americans own stocks,<sup>2</sup> and during the 1980s and 1990s the S&P 500 averaged a return of 14.7% per year.<sup>3</sup>

Recent headlines, however, have shown that our markets are in serious danger of losing the confidence that made them so successful. In the past few years, there have been well-publicized cases in which Wall Street insiders and corrupt corporate executives have made themselves rich at the expense of ordinary investors; shareholders and lenders have lost confidence in the performance and honesty of publicly traded corporations and their leaders; and money has poured out of stock mutual funds as small investors have rushed to withdraw from the stock market.

The smooth functioning of our capital markets and the willingness of American investors to take the right kinds of risks in betting on corporate success are essential to generating innovation, productivity growth and rising incomes. But the entire system rests on a foundation of trust. We must act quickly and aggressively to restore a level playing field in our capital markets if we wish to preserve the economic engine that has brought this country so much wealth. Specifically, we must (1) ensure that senior company executives are paid very well when their companies do well, but cannot make a fortune in ways that disadvantage investors; (2) ensure that investors have high-quality market information; and (3) eliminate the conflicts of interest on Wall Street.

### ***What Is At Stake***

*Repairing the engine of America's economic growth.* By facilitating the efficient flow of money from investors to promising enterprises, capital markets make large-scale entrepreneurship possible. This creates wealth and jobs. But lack of transparency in our capital markets creates massive misallocations of capital. The falsified numbers from WorldCom and Global Crossing, for instance, spurred a disastrous over-investment in long-haul bandwidth in the US and worldwide, from which the telecommunications industry has yet to recover. Restoring the integrity of our capital markets, and the public's confidence in them, is essential to putting America back on the road to growth.<sup>4</sup>

*Ensuring security and opportunity for investors.* More than half of American households own stock in publicly traded companies.<sup>5</sup> The scandals at Enron, WorldCom, and Tyco demonstrate how malfeasance by business leaders can cheat Main Street

investors out of billions of dollars – leaving their hard-earned retirement plans in shambles. Corporate executives and financial professionals must be held to high standards of integrity so that Americans can have the confidence to use the capital markets as a source of long-term wealth and financial security.

### ***Our Capital Markets Face Three Major Problems***

*Senior management compensation.* Compensation plans have evolved over the past decade so that top executives at large companies can earn tens or even hundreds of millions of dollars – even if they do not run their companies well. For instance:

- In the five years from 1996 to 2000, the highest earner at America's five largest companies earned an average of \$274 million. Four of those five companies, however, performed poorly compared to the overall market.<sup>6</sup>
- In 2000, Enron's CEO received a pay package of \$142 million, while leading his company to the brink of bankruptcy.<sup>7</sup>
- In 2001, the CEO of ImClone earned \$72 million from exercising stock options, while engaging in insider trading and perjury that helped destroy the company.<sup>8</sup>
- Between 1999 and 2001, the CEO of Sprint received stock options valued at \$118 million while leading the company to a failed merger. He was eventually fired after allegedly attempting to avoid taxes on that income.<sup>9</sup>

In each of these cases, and many others, corporate leaders were paid richly for failure. These pay packages come from the pockets of the investors who own these companies. Outrageous awards for poor performance erode investors' trust in the markets. Although it is easy to stoke populist anger about CEOs being "paid too much," the real problem is not the amount of executive pay *per se*, but rather the fact that most compensation plans do not truly link the interests of top executives to the interests of long-term shareholders in the company. With enormous stock option grants as the payment of choice, it is too easy for top executives to raise their own personal wealth dramatically through actions that increase the stock price in the short-term, whether or not these actions will promote the long-term health of the company. It is also easy, in boom times, for management to ride the overall stock market appreciation to short-term riches without improving the underlying competitive strength of their companies.

The shortcomings and risks of this system are magnified by the fact that compensation is set not by markets, but by cozy relationships. Most CEOs directly or indirectly appoint the compensation consultants and Board committees that recommend and endorse their pay packages. With some justification, much of the investing public increasingly sees the setting of senior executive pay packages as an insiders' game. It is

difficult for long-term or small investors to feel confident that this misalignment of insiders' interests with their own can be addressed under the current system.<sup>10</sup>

We reject any notion that senior executives in US companies are more venal or less trustworthy than ordinary people. In fact, it is worth noting that the vast majority of CEOs have not abused the enormous power over company resources that the current system gives them. We believe, however, that a system that allows the most senior executives at publicly traded corporations – who are required to make sound decisions about the short-term performance vs. long-term health of their companies behind closed doors - to sell tens of millions of dollars in option-granted stock whenever they choose, while outside shareholders are encouraged to 'buy and hold' for the long term, creates deeply unwise incentives and breeds distrust in our system of allocating capital.

