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Should I Stay or Should I Go?
Gender Gaps in the Lateral Market for SEC Lawyers

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ABSTRACT

This article examines the gender gap in the lateral market for government lawyers. Using data on lawyers from the Enforcement Division of the Securities and Exchange Commission (SEC), from 2004 to 2016, we find the following: First, gender gaps in pay and promotion appear to be minimal. Second, and confounding the first finding, we find significant gaps in assignments, with men receiving the more challenging and career-enhancing projects. Third, men are more likely than women to move laterally; and when they do, are more likely than the women to move to lucrative private sector jobs.

1. Introduction

Gender gaps in wages, promotions and employment rates have been documented across a wide range of professions (Blau & Kahn 2016). Explaining the gap, however, has been challenging. Some view the answer as discrimination, whereas others ascribe the different outcomes to varying levels of job commitment for men and women (Azmat & Ferrer 2015).

Both effects may be at play. If there is discrimination against women in certain types of employment settings, women will choose to go elsewhere (Kay, Alarie & Adjei 2016). Some employers may offer greater protection against discrimination or invest more resources into overcoming its effects. In a market with heterogeneous employers, we expect men and women to make different employment choices; women will rationally prefer settings that are friendlier to them.

We focus on the market for securities lawyers employed by the Enforcement Division of the Securities and Exchange Commission (SEC). This group presents an opportunity to examine gender gaps when government lawyers move to the private sector. Research shows that gender gaps tends to be large in elite private sector jobs for lawyers (NAWL 2014), but smaller in the public sector (Gregory & Borland 1999; Bolton & De Figueiredo 2017). Male and female securities lawyers, therefore, may weigh the private sector and the government jobs differently. The strength of these preferences, however, may vary at different career stages. Lawyers at elite government enforcement agencies often get a level of experience, training and publicity that they could not get in the private sector. By examining an elite government job that may afford women greater opportunities than the equivalent private sector job, but that also provides lateral

employment possibilities into lucrative private sector jobs, we can examine how the discrimination versus choice dynamic plays out.

Our sample consists of the attorneys in the SEC's Enforcement Division in 2004; we follow their career trajectory through 2016. An advantage of studying this group of lawyers is the availability of data on the types of assignments the lawyers receive through their careers. This data allows us to control for performance while measuring gender gaps in the lateral job opportunities these lawyers obtain.

As a threshold matter, we find little evidence of gender gaps in either salaries or promotions at the SEC. We do find gaps, however, in assignments; men, over time, get more of the high profile and complex assignments. These are the assignments that might get someone noticed by a potential future employer. And when we examine who moves laterally, we find that the men are more likely to leave. When they do, they are more likely to move to the private sector; women are more likely to move to the public or non-profit sector. To identify the causal relationship between gender and these gaps, we focus on the shift in 2009 from Linda Thomsen to Robert Khuzami as SEC enforcement director. We posit this transition affected the work environment for women in particular. We find that women became more likely to leave the SEC after Khuzami, but those women that remained received more high profile assignments.

We proceed as follows. Part 2 provides background and sets forth hypotheses. Part 3 describes our sample and empirical tests. Part 4 concludes.

2. Background and Hypotheses
2.1 Literature

Two stylized facts dominate discussions of gender differences in employment. First, women tend to bear a greater share of the responsibility for child and parental care than men

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(Slaughter 2015). Second, common stereotypes of women hold that they are less willing to take risks, less aggressive, and ultimately, less committed to work. If enough employers subscribe to these stereotypes, women workers could systematically be given tasks requiring less responsibility than their male counterparts. The intersection of these stylized facts has generated a debate over whether differential labor market outcomes for men and women are the result of discrimination, choice, or an interaction among effects. Choices made by some women – by reinforcing stereotypes – may lead to discrimination against others.

A challenge to unpacking the causal "discrimination or choice" question has been the difficulty of measuring key characteristics such as the type of job, relative quality of performance on the job, and whether the worker has family care responsibilities (Bertrand & Hallock 2001). Finding that a male employee is getting paid more than a female one, does not indicate discrimination if the female is in a different type of job than the male. Attempting to deal with this issue, researchers have isolated subsets of employees in high-level positions (e.g., CEOs) where it can be presumed that the jobs are comparable and employees have uniformly high levels of commitment (Noonan, Corcoran & Courant 2005; Bertrand & Hallock 2001). This work suggests that a portion of the gender gap can be explained by factors other than explicit animus, although not all (Blau & Kahn 2016).

The US legal profession offers an avenue for studying gender differences in career paths. Women have been going to law school in large numbers for at least two decades (ABA 2016). Legal education occurs at the graduate level and requires substantial investment. Students who go to law school, therefore, tend to be dedicated their future careers as lawyers.

Despite numerical equality among law graduates, gender gaps persist in the profession (NALP 2016). On average, data show that female lawyers make 85% of what male lawyers earn

(NALP 2009), a narrowing of a long-standing disparity (Hagan 1990). Comparing wages, however, does not establish discrimination if we do not have data on job performance; employees with similar jobs can perform quite differently (Azmat & Ferrer 2015).

Scholars have posited the existence of "structural" discrimination (e.g., Chambliss 1997). In settings such as high-level legal jobs, explicit gender animus is less likely to exist. These institutions are not only subject to employment laws that make discrimination illegal, but tend to be publicly committed to promoting gender equality. How do gender gaps arise in such a setting? One answer is that private firms, who must deal with competitive markets, may be unwilling or unable to expend resources to change structural features of the workplace (e.g., long hours) that would allow employees who need more flexibility to succeed. These structural features may produce two tracks to advancement with those constrained by the structural barriers ending up on the lower track.

In public employment the commitment to equal treatment of workers is likely to be at least as high, if not stronger than the private sector. In addition, government decision-makers, unconstrained by market forces, may be better placed to invest in overcoming structural barriers.

For lawyers in the federal government, one study found that women report earning 6% less pay than male lawyers (NALP 2009). Part of the gap may be explained by 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 (Sterling & Reichman 2016).

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2.2 SEC Background

The SEC is an elite government agency. Its reputation, coupled with the private sector employment opportunities available to lawyers with SEC experience, translates into strong demand for jobs in the SEC's Enforcement Division. A lawyer seeking even an entry-level position typically needs several years of legal experience and strong academic credentials. Higher-level positions require more experience, with top-level positions commonly filled by lawyers with long experience within the Division or partners at white-shoe firms.

The Division's reputation for effectiveness helps fuel the "revolving door"; lawyers connected to the highest profile matters have a leg up in finding a private sector job. Individuals may view time spent working in government as an investment in human capital (Sauer 1998), offering an opportunity to specialize (NALP 2004). Public sector experience – particularly in an elite enforcement setting – can be a stepping stone to the private sector (DeHaan et al. 2016; Boylan 2005; Boylan & Long 2005). Experience at the SEC is a valuable credential, lending individuals 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 "revolving door" between government and the private sector creates another opportunity for the gender gap to manifest itself. Having children is more likely to depress women's income in the private sector than in government (Dixon & Seron 1995), assuming there are more barriers to women advancing in law firm tournaments than in government jobs (Sterling & Reichman 2016).