*Financial disclosure.* Accounting scandals have destroyed or damaged many large companies. Put simply, investors were misled about how the performance of many companies – K-Mart, WorldCom, Xerox, Enron, and others - were forced to restate billions of dollars of profit. These scandals are not “yesterday’s news;” as recently as March 2003, Bristol-Myers revised its sales reports downward by \$2.5 billion for the years 1999 through 2001.<sup>11</sup>

One of the major ways that companies have misled investors is by failing to report the full costs of their executive compensation packages – specifically, by excluding the cost of stock options. Although companies such as Boeing have been expensing options for several years, and companies such as Citigroup, Coca Cola, and General Electric have recently announced that they intend to do so, many large companies continue to ignore the real cost of stock options. The practice of excluding options as expenses inflated earnings of the S&P 500 companies by 21% in 2001.<sup>12</sup>

*Conflicts of interest.* Many companies are responsible for evaluating corporate America. These firms, including equity research companies and audit firms, have let America down – they have distorted their research and judgments in order to win business from the companies they were responsible for monitoring. The people most harmed by these dishonest actions are Main Street investors, who often rely on analyst research and financial statements when they purchase stock.

### ***What Should Be Done***

Faced with public outrage over these corporate scandals, Congress passed the Sarbanes-Oxley Act in 2002. This law was helpful in setting some new guidelines in the areas of disclosure, board independence, and auditing standards. However, some Wall Street insiders have been lobbying aggressively to weaken enforcement of the Act – which does not directly address executive compensation, and which entirely ignores the expensing of stock options. Three further reforms are needed:

- First, we must create incentives that allow corporate executives are paid fairly for their contributions at all times, but to be rewarded richly only when they do well for their shareholders, over an extended period. This step will require a combination of reforms to eliminate the conflicts of interest in setting executive pay, and to make sure that companies' performance is judged relative to competitors and to the overall market – so that CEOs are not rewarded or punished for the fluctuations in the overall economy.
- Second, we must provide better information to investors. Companies must be required to divulge comprehensive, consistent financial results. This step will require a combination of reforms to ensure that non-GAAP financial information is clearly explained, and that all business expenses – including stock option grants - are properly and transparently recorded.
- Third, we must eliminate conflicts of interest on Wall Street and among auditors. This requires the separation of business units within these firms and strict penalties for breaking the rules.

Together, these reforms will help to strengthen the management decisions of publicly traded companies, and contribute to restoring confidence in our capital markets, which will in turn fuel business growth and prosperity.

### **Policy Implementation and Details**

To restore public confidence in America's publicly traded corporations and in our capital markets, the federal government should support reforms in three key areas:

#### ***Base Senior Management Compensation on Performance***

Corporate leaders will be more likely to make decisions that benefit shareholders over the long term when they know that their own compensation is affected by those decisions. To that end it is necessary to ensure the independence of those who set compensation, increase transparency so investors are aware of what executives are paid, and set restrictions to keep executives from cashing in while the company falters.

- ***Independent compensation committees.*** Compensation committees should be made up exclusively of independent board members who do not have any familiar or business relationships with company executives. The NYSE has recently published a revised proposal defining "independent." Members of the committee must demonstrate independence from management and prove that they acted in

good faith when setting executive pay. Compensation consultants should be hired by Board compensation committees, rather than management.

- ***Performance-based stock options.*** Stock options should be indexed against a peer group or a market index. This means the exercise price fluctuates with the performance of an industry peer group index (e.g., Dow Jones Transportation Index) or an overall market index (e.g., S&P 500 Index). Options holders will benefit only if and to the extent that the company outperforms the market. This also means that executive teams that outperform competitors in a bad market will be better rewarded than they would be under today's rules. Furthermore, it means that the motivational value of stock options to all employees will be just as high during down cycles – when we most need companies to innovate and renew themselves – as they are during economic boom times.
- ***Align with long-term interests.*** Stock grants and exercised options should have longer vesting restrictions, to help align management interests with those of long-term shareholders. For example, a rule of thumb for CEOs might be that they could sell no more than 10% of the outstanding value of exercised options in each year, and that the rest of their exercised options could be sold 33% each year for three years after leaving their companies.

These reforms will ensure that senior executives are rewarded for stellar performance, but that they will also receive less when positive results are not delivered. They will also encourage executives to focus on long-term success and value creation in their companies, rather than their own short-term personal financial gain.

### ***Provide Better Information to Investors***

Publicly traded companies should go back to the basics in their accounting practices so that profit-and-loss statements reflect true earnings and not management spin.

- Companies should not be able to publish non-GAAP financial measures, including pro-forma statements and earnings before non-recurring charges, without 1) simultaneously showing how the numbers would look under GAAP, and 2) presenting a quantitative reconciliation of the difference between the non-GAAP and GAAP figures. This rule applies not only to annual reports, but to all press releases.
- Companies should divulge any material off-balance sheet arrangements.
- Publicly traded companies with defined benefit pension plans – guaranteed levels of payments to retirees – should be prohibited from reporting expected increases in future returns from pension investments as current profits.

- Publicly traded companies should identify stock options as expenses on corporate profit-and-loss statements. Stock options are bona fide expenses to the company, since they represent the transfer of real value from the company to the recipient, and dilution of the value of other shareholders' stakes in the company.
- Publicly traded companies should explain in their 10Ks the discrepancies between profits stated in the annual report and profits reported to the IRS.

The first two changes are included in Sarbanes-Oxley Act, and the SEC has already drawn up the detailed guidelines. Enforcement becomes the key to success for these and other reforms. This means, for example, clearly demonstrating which off-balance sheet arrangements are "material," and penalizing companies that do not abide by the rules.

If successful, the restrictions on non-GAAP financial measures – which do not have any common standard and whose use varies from one company to the next – will prevent companies from cushioning their numbers to present themselves in the most favorable light. Better transparency into off-balance sheet transactions will inhibit corporations from hiding financial risks from investors.

Mandating companies to explain the difference between 10K and taxable earnings may be difficult to implement, since IRS submissions contain information that corporations can legitimately characterize as proprietary. That difficulty can be overcome by requiring companies to only explain the sources of the gaps between these filings and their 10Ks. At the very least, such disclosures would call shareholders' attention to the existence of the gaps, which merit attention because they may be symptoms of accounting manipulations. Summarily, these reforms will move companies toward reporting "true" earnings measures similar to ones adopted by the securities rating agency S&P.

### ***Eliminate Conflicts of Interest***

Wall Street and auditors should not be placed in positions of conflicting interest. They must be able to provide completely objective, third party views that serve investors. The Sarbanes-Oxley Act included a prohibition, for example, on accounting firms providing other services to their clients, including financial, legal or consulting services. Additional conflicts of interest that should be addressed include:

- Independent Board committees, not senior management, should select the investment firms that will manage publicly traded companies' pension funds.

- CEOs and CFOs of investment firms should be required to periodically certify that conflicts of interest have not motivated their employees to put the welfare of corporate clients ahead of those of individual customers.
- Penalties should be clearly set for breaking conflict regulations, putting an end to the *ad-hoc* settlements recently being negotiated with Wall Street firms.

The first of these reforms is included in the Sarbanes-Oxley Act. However, the SEC's newly adopted rules provide only marginal improvement from the past – reducing the number of exceptions that apply to the "prohibited" services. Real change can occur only when most, if not all, of the exceptions and qualifications are eliminated.

The separation of auditing and other services, pension management and equity research, and investment banking and equity research will ensure that these companies remain objective and focused on their work at hand instead of on building favorable relationships to win business from corporations. In order for these measures to have teeth, the SEC must become a stronger enforcement body, and its leadership must make a stronger commitment to fight abuses.