The gender gap may also manifest itself among those who stay at the SEC. Not everyone will succeed in translating their SEC experience into lucrative private sector employment. Some attorneys will stay at the SEC, not by choice, but because their available private sector

opportunities are less attractive than those available to their colleagues. This possibility suggests a reverse selection effect, with the top performers leaving for more lucrative opportunities, leaving the less ambitious behind (Goddeeris 1988). It also suggests, to the extent there are stronger biases against women in the private sector, women might be disadvantaged in obtaining lucrative lateral opportunities. On the other hand, if women do not fare as well in the private sector because they are given less training, mentorship, and sponsorship at early stages, some might choose to overcome those obstacles by gaining experience in settings that are more committed to women's development.

Some institutional background regarding the SEC's Enforcement Division is relevant to our sample period. Linda Chatman Thomsen became the first woman to head the Division in May 2005, serving until February 2009. Her departure from the SEC coincided with criticism of the Division in Congress and elsewhere for its failure to uncover the Bernie Madoff Ponzi scheme (Petruno 2009). She is now a partner at Davis Polk & Wardwell, a Wall Street firm; she serves as the chair of the firm's Women's Initiative Committee. Of particular interest are statements made by Ms. Thomsen about her commitment to gender equality, which suggested that women were reluctant to apply for promotions, whereas men did not hesitate.[1]

Thomsen was replaced by Robert Khuzami, like Thomsen a former federal prosecutor. Khuzami came to the SEC from Deutsche Bank. Khuzami substantially restructured the Division, eliminating one layer of management, sending a substantial number of branch chiefs back to doing investigative work. In addition, Khuzami reorganized the Division on a subject matter basis to develop expertise among the staff in particular areas and brought in attorneys

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[1] https://careers.davispolk.com/article/linda-chatman-thomsen-%E2%80%93-chair-womens-initiatives-committee

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from outside with relevant expertise. Khuzami served as director until 2013 and is now a partner at Kirkland & Ellis. The change from Ms. Thomsen to Mr. Khuzami provides us with a breakpoint in the data to examine the impact of having a leader committed to gender diversity.[2]

2.2 Predictions

Early Employment: Given their commitment to non-discrimination, we expect institutions like the SEC to have procedures to ensure male and female employees are treated equally at the initial stages of employment. As an analogy, research examining the career paths of elite MBA graduates shows that men and women tend to start out on equal footing in terms of hours worked and assignments (Bertrand, Goldin & Katz, 2010). Our first prediction (*H1*), therefore, is that gender differences at the early stages of employment should be minimal.

Later Employment: Gender differences are likely to emerge, we conjecture, as women have children and then choose to reduce their hours, go part time, or take temporary absences from the workforce.[3] The career costs of these temporary or partial opt outs can be high. In this regard, professions may vary in terms of employees' substitutability. In pharmacy, for example, the jobs tend to be standardized, and pharmacists can step in for each other (Goldin 2016). By contrast, a trial lawyer running a case – who develops an understanding of the facts and legal theories, attends all the hearings and runs the depositions and formulates a strategy–cannot be

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[2] A 2016 article reports:

> Thomsen continues to be concerned with encouraging women in the workplace, a mission that occupied her at the SEC while she sat on a promotion committee and reviewed candidates who had applied for promotions.
> "When I looked at the list, when I thought about the women who hadn't applied, many of them — not all of them — were more qualified than the men who had applied," she recalled, saying she began encouraging more women to submit their names.
> (Germaine 2016).

[3] The "After the JD" study, an examination of lawyer careers, finds gender gaps in salaries increase over time, from roughly $6,000 at the initial stages, to approximately $20,000 after seven years in practice. *See* Sterling & Reichman (2013). More generally, on the attrition of female lawyers, see Kay, Alarie & Adjei (2016).

easily replaced by another attorney (Gorman 2006). Gender gaps that develop as one becomes more senior in a position should be less conspicuous in professions that are substitutable compared to jobs for which individuals may be relatively indispensable (Goldin 2016). Moreover, those differences may be more salient at higher levels of responsibility. For elite lawyers in the SEC's enforcement division, particularly those experienced enough to assume managerial responsibilities, there may be little flexibility for those with care responsibilities, thereby increasing the gender gap. In addition, the perception that women are more likely to opt out of work may lead to fewer or less challenging assignments. At later career stages then, we should see women receiving assignments that require lower levels of job commitment than their male counterparts (*H2*).

Lateral Moves: Structural discrimination models suggest two distinct effects. On the one hand, because of perceived barriers in the private sector, women lawyers who seek fulfilling and challenging work lives should, other things equal, prefer government work more than their male counterparts (*H3*). On the other hand, if women want private sector positions, but cannot access them through the traditional "inside the firm" pathways, government employment might provide an alternate route (*H4*).

3. Data and results
3.1 Sample

Our sample consists of attorneys who worked in the SEC's Enforcement Division in 2004, which we obtained from the SEC's 2004 telephone directory.[4] FOIA requests yielded job

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[4] We were unable to find SEC Telephone Directories more recent than the 2004 edition.

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titles, pay grades, and postings, through 2015. Pay grade information came from federalpay.org

which reports data from the U.S. Office of Personnel Management.

We use information from federalpay.org to classify attorneys hierarchically. Our

categories measured for attorneys in our dataset in 2004 are:

> *Staff Attorney*: Employed at SK-14 or below, who would be considered the entry-level attorneys.

> *Top Manager*: Employed 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 for comparison in our tests is all attorneys in SK-15 and 16, which we term mid-

level attorneys.

We also distinguish among SEC offices. We code attorneys as Regional if they work in

an office other than New York or Washington, DC in 2004. 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 have more private sector options than attorneys

working in regional offices such as Fort Worth. At the same time, the cost of living in

Washington and New York may also drive an exodus from the SEC for those with opportunities,

particularly for individuals with college-aged children. Attorneys working in lower cost cities

may feel less financial pressure to leave the SEC.

We 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 and 0 otherwise. To control for prior

government experience, we create the indicator variable Prior Gov Attorney. For educational

background, we use the law school attended. We define Top Law School as the top 18 law

schools as ranked by U.S. News in 1992. We also construct a variable for the number of years since the attorney graduated from law school (Legal Experience).

Given that women are more likely to have childcare responsibilities than men, the difficulty of obtaining data on children (or better, childcare responsibilities) presents a problem. We lack data on the number and age of children of the attorneys in our sample. Instead, we construct a proxy for the likelihood that an SEC attorney had children in our study period.[5] Our proxy is imperfect, but the alternative – ignoring childcare responsibilities – raises omitted variable bias concerns. To construct this proxy, we first used social media searches in April 2017 to find information on whether these attorneys had children. Here, we found evidence that 41 lawyers in our sample had children. We then searched for variables that correlate with the likelihood of having children. The variables we used were home square footage and the number of bedrooms in the attorney's home. To determine home size and the number of bedrooms for a home, we conducted research for each attorney in April 2017, looking at whitepages.com among other sources. We then looked to descriptions of the housing at the address from a variety of sources (including zillow.com).