### ***Implementation Options***

In principle, many of the proposed reforms could and should be accomplished voluntarily by companies acting on their own accord, for example, through the adoption of board resolutions or changes to corporate bylaws. Companies should do so for a variety of reasons, not the least of which is that it will likely add to the bottom line. Indeed, the New York Stock Exchange recently reported on various studies showing that there is an empirical, positive linkage between good governance and company valuation.<sup>13</sup> If major pension funds and other institutional investors consistently insist on such changes, many public companies will voluntarily improve their governance.

Unfortunately, however, pursuing voluntary compliance will not be enough to restore confidence in our capital markets, particularly to small investors who do not have the resources to assess the integrity of corporate governance. Far too many small and would-be investors will hear the well-publicized "bad apple" stories, and assume that the entire barrel is rotten.

Beyond voluntary compliance, there are at least three ways that the adoption of these reforms could be encouraged or mandated for all publicly traded companies. First, the national stock exchanges such as NYSE and NASDAQ can and should change their rules and listing requirements to require these reforms by listed companies.<sup>14</sup> Second, to the extent that they already have the statutory authority to do so, the Securities and Exchange Commission (SEC) or the Financial Accounting Standards Board (FASB)

could establish regulations requiring the adoption of these reforms. Third, if and where necessary, the Congress could pass legislation requiring the adoption of these reforms.

One advantage of implementation by means national stock exchange rules is that, unlike government mandates, such rules can more easily be adapted to accommodate future changes in business and finance and to ensure that the underlying goals continue to be accomplished. If, however, the stock exchanges do not act, then the SEC or Congress should. In other cases, legislation could reinforce the value of abiding by standards set by stock exchanges or regulatory bodies (e.g., by indemnifying companies that fully abide by these standards against certain types of class action lawsuits). In all cases, the President should encourage the adoption of these reforms through the power of the “bully pulpit” and influence over the regulatory bodies. As President Theodore Roosevelt knew when he coined the phrase, the President has great power to advance reforms merely by advocating them. Given such advocacy and the prospect of government mandates, public corporations may act more quickly on its own accord to implement these reforms.

### **Financial Costs**

If the proposed increase to SEC's annual budget – bringing the total to \$842 million – is approved, no additional financial costs will be needed. Although doubling the agency's budget may seem excessive, the SEC more than pays for itself. Last year, it took in more than \$2 billion in processing fees from the 17,000 public companies that file with the regulatory body. This was nearly five times their operating budget.<sup>15</sup> However, Congress diverts the money away to other uses instead of funneling the money back into the SEC for enforcement, policy making, administration, and other internal activities.

Moreover, much of the new outlay will be recouped as corporate reforms boost investor confidence and the markets consequently regain an upward trend. For example, the federal government's cost of bailing out bankrupt corporate pension funds through the Pension Benefit Guaranty Corporation will be sharply reduced. Similarly, although some of these measures might require modest initial outlays on the part of corporations and private standard-setting bodies, the net financial impact will be overwhelmingly positive.

### **Political Issues**

#### ***The American Public Will Support These Reforms***

Cynics have argued that public attention will not be sufficient to reward leaders who push these efforts – and that the aggressive lobbying and money of Wall Street and corporations will stall reforms. This cynical reaction is possible – but only if political leaders make the mistake of ignoring the enormous political opportunity this issue

presents. Americans believe in fair play and are bothered by the perception of sweetheart deals at underperforming companies. More than half now own stock in public companies, including those whose mutual funds or pension funds invest in stocks. They have a lot at stake in fixing the system, and they know it.

Investors affected by the market downturn no doubt support reforms that safeguard their interests. It is imperative to take advantage of the reforms' strong momentum. Democrat and Republican leaders who take marked stances against corporate abuses will capitalize on the strong support for reforms from voters.

### ***Reforms Can Be Implemented Without Alienating Business Interests***

Interviews and polling data, including a recent survey of U.S. corporate directors, show that business leaders themselves believe that reform is necessary and suggests that they may be prepared to adopt key changes even if new legislation or regulations are not forthcoming. These proposals should be presented in a pro-business, pro-investor light: helping America “get back to business” by restoring investors’ confidence in the integrity of corporations and markets. In addition, when criticizing abuses, it must always be said that the vast majority of business executives have acted honestly and responsibly, even in a system that they had the power to abuse. Additionally, although the expensing of options remains controversial, it will not be met with the intensity of resistance as in 1994 when FASB first tried to implement this rule. The landscape of American business has changed since then; one indication is that many more businesses are volunteering to expense options. Moreover, performance-based option indexed to market averages will be a smaller expense on the P&L than would the un-indexed options typically granted today. More corporations now desire to be perceived as open and transparent, and the standardization of practice will allow independent analysts to evaluate true underlying profitability in a way that will not unduly disadvantage those companies that use stock to motivate a broad range of their employees.