We determined a home size cutoff above which we assumed that an SEC attorney had children during our study time period based on the median home size data from homes listed on Zillow (obtained in Summer 2017) for the metropolitan market centered on the last SEC office location for each attorney in our sample. To calibrate the cutoff for home size and the propensity for a SEC attorney to have children, we used data from a Harvard Law School (HLS) study

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[5] For this proxy, we assume that having children as of April 2017 (when we undertook our analysis) is correlated with the propensity to have children in the 2004 to 2015 period.

(Wilkins, Fong & Dinovitzer 2015). The HLS study reported 22% of male attorneys in the public sector do not have children and 37% of female attorneys in the public sector do not have children. When we set the home size cutoff at 110% of the median for the different SEC office metropolitan markets, we found that 27% of male SEC attorneys were at or below the cutoff and 33% of female SEC attorneys were at or below the cutoff. Accordingly, we use those SEC attorneys with homes above 110% of the median for their corresponding SEC as a proxy for those SEC attorneys with children. We only have home square foot information, however, for 58 of our sample SEC attorneys.

For those SEC attorneys without home square foot information, we were able to obtain information on the number of bedrooms for 230 SEC attorneys. We set the cutoff for the number of bedrooms corresponding to SEC attorneys with children at three bedrooms or more. With the three bedroom cutoff, we found that 14.5% of the male SEC attorneys were below the cutoff and 18.0% of the female SEC attorneys were below the cutoff. Based on the results from the HLS study, the three bedroom cutoff likely overstates the proportion of SEC attorneys with children. In contrast, with a four bedroom cutoff, we found that 44.7% of the male SEC attorneys were below the cutoff and 47.4% of the female SEC attorneys were below the cutoff. Using a four bedroom cutoff likely understates the proportion of SEC attorneys with children. We use the three bedroom cutoff for our main tests and use the four bedroom cutoff for robustness tests. We combine our data on home square footage and number of bedrooms with our social media search data where we found that 41 SEC attorneys had children to construct a proxy for the SEC attorneys with children (Any Child).

We construct indicator variables relating to an attorney's tenure at the SEC. We classify attorneys who started at the SEC in 1990 or earlier as Long Term (indicating 15 years or more of

experience at the SEC 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 (Medium Term) consists of attorneys who started between 1991 and 1999.

Variable Definitions are in the Appendix. Table 1 provides descriptive statistics on characteristics of the SEC enforcement attorneys measured at the beginning of the dataset in 2004 except for Any Child which is measured in April 2017 as discussed below.

[Insert Table 1 here]

We first look at the status of the attorneys in our sample in Table 1. Women were 30.7% of the sample. The average attorney had 13.9 years of post-law school experience measured in 2004. 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 measured in 2004 make up 47.2% of the sample; 12.7% were Long Term SEC attorneys measured in 2004. Only 6.6% of the SEC attorneys had been partners at NLJ 250 firms (NLJ 250 Prior Partner) prior to joining the SEC. In contrast, 17.4% of the SEC attorneys had served as a government attorney prior to joining the SEC (Prior Gov. Attorney). Almost half (45.6%) attended a Top Law School. Attorneys who were employed in regional or district offices (other than New York or Washington, D.C.) in 2004 made up 43.9% of the sample. Looking at responsibilities, those who were Staff Attorneys in 2004 make up 37.1% of the sample. This is an entry-level position for which individuals can be hired with limited prior experience. These attorneys do the bulk of the investigative work of the Division. Top Managers in 2004 made up 22.9% of the sample. We also performed t-tests of the

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difference by gender of each attorney characteristic variable (other than Female). None of the t-tests were significant.

3.2 Who Does Well at the SEC?

To help us understand how the work that SEC attorneys do influences career patterns, we collected SEC civil cases against public companies in which these attorneys were involved from 2004 to 2015. Our source is the complaints for civil actions against public companies obtained from the SEC's website, from Bloomberg Law, or from the NYU-Cornerstone Securities Enforcement Database. For each complaint, we recorded the names of the SEC attorneys at the bottom of the complaint. Our approach is under-inclusive in that we do not track SEC attorney involvement in actions involving only private companies, individuals, or in administrative proceedings.[6] Cases against public companies allow us to focus on those attorneys that work on the SEC's highest profile enforcement efforts . These cases, we conjecture, are the ones most likely to lead to a private sector position. The downside of this focus on public company cases is that it excludes cases such as insider trading, Ponzi schemes, and pump-and-dump schemes, which will primarily involve individual defendants.[7] It also does not include investigations that do not lead to the filing of complaints.

For the period 2004 to 2015, we focused on SEC civil actions alleging violations requiring scienter. The SEC has a range of violations that it can allege, including actions involving inaccurate disclosures that can be premised on negligence or strict liability, but these tend to reflect less harm to investors. Allegations of fraud requiring proof of scienter are

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[6] Prior to 2010, the SEC did not regularly list the attorneys involved in SEC administrative proceedings.
[7] We note that these cases, other than insider trading, provide experience less relevant to elite private sector employers.

challenging to bring because they are more complex, often resulting in contested litigation. Based on our discussions with prior Enforcement Division attorneys, we conjecture that these cases involve serious disclosure violations, and consequently, attorneys perceived as high performers will be assigned to them.[8] To the extent bosses benefit from their subordinates winning these difficult cases, we expect better attorneys to be assigned to the tougher cases. It is also possible, however, that biases play a role in these assignments.

We include as scienter cases those cases that allege a scienter provision explicitly mentioned in the Rule 506 disqualification provision of the Securities Act (Rule 10b-5 and § 15(c)(1) of the Exchange Act, § 17(a)(1) of the Securities Act, § 206(1) of the Investment Advisers Act). We also include violations of § 13(b)(5) of the Exchange Act (part of the Foreign Corrupt Practices Act) which proscribes bribery. We treat an attorney as involved in a scienter case if the complaint lists the SEC attorney's name. We compute the number of cases alleging scienter in which an attorney was involved for each year in our dataset (Scienter Cases). All else equal, a higher number for Scienter Cases suggests greater involvement in enforcing substantial fraud violations.

Scienter cases are also typically higher profile, involving court appearances and sometimes press coverage. Accordingly, these cases are the ones more likely to get attention from private sector employers. On the other hand, cases involving fraud are likely to be more contentious than cases alleging regulatory violations, so lawyers who are averse to conflict may avoid them. Our focus on complaints and SEC civil actions omits other activities including

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[8] Some cases are assigned by higher-ups within the Division, but other assignments will result from lower-level attorneys pursuing a lead.

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administrative proceedings and investigations. Nonetheless, to the extent civil actions represent the highest profile activities of SEC enforcement attorneys, we expect that top performers will be assigned to cases (or uncover them) that result in scienter allegations. Note here that we only know the fact that attorneys are *assigned* to these more challenging cases.

We first look at the number of scienter cases measured for each year for an attorney (Scienter Cases). Table 2 Panel A reports that Male Top Managers are involved in a mean 0.26 Scienter Cases each year compared with Female Top managers who are involved in only a mean 0.10 scienter cases each year. Looking at tenure at the SEC, Long Term Males are involved in a similar number of mean scienter cases each year compared with Short Term Males, but Medium Term Males are involved in more than 50% more mean Scienter Cases compared with the other two categories. In contrast, Females have roughly the same number of mean scienter cases per year across all three categories.

To assess the gender difference in a multivariate framework, we estimate a regression model with Scienter Cases as the dependent variables on attorney-year data with year fixed effects and errors clustered by attorneys. The base model (Model 1) is as follows:

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

Model 1 includes a number of independent variables. We include indicator variables for attorneys who were previously NLJ 250 Prior Partners, who may come to the agency with greater experience. Prior Government Attorneys may have relevant experience with enforcement work. We include an indicator variable for Top Law School, for whether the SEC attorney is

based in a Regional Office (which may have a different mix of cases) and for Staff Attorney, Top Manager, and Female attorney. We also include variables interacting Female with Staff Attorney and Top Manager.

Model 2 replaces the interaction terms in Model 1 with the indicator variables Short Term and Long Term (with Medium Term as the base category) as well interaction terms between Female and Short Term and Long Term. Model 2 allows us to examine the correspondence between case assignments (as measured by Scienter Cases) and both Gender and the tenure of an attorney at the SEC. Model 2 includes year fixed effects and errors clustered by attorneys.

An event that occurs during our study period that is not related to whether trial work is more or less divisible, helps us get some traction on the question of the gender gap in assignments. We conjecture that the shift to Robert Khuzami from the prior enforcement director, Linda Thomsen, had a gender specific impact on case assignments. In particular, we test whether the switch in leadership from someone committed to the advancement of women (Ms. Thomsen) to someone focused on improving performance (Mr. Khuzami) affected case assignments. This shift occurred in February 2009 when Mr. Khuzami replaced Ms. Thomsen.[9] To capture this event, we use a difference-in-difference approach in Model 3. Model 3 replaces the interaction terms in Model 1 with an indicator variable (Khuzami) for whether the year in question is 2009 or later in our dataset. We also include an interaction term between Female and Khuzami. Model 3 allows us to look at whether the change to Khuzami corresponds with a

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[9] Khuzami made changes in how his division handled cases, moving many types of cases into specialized units within the SEC, placing an emphasis on expertise. In addition, there was a shift in enforcement priorities, with increased attention paid to the investigation of Ponzi schemes subsequent to the Madoff scandal (Ponzi schemes do not show up in our data) and to investigations arising out of the financial crisis, which yielded little in the way of enforcement actions. These structural changes, on their face, do not seem likely to affect the gender gap in assignments.

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change in the difference in scienter case assignments between men and women. Model 3 includes year fixed effects and errors clustered by attorneys.

Lastly, Model 4 uses attorney fixed effects to assess whether those attorneys who are at the SEC both when Thomsen was director and when Khuzami was director experienced a change in their case assignments. In addition to including attorney fixed effects, Model 4 replaces all the independent variables in Model 1 with an indicator variable for Khuzami and an interaction term between Female and Khuzami. Model 4 also includes effects and errors clustered by attorneys.

We present the results for Models 1 through 4 in Table 2 Panel B, alongside the p-value from various F-tests for combinations of the variables and interaction terms.

[Insert Table 2 here]

Looking at our control variables, attorneys in Regional Offices have fewer scienter cases (significant at the 1% level in Models 1 through 3). The coefficient for Top Manager is positive and significant at the 1% level in Models 1 through 3. This likely reflects their supervisory responsibilities, which require them to be involved in more cases, while lower level attorneys may be putting more time into investigations.

Turning to our variables of interest, Female correlates with fewer scienter cases in Models 1 through 3 (insignificant in Model 1, but significant at the 1% levels in Models 2 and 3). In other words, women receive fewer challenging assignments. When we add interaction variables between Female and Staff Attorney and Female and Top Manager in Model 1, we find that male and female staff attorneys perform the same with respect to scienter cases, consistent

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with *H1*.[10] In contrast, females who are Top Managers tend to work on significantly fewer of the challenging scienter cases than men at the same level, consistent with *H2*.[11]

Model 2 substitutes Short Term and Long Term and interaction variables for Female x Short Term and Female x Long Term for the Staff Attorney and Top Manager variables. Looking at Short Term, the coefficient on the interaction term between Female and Short Term is positive and significant at the 5% level. Moreover, 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 scienter cases as short term male attorneys, which is consistent with *H1*.[12] The coefficient on the interaction term between Female and Long Term is positive, but insignificant, and the sum of Female and Female x Long Term is not significantly different from zero. Long Term female attorneys do not lag behind their male counterparts either. Only for Medium Term female attorneys do we find a gender gap in case assignments.

Our findings indicate that although women start out working on the same quality of cases, gender gaps emerge as they become more senior. But why? Is it something about the nature of challenging investigations that those lacking flexibility in their schedules cannot take them on? Or is it something correlated with gender, but not about the structure of work?

Model 3 presents the results of our difference-in-difference test for whether Khuzami, who we conjecture focused more on performance than on gender equality compared with

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[10] The sum of Female and Female x Staff Attorney in Model 1 is not significantly different from zero (F-test p-value = 0.7248).

[11] The sum of Female and Female x Top Manager in Model 1 is negative and significant at the 1% level (F-test p-value = 0.0020).

[12] The sum of Female and Female x Short Term in Model 2 is not significantly different from zero (F-test p-value = 0.3948). Note that Short Term + Female x Short Term is significant and positive, which is consistent with Short Term women outperforming the Medium Term women. The sum of Short Term and Female x Short Term in Model 2 is significantly different from zero at the 5% level (F-test p-value = 0.0112).

Thomsen, affected case assignments differentially for men and women. In Model 3, the coefficient on Khuzami is negative and significant at the 1% level, indicating that in the Khuzami time period (2009 and onward), there is a decline for men in the number of scienter cases. The coefficient on Female is also negative and significant at the 5% level. Women also have fewer scienter case assignments than men before Khuzami. In comparison, the interaction term between Female and Khuzami in Model 3 is positive and significant at the 10% level. The sum of Khuzami and Female x Khuzami is negative and significant (p-value = 0.0015). In the Khuzami time period, women also experience a decline in the number of scienter cases. However, the sum of Female and Female x Khuzami is not significantly different from zero. In other words, during the Khuzami period, women do relatively better compared with women in the Thomsen period in terms of scienter case assignments.[13]

One question that arises from the results of Model 3 is whether the shift in scienter case assignments for women under Khuzami is due to increased assignments for any particular female SEC attorney or, in the alternative, the departure of those female attorneys with relatively fewer case assignments. Model 4 provides an attorney fixed effects model that looks at within attorney variation in Scienter Cases both pre and post Khuzami to determine whether Khuzami corresponds with a differential change in case assignments for any particular male or female SEC attorney. In Model 4 note that the coefficient on Khuzami is negative and significant at the 10% level, indicating that the shift to Khuzami corresponded with a decrease in scienter case assignments for any particular attorney. The interaction term between Female and Khuzami,