### **Rebuttals to Arguments Against**

**“Board members cannot be trusted to set true performance-based compensation. How about imposing regulations that place a cap in executive salary?”**

Response: A “command and control” response to just tell executives how much they can be paid is not how things work in America – we want to fix the market, not eliminate it. Those who can create billions of dollars worth of value for shareholders should be encouraged to continue to do so – and compensated for their efforts.

Also, a “cap” on CEO pay just won’t work. In 1993, Congress created section 162(m) of the tax code, which states that any cash paid to executives over \$1 million is not tax

deductible unless the excess is tied to performance. This was a historic example of "the law of unintended consequences," as it spurred the explosion of stock options as the main element of senior management compensation and exacerbated the misalignment of interests that the proposals in this program are designed to address.<sup>16</sup>

The problem is not with high salaries, but with unearned salaries, and with the potential for tremendous enrichment through short-term actions that do not benefit long-term shareholders. Instead of determining "how much is too much," the focus should be on keeping management incentives aligned with those of long-term shareholders, and the compensation committee truly independent and accountable. One positive development comes from the Chief Justice of the Supreme Court of Delaware, where more than half of the Fortune 500 companies are incorporated. In a recent issue of *Harvard Business Review*, he suggests directors who do not meet certain standards when setting executive pay could face legal liability.<sup>17</sup>

**“Expanding the role of the SEC will simply increase bureaucracy, and companies will eventually find ways to get around the new regulations.”**

Response: The increase in the SEC's budget will allow it to follow through with its assigned task: "to protect investors and maintain the integrity of the security markets."<sup>18</sup> The organization, by law, is responsible for reviewing the financial filings of 17,000 public companies, overseeing the myriad of mutual funds, ensuring proper operation of the stock exchanges, guarding against potential market manipulations, and making sure investment advisors and brokers are engaging in fair-play. The securities markets have grown increasingly complex and vast in the last decade and the SEC's role and resources must be expanded accordingly. Moreover, SEC regulations are more flexible and adaptable than is new Congressional legislation, which is likely to remain on the books for years or decades after conditions in capital markets have changed. For example, the speed at which Sarbanes-Oxley was negotiated and passed resulted in some unfortunate anomalies and internal inconsistencies that will be difficult to change.

**“Since there is no cash outlay, stock options aren't real expenses of the company. Their effect is on the dilution of shareholder value.”**

Response: The granting of a stock option is a transfer of value from a company to its employee, and therefore represents an expense. According to the argument that options should not be expensed because 1) there is no effect on cash, and 2) the cost is reflected in the earnings per share, outright grants of stocks should not be expensed as well. But in fact, stock grants *are* accounted for as compensation expenses. In addition, the fact that an employee's income from exercised options is tax-deductible for the corporation provides further evidence that options should be expensed. The CEO of Oracle made \$706 million in exercised options in 2001.<sup>19</sup> But Oracle's earnings statement says it did not cost the company a dime. In the same year, Oracle spent \$3 billion to repurchase

stock to help offset employee stock option dilution, a perfectly legal practice that is not at all uncommon.<sup>20</sup> It is clear that there is a true cost to stock option grants, which should be recognized and made transparent to all investors.

**“There is no good method for valuating options when they are granted. In addition if companies adopt performance-based, indexed options as you propose, wouldn’t it make valuation even more difficult?”**

Response: While there is no perfect way of valuing options, there are several viable choices. Still, it is better to get the measurement of option expenses slightly wrong than to get it wildly wrong by ignoring it completely. The most well known method used in the options market – the Black-Scholes method – can be used when adjusting for the fact that employee options have vesting and holding restrictions. It is important to value options in ways that allows companies to predict their costs – for example, an Black-Scholes based valuation could be established when the option grant is issued.