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[13] Because Khuzami was appointed in February 2009, performance in January 2009 may not reflect Khuzami's policies—although attorneys at the SEC may have made decisions in anticipation of Khuzami. To control for this possibility as a robustness test we exclude the year 2009 from Model 3 of Panel B of Table 2. Unreported, we obtain similar qualitiative results.

however, is not significant, indicating that the shift in number of case assignments with Khuzami does not have a differential gender effect. This is consistent with the increase in the number of scienter case assignments for the group of women compared with men in Model 3 being due to women who tended to receive fewer scienter case assignments (during the Thomsen era) leaving the SEC after Khuzami's appointment. We examine this possibility later in the paper when we examine the factors associated with attorneys departing the SEC.[14]

3.3 Children and Performance

Gender differences in childcare responsibilities are frequently cited as contributing to the gender gap (Kleven, Landais & Sogaard 2017; Correll, Benard & Paik 2007). As described earlier, we do not have data on actual numbers of children, let alone childcare responsibilities. Our rough proxy for whether our subjects have children (Any Child), allows us to examine the relationship between having children and the kinds of assignments one receives. Panel A of Table 3 reports the mean scienter cases per year for Male and Female attorneys with and without children. Note from Panel A of Table 3 that having children corresponds to receiving superior assignments for *both* men and women, although the increase is greater for men.

To further assess the impact of children on the gender gap in assignments, we estimate a model with Scienter Cases as the dependent variable on attorney-year data with year fixed effects and errors clustered by attorney. The model is as follows:

$$\text{Scienter Cases}_i = \alpha + \beta_{1i}\text{NLJ 250 Prior Partner}_i$$
$$+ \beta_{2i}\text{Prior Gov. Attorney}_i + \beta_{3i}\text{Top Law School}_i$$
$$+ \beta_{4i}\text{Regional Office}_i + \beta_{5i}\text{Staff Attorney}_i$$
$$+ \beta_{6i}\text{Top Manager}_i + \beta_{7i}\text{Female}_i + \beta_{8i}\text{Any Child}_i$$
$$+ \beta_{9i}\text{Female x Any Child}_i + \varepsilon_i$$

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[14] As a robustness test we exclude the year 2009, the year of Khuzami's appointment, from Model 4 of Panel B of Table 2. Unreported, we obtain similar qualitiative results.

We report the results in Model 1, Panel B, Table 3.

[Insert Table 3 here]

From Model 1, note that the coefficient for Any Child is positive, but insignificant. For men, having a child does not correspond with any change in scienter case assignments. The sum of Any Child + Female x Any Child, which compares women with children against women without children is not significant (p-value= 0.4922). In other words, we find no evidence that assignments received by women with children differ from those without children. Moving to the comparison of women and men with children, the sum of Female + Female x Any Child, is negative and significant (p-value = 0.0084). Women with children correlate with fewer scienter case assignments compared with men with children. The impact of having children corresponds to a differential effect on female compared with male attorneys, with women taking on fewer scienter case assignments.

3.3 Compensation

If men and women differ in terms of their assignments, they may receive different compensation. To examine this, we look at the percentage change in base salary and bonus from the prior year for the attorneys in our sample (Total Compensation % Change) for each year from 2004 to 2015 or to the last year the attorney was employed at the SEC. Data on compensation and employment position came from www.federalpay.org.

Panel A reports mean comparisons of the Total Compensation % Change. Short Term men and women have a higher mean Total Compensation % Change compared with males and females that are Medium Term or Long Term. In contrast, the impact of children varies by gender. Male attorneys with children have a the same mean Total Compensation % Change

compared with Male attorneys without children. Female attorneys with children, however, have a

higher mean Total Compensation % Change compared with Female attorneys without children.

To assess the relationship in a multivariate framework, we estimate a regression model

with Total Compensation % Change as the dependent variable on attorney-year data with year

fixed effects and errors clustered by attorney. The base model (Model 1) is as follows:

$$
\begin{aligned}
\text{Total Compensation \% Change} = \alpha\ &+\ \beta_{1i}\text{Prior Year Compensation}_i \\
&+\ \beta_{2i}\text{NLJ 250 Prior Partner}_i \\
&+\ \beta_{3i}\text{Prior Gov. Attorney}_i\ +\ \beta_{4i}\text{Top Law School}_i \\
&+\ \beta_{5i}\text{Regional Office}_i\ +\ \beta_{6i}\text{Staff Attorney}_i \\
&+\ \beta_{7i}\text{Top Manager}_i\ +\ \beta_{8i}\text{Female}_i\ + \\
&+\ \beta_{9i}\text{Female x Staff Attorney}_i \\
&+\ \beta_{10i}\text{Female x Top Manager}_i\ +\ \varepsilon_i
\end{aligned}
$$

We include the Prior Year Compensation, defined as the base compensation plus bonus, as an

independent variable. Those attorneys with higher prior year compensation may be less likely to

get large pay increases. We also 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 also include indicator variables for Short Term and Long Term as well

as interactions between Female and Short Term and Long Term. These variables allow us to

consider whether gender differences exist in pay among SEC attorneys relatively early in their

careers compared with later.

Model 2 replaces the Short Term and Long Term variables and corresponding interaction

variables in Model 1 with an indicator variable for Any Child and an interaction term between

Female and Any Child. To implement a difference-in-difference test of the impact of the shift to

Khuzami on the gender difference in pay change, Model 3 replaces the Short Term and Long

Term variables and corresponding interaction variables in Model 1 with an indicator variable for

Khuzami and an interaction term between Female and Khuzami. Model 4 uses attorney fixed effects to assess whether those attorneys who are at the SEC under both Thomsen and Khuzami experience a change in the Total Compensation % Change between the two time periods. Model 4 replaces all the independent variables in Model 1 with an indicator variable for Khuzami and an interaction term between Female and Khuzami. Model 4 also includes year effects and clusters errors by attorneys. The results are in Panel B, Table 4.

[Insert Table 4 here]

The coefficient on Female is insignificant in Model 1. The coefficient for Short Term is positive and significant at the 1% level. Short Term attorneys received higher pay increases compared with the base category of Medium Term attorneys. The coefficient for Long Term is not significantly different from zero, consistent with Long Term attorneys receiving similar pay increases as Medium Term attorneys. The coefficients for Female x Short Term and Female x Long Term are not significantly different from zero. Although Short Term attorneys in general receive higher mean annual percentage pay increases, we do not find gender differences.

Model 2 of Table 4 Panel B assesses the effect of children on patterns of compensation. The coefficient for Female is negative and significant at the 5% level. Women without children receive lower pay increases compared with men without children. Having children changes this relationship. The coefficient on Female x Any Child is positive and significant at the 10% level but the sum of Any Child and Female x Any Child is not significantly different from zero. Females with and without children receive roughly the same types of pay increases. The sum of Female and Female x Any Child is not significantly different from zero. Females and males with children receive roughly the same pay increases.

Model 3 uses a difference-in-difference model to assess Khuzami's impact on the gender difference in pay increases. In Model 3, note that the coefficient on Khuzami is not significant, indicating that the Khuzami time period is not correlated with any change in Total Compensation % Change. The coefficient on Female x Khuzami is also insignificant. That is, we find no evidence that Khuzami's arrival had a gender impact on pay increases.

Model 4 uses an attorney fixed effects model to assess whether for the same attorney the switch to Khuzami correlates with a change in the Total Compensation % Change. In Model 4, Khuzami is negative and significant at the 1% level. Khuzami corresponds with a downward shift in Total Compensation % Change for the same attorney. In contrast, the coefficient on Female x Khuzami is not significant, indicating that there is no difference between the impact of Khuzami on Total Compensation % Change for male and female SEC attorneys.[15]

3.4 Performance and Compensation

Next, we examine the relationship between performance and compensation. For our performance measures, we look at the number of scienter cases an attorney was involved in the prior year (Scienter Cases in Prior Year). We re-estimate Model 1 of Panel B of Table 4 replacing Short Term, Long Term, and interactions between Female and Short Term and Long Term with Scienter Cases in Prior Year and Female x Scienter Cases in Prior Year. We include year fixed effects and cluster errors by attorney. We report the results in Table 5.

[Insert Table 5 here]

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[15] As a robustness test we exclude the year 2009, the year of Khuzami's appointment, from Models 3 and 4 of Panel B of Table 4. Unreported, we obtain similar qualitiative results.

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The coefficient on Scienter Cases in Prior Year is positive and significant at the 1% level. Participation in Scienter cases corresponds with higher pay increase in the subsequent year. Pay follows performance for SEC attorneys. The interaction term between Female x Scienter Cases in Prior Year is insignificant. Although performance is correlated with pay increases, we find no gender differences in the relationship between performance and pay.

3.6 Who Goes?

We next look at who leaves the SEC, defined as no longer employed by the SEC in 2016. Recall from Table 1 that 47% of the attorneys employed by the Division in 2004 were still there at the beginning of 2016, so slightly over half of the attorneys employed in 2004 had departed by the end of our sample period. Panel A of Table 6 reports the fraction of attorneys that departed the SEC categorized by gender and Any Child. We see that male attorneys, particularly those without children, are more likely to depart than female attorneys.

For a multivariate test, we employ a Cox proportional hazard model. Our dependent variable is leaving the SEC (Left SEC) 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 assumptions about the baseline hazard rate, $h_0(t)$. $\mathbf{X}$ represents the vector of regressors and β is a vector of estimated coefficients.

For Model 1, we include variables for the number of years since the attorney graduated from law school (Legal Experience) and an indicator variable for whether the attorney is age 55 or older as of 2004 (Close to Retire). These variables control for the tendency of those with more experience and closer to retirement to leave the SEC. We also include variables NLJ 250 Prior

<div align="center">25</div>

Partner, Prior Government Attorney, Top Law School, Regional Office, Staff Attorney, and Top Manager. We posit that partners from large law firms (Prior NLJ 250 Prior Partner) are likely coming to the SEC to burnish their credentials and are therefore unlikely to stay. Attorneys in Regional offices may have fewer attractive employment opportunities because they are outside the major financial centers. Moreover, the cost of living in those cities may be more manageable. 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 also include our primary variable of interest, Female, in Model 1. In Model 2 we add Any Child and an interaction term Female x Any Child.

One question is whether women's tendency to stay at the SEC is based on some factor correlated with being a woman. To examine this further, we again focus on the shift when Khuzami replaced Thomsen as SEC enforcement director.[16] In Model 3, we include an indicator variable for the year 2009 when Khuzami took over as director (Khuzami2009) to test whether attorneys were more likely to leave right after Khuzami's appointment. We also include an interaction between Female and Khuzami2009 to test whether the Khuzami effect is different for women. We report results in Panel B of Table 6. To assist in the interpretation of the interaction terms summed with other independent variables we report coefficients rather than hazard ratios.

[Insert Table 6 here]

The coefficients tell a consistent story. Unsurprisingly, SEC attorneys who are close to retirement are more likely to depart. In all models, the coefficient on Close to Retire is positive

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[16] Note that this shift coincided with a new Chairman at the SEC with the election of President Obama, marking a natural time for attorneys to depart.

and significant at the 5% level. Those who were a NLJ 250 Prior Partner are more likely to depart the SEC (significant however only in Model 2 at the 5% level) and those who are Top Managers are also more likely to depart (significant at the 1% level in all three models). SEC attorneys at a Regional Office are less likely to depart compared with SEC attorneys in Washington DC or New York City (significant at the 10% level in Models 1 and 3).

Turning to gender, the coefficient for Female is negative and significant in Models 1 and 3. In Model 1, Female SEC attorneys have a 31.1% lower likelihood of departing compared with male SEC attorneys (*H3*). In contrast, the coefficient for Any Child is negative in Model 2 and significant at the 10% level. For both males and females, having children correlates with a lower likelihood of leaving the SEC. The insignificant coefficient on Female x Any Child in Model 2 does not allow us to reject the null hypothesis that the effect of Any Child is the same regardless of gender.

In Model 3, the coefficient on Khuzami2009 is negative and significant at the 10% level, indicating that SEC attorneys were less likely to leave the SEC immediately after Khuzami's appointment. In contrast, the coefficient on Female x Khuzami2009 is positive and significant at the 10% level. Although women are less likely to leave compared to men prior to Khuzami (as given by the significant negative coefficient on Female), women are no longer less likely to leave in the year Khuzami is appointed (as given by the sum of Female and Female x Khuzami2009 which is not significantly different from zero).[17] This shift is consistent with gender influencing

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[17] As a robustness test, we replace Khuzami2009 with an indicator variable for the year 2009 (the year of Khuzami's appointment) and 2010 (the year after the appointment) to test whether the change in desire to leave the SEC after the SEC appointment extended beyond Khuzami's first year (Khuzami0910). We also replace the Female x Khuzami2009 interaction term with an interaction between Female and Khuzami0910. Unreported, we obtained the same qualitiative results as in Model 3 of Panel B of Table 6 with one exception: the coefficient on Khuzami while still negative is only significant at the 11.9% level, just beyond conventional levels of significance.

the decision whether to leave the SEC. Something happened to change the attractiveness of jobs at the SEC for female attorneys under Khuzami; one possibility is a shift within SEC enforcement from a focus on gender diversity to expertise.[18] Our earlier finding that the group of women who remained at the SEC under Khuzami received relatively more scienter case assignments indicates selection effects may have influenced the decision on the part of the women who left the SEC due to this shift.

3.7 Performance and Leaving the SEC

In order to assess the effect of performance on likelihood of departure, we compute the average number of scienter cases per year for each attorney from 2005 to the end of 2008 (Scienter Cases Per Year 2008), the year before the departure of Thomsen. We then estimate a hazard model with leaving the SEC as our dependent variable (Left SEC) for those who are still SEC attorneys as of the end of 2008. The base model includes independent variables for Legal 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 hazard model with Scienter Cases as an independent variable as Model 1 of Table 7. We add an interaction term between Female x Scienter Cases 2008 to Model 1 and report this as Model 2. Table 7 reports coefficients rather than hazard ratios for each model.