Adopting performance-based stock options – i.e., options indexed to the overall market or to an established index of performance in a company's own industry – will not change the picture much. Its true that the math is a little bit more difficult, but standards to calculate the value of indexed options can just as easily be agreed. More important is that these performance-based stock options will fulfill the original, Silicon Valley-inspired spirit of stock options from the pre-bubble era, which is to motivate employees to work hard and think hard to improve the performance of a company. In many companies, stock options have lost much of their motivating power, both because they are so far "underwater" that employees don't expect to realize any gains, and because the roller coaster of the past 5 years make options seem more like lottery tickets than like honest incentives. Indexed options allow a company whose employees innovate and compete well to be rewarded for their initiative and efforts in both good times and bad.

<sup>1</sup> Thomas Friedman, *The Lexus and the Olive Tree*, Anchor Books, 2000.

<sup>2</sup> Investment Company Institute, "Half of American Households Own Equity," September 27, 2002.

<sup>3</sup> Jefferey E. Garten, "Five Steps to Make Wall Street Safer for Investors," *Businessweek*, July 15, 2002.

<sup>4</sup> “Companies have long known that good governance generates investor goodwill and confidence. Now there’s even more reason for them to shore up their governance practices. Numerous studies emanating from academic and non-academic circles over the last three years show that good corporate governance increases valuations and boosts the bottom line. A study recently published in *The Quarterly Journal of Economics*, for example, found that companies with strong shareholder rights yielded annual returns that were 8.5 percent greater than those with weak rights. These firms also enjoyed higher valuations, higher profits, higher sales growth and lower capital expenditures.” See New York Stock Exchange, “Studies Show Impact of Governance Practices,” *The Exchange* (June 2003) (citing, e.g., Paul Gompers, Joy Ishii, Andrew Metrick, “Corporate Governance and Equity Prices,” *Quarterly Journal of Economics*, Feb. 2003)

<sup>5</sup> "Half of American Households Own Equity."

<sup>6</sup> Geoffrey Colvin, "Executive Pay: The Great CEO Pay Heist," *Fortune*, June 11, 2001.

<sup>7</sup> "A Lucrative Life at the Top: Probing Executive Pay Packages," *MSNBC*.

<sup>8</sup> *Ibid.*

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<sup>9</sup> Dan Ackman, "CEO Compensation: CEO for Life," *Forbes*, April 25, 2002.

<sup>10</sup> At the board level, executive compensation committees are filled with people who do business with the CEO or the company. Compensation consultants are directly hired by the company's top management. These "insiders" with conflicts of interest wield an enormous amount of influence in determining the salaries of corporate America.

<sup>11</sup> Associated Press, "Bristol-Myers Revises Profits Down \$900," *ABCNEWS.com*, March 10, 2003

<sup>12</sup> Justin Fox, "The Only Option (For Stock Options, That Is)," *Fortune*, August 12, 2002.

<sup>13</sup> See above note 4.

<sup>14</sup> See, e.g., New York Stock Exchange Corporate Accountability and Listing Standards Committee, Report and Recommendations, June 6, 2002, available at [http://www.nyse.com/pdfs/corp\\_govreport.pdf](http://www.nyse.com/pdfs/corp_govreport.pdf); American Stock Exchange Corporate Governance Proposals, May 2003, available at [http://www.amex.com/atamex/news/enh\\_corp\\_governance.pdf](http://www.amex.com/atamex/news/enh_corp_governance.pdf); NASDAQ, Summary of NASDAQ Corporate Governance Proposals, Feb. 26, 2003, available at [http://www.nasdaq.com/about/Web\\_Corp\\_Gov\\_Summary%20Feb-revised.pdf](http://www.nasdaq.com/about/Web_Corp_Gov_Summary%20Feb-revised.pdf).

<sup>15</sup> "System Failure."

<sup>16</sup> Carol J. Loomis, "Executive Pay: 'This Stuff Is Wrong!'," *Fortune*, June 11, 2001.

<sup>17</sup> Jerry Useem, "CEO Compensation: Overpaid CEOs? Try Suing the Paymasters," *Fortune*, December 19, 2002.

<sup>18</sup> [www.SEC.gov](http://www.SEC.gov)

<sup>19</sup> "System Failure."

<sup>20</sup> Rick Aristotle Munarriz, "The 'Oracle of Oracle' Speaks," *The Motley Fool*, April 24, 2001.