[Insert Table 7 here]

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[18] We have spoken to a number of ex-SEC employees and no one has suggested alternate explanations.

In Model 1, the coefficient for Scienter Cases Per Year 2008 is positive and significant at the one percent level. Attorneys involved with more high profile scienter cases are more likely to leave the SEC. In Model 2, the coefficient for Scienter Cases Per Year 2008 remains positive and significant at the one percent level. The coefficient on Female x Scienter Cases Per Year 2008 is negative but not significantly different from zero. We find no evidence that increased past performance corresponds to a differential impact on the propensity to leave the SEC for men and women.

3.8 Where Do They Go?

Using publicly available information, we track the employment choices of the attorneys in our sample through June 2016. We collected career path information through Internet searches, including the Martindale Hubbell dataset on LexisNexis, LinkedIn, and Google.

In Table 8, we break down the destination for lawyers leaving the SEC by gender. More than half of the attorneys employed by the Division in 2004 are working in the private sector by 2016. We see some clear patterns. The numbers of lawyers taking jobs as law firm associates are indistinguishable on gender terms, but men are considerably more likely to take a position as a law firm partner (36.0% of all men who left the SEC as compared to 23.4% of all women who left the SEC), and marginally more likely to take a position in financial services or compliance (30.0% of all men who left the SEC as compared to compared to 25.5% of all women who left the SEC). So, men appear to garner substantial financial returns from their investment of time working in the Enforcement Division. Women are more likely to take jobs with non-profits, academia, or other government jobs. There are different possible stories here, that our data does not allow us to distinguish. On the one hand, women at the SEC may be seeking better work-life

balance or employment settings that are less discriminatory than the private sector. Or this may

be a case of women receiving fewer rewards from the market for the same qualifications.

[Insert Table 8 here]

One concern with the foregoing finding is that tougher economic conditions due to the

financial crisis may correlate with women taking fewer private sector legal jobs. To test this, we

broke down the destinations post-SEC for women attorneys before and after Khuzami's

appointment. More women who left the SEC post-Khuzami (31.8%) became law firm partners

compared with those women who left pre-Khuzami (16.0%). Approximately the same

percentage of women (59.1%) took any private sector legal position, including law firm

associate, law firm partner, and financial industry and compliance positions, after leaving the

SEC post-Khuzami as compared with pre-Khuzami (60.0%). The higher proportion of women

who became law firm partners and the roughly equal percentage of women who took any private

sector legal position after leaving the SEC in the post-Khuzami period compared with the pre-

Khuzami period is inconsistent with a tougher economic environment driving the

correspondence between women departing the SEC and non-private sector jobs.

To explore the question further, we sub-divide men and women in Table 9 by whether

they have children. Men with children are more likely to become a law firm partner (41.9% of

men with children who left the SEC) compared with men without children (28.1% of men

without children who left the SEC), consistent with the need to pay for college education, a

reason cited by many attorneys we spoke informally to as a reason for leaving the SEC. Women

with children are also more likely to become a law firm partner or go to industry (i.e.,

compliance position) (26.7% and 26.7% respectively of all women with children who left the

SEC) compared with women without children (17.7% and 23.5% respectively of all women

without children who left the SEC). It appears that men and women are somewhat aligned in their reasons for going into the private sector. The demands of being a partner in a law firm are most likely to be borne by individuals with the greatest financial needs, regardless of gender.

[Insert Table 9 here]

4. Conclusion

A successful career in an elite government job is one path to a lucrative job in the private sector. We study whether the gender gap in employment extends to this lateral market. We find significant differences in assignments–with men taking on or receiving more of the high profile cases, the ones most likely to be noticed by the private sector. And men are also the ones who disproportionately move laterally to the private sector. In raw terms, the financial returns that women obtain from the elite credential of working at the SEC is lower than their male peers.

Among the most intriguing findings we have, that might suggest avenues for future research, is the impact of the change in leadership the SEC from a female leader with a commitment to diversity to a male leader with a commitment advancing a particular enforcement agenda (we are oversimplifying). The shift in leadership may have produced both a negative and a positive gender effect within the agency. The negative gender effect for the SEC is that the shift induced a disproportionate number of lateral exits from female lawyers, but on the positive side, the female lawyers who remained appear to be the stronger performers. To say more though, we would need much more data on leadership shifts.

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Table 1: Descriptive Statistics for Enforcement Division Attorneys Demographic Variables

All variables except for Any Child are measured in 2004. Any Child is measured in April 2017. Definitions for the variables are in the Appendix.

Variable	N	Mean	Median	SD
NLJ 250 Prior Partner	362	0.066	0	0.249
Prior Gov. Attorney	362	0.174	0	0.380
Top Law School	410	0.456	0	0.499
Regional Office	417	0.439	0	0.497
Staff Attorney	411	0.372	0	0.484
Top Manager	411	0.229	0	0.421
Female	417	0.307	0	0.462
Short Term	417	0.472	0	0.500
Long Term	417	0.127	0	0.333
Close to Retire	406	0.039	0	0.195
Legal Experience	406	13.889	13	7.169
Any Child	289	0.844	1	0.363

Table 2: Case Assignments

Panel A: Means

Scienter Cases is measured for each year an attorney is employed at the SEC in the dataset time period excluding the last year the attorney is at the SEC to control for the possibility that an attorney may leave in the middle of the year.

	Male			Female		
	Staff Attorney	Top Manager		Staff Attorney	Top Manager	
Scienter Cases	0.086	0.264		0.065	0.102	
	Short Term	Medium Term	Long Term	Short Term	Medium Term	Long Term
Scienter Cases	0.106	0.162	0.106	0.069	0.056	0.082

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Table 2
Panel B: Regression Models

Table 2 Panel B presents regressions of Scienter Cases as the dependent variable on attorney-year data with interactions between Female and Staff Attorney and Top Manager (in Model 1); with Short Term and Long Term and interactions between Female and Short Term and Long Term (in Model 2); with Khuzami (a dummy equal to 1 for 2009 to 2015 and 0 therwise) and an interaction between Female and Khuzami (in Model 3). The Scienter Cases dependent variable is measured for each year an attorney is employed at the SEC in the dataset time period excluding the last year the attorney is at the SEC to control for the possibility that an attorney may leave in the middle of the year. Models 1 through 3 include attorney biographical independent controls for: NLJ 250 Prior Partner, equal to 1 if the attorney was a NLJ 250 Partner prior to joining the SEC; Top Law School, equal to 1 if the attorney graduated from a the top 18 law schools as ranked by U.S. News in 1992; Regional Office, equal to 1 if the attorney is based in a SEC regional office and not in Washington, D.C. or New York City in 2004; Staff Attorney, equal to 1 if the attorney is at SK-14 or below in 2004; Top Manager, equal to 1 if the attorney is at SK-17 and above in 2004; Female, equal to 1 if the attorney is female. Models 1 through 3 also control for year fixed effects and cluster errors by attorney. Model 4 presents a regression of Scienter Cases as the dependent variable on attorney-year level data with Khuzami (a dummy equal to 1 for 2009 to 2015 and 0 therwise) and an interaction between Female and Khuzami. Instead of attorney biographical independent controls, Model 4 includes attorney fixed effects. t statistics in parentheses; $^+ p < 0.10$, $^* p < 0.05$, $^{**} p < 0.01$.

	Model 1 Scienter Cases	Model 2 Scienter Cases	Model 3 Scienter Cases	Model 4 Scienter Cases
NLJ 250 Prior Partner	0.0712 (1.25)	0.0566 (0.95)	0.0654 (1.10)	
Prior Gov. Attorney	-0.0154 (-0.62)	-0.0102 (-0.41)	-0.00934 (-0.39)	
Top Law School	0.00751 (0.38)	0.0104 (0.52)	0.0144 (0.74)	
Regional Office	-0.0705** (-3.38)	-0.0708** (-3.32)	-0.0716** (-3.38)	
Staff Attorney	-0.0294 (-1.37)	-0.0337+ (-1.74)	-0.0206 (-1.15)	
Top Manager	0.163** (3.19)	0.131** (3.53)	0.118** (3.19)	
Female	-0.0297 (-1.26)	-0.100** (-3.39)	-0.0795** (-2.79)	
Female x Staff Attorney	0.0209 (0.61)			
Female x Top Manager	-0.148* (-2.38)			
Short Term			-0.00605 (-0.24)	
Female x			0.0794*	

Short Term		(2.05)		
Long Term		-0.0863^{*}		
		(-2.06)		
Female x Long Term		0.0993		
		(1.41)		
Khuzami			-0.155^{**}	-0.039^{+}
			(-4.86)	(-1.69)
Female x Khuzami			0.0539^{+}	-0.004
			(1.92)	(-0.14)
Constant	0.0652^{**}	0.0827^{**}	0.214^{**}	0.075^{**}
	(2.74)	(3.17)	(6.29)	(4.33)
Year Effects	Yes	Yes	Yes	Yes
Attorney Effects	No	No	No	Yes
N	2559	2559	2559	3007
Adj R^2	0.056	0.054	0.051	0.028

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Table 3: Children and Gender and Case Assignments

Panel A: Means

Scienter Cases is measured for each year an attorney is employed at the SEC in the dataset time period excluding the last year the attorney is at the SEC to control for the possibility that an attorney may leave in the middle of the year.

	Male w/o Children	Male w/ Children	Female w/o Children	Female w/ Children
Scienter Cases	0.099	0.139	0.035	0.065

Table 3
Panel B: Regression Model

Table 3 Panel B presents regressions of Scienter Cases as the dependent variable on attorney-year data with Any Child and an interaction between Female and Any Child (in Model 1). The Scienter Cases dependent variable is measured for each year an attorney is employed at the SEC in the dataset time period excluding the last year the attorney is at the SEC to control for the possibility that an attorney may leave in the middle of the year. The model includes attorney biographical independent controls for: NLJ 250 Prior Partner, equal to 1 if the attorney was a NLJ 250 Partner prior to joining the SEC; Top Law School, equal to 1 if the attorney graduated from a the top 18 law schools as ranked by U.S. News in 1992; Regional Office, equal to 1 if the attorney is based in a SEC regional office and not in Washington, D.C. or New York City in 2004; Staff Attorney, equal to 1 if the attorney is at SK-14 or below in 2004; Top Manager, equal to 1 if the attorney is at SK-17 and above in 2004; Female, equal to 1 if the attorney is female. The model control for year fixed effects and cluster errors by attorney. t statistics in parentheses; $^{+} p < 0.10$, $^{*} p < 0.05$, $^{**} p < 0.01$.

	Model 1 Scienter Cases
NLJ 250 Prior Partner	0.0366 (0.52)
Prior Gov. Attorney	-0.0480^{+} (-1.71)
Top Law School	0.0156 (0.63)
Regional Office	-0.0893** (-3.41)
Staff Attorney	-0.0192 (-0.88)
Top Manager	0.154** (3.27)
Female	-0.0655 (-1.49)
Any Child	0.0215 (0.54)
Female x	0.00105

Any Child	(0.02)
Constant	0.0597
	(1.47)
Year Effects	Yes
N	1799
Adj R2	0.060

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

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Table 4: Raises at the SEC

Panel A: Means

The Total Compensation % Change dependent variable is defined as the annual percentage increase in base pay and bonuses for the SEC attorney.

	Male			Female		
	Short Term	Medium Term	Long Term	Short Term	Medium Term	Long Term
Total Compensation % Change	0.052	0.040	0.037	0.048	0.042	0.040
	No Children	Children		No Children	Children	
Total Compensation % Change	0.046	0.046		0.042	0.045	

Table 4
Panel B: Regression Models

Table 4 Panel B presents regressions of the Total Compensation % Change as the dependent variable on attorney-year data with Short Term and Long Term and interactions between Female and Short Term and Long Term (in Model 1); with Any Child and an interaction between Female and Any Child (in Model 2); and with Khuzami (a dummy equal to 1 for 2009 to 2015 and 0 therwise) and an interaction between Female and Khuzami (in Model 3). The Total Compensation % Change dependent variable is defined as the annual percentage increase in base pay and bonuses for the SEC attorney. Models 1 through 3 include attorney biographical independent controls for: NLJ 250 Prior Partner, equal to 1 if the attorney was a NLJ 250 Partner prior to joining the SEC; Top Law School, equal to 1 if the attorney graduated from a the top 18 law schools as ranked by U.S. News in 1992; Regional Office, equal to 1 if the attorney is based in a SEC regional office and not in Washington, D.C. or New York City in 2004; Staff Attorney, equal to 1 if the attorney is at SK-14 or below in 2004; Top Manager, equal to 1 if the attorney is at SK-17 and above in 2004; Female, equal to 1 if the attorney is female. Models 1 through 3 also control for year fixed effects and cluster errors by attorney. Model 4 presents a regression of Scienter Cases as the dependent variable on attorney-year level data with Khuzami and an interaction between Female and Khuzami. Instead of attorney biographical independent controls, Model 4 includes attorney fixed effects. *t* statistics in parentheses; $^{+}$ $p < 0.10$, * $p < 0.05$, ** $p < 0.01$.

	Model 1 Total Compensation % Change	Model 2 Total Compensation % Change	Model 3 Total Compensation % Change	Model 4 Total Compensation % Change
Prior Year Compensation	-0.000456** (-6.83)	-0.000446** (-6.09)	-0.000467** (-6.96)	
NLJ 250 Prior Partner	-0.00882** (-2.60)	-0.00918* (-2.21)	-0.00816** (-2.66)	
Prior Gov. Attorney	-0.00118 (-0.69)	-0.000472 (-0.21)	-0.00114 (-0.64)	
Top Law School	0.000678 (0.49)	-0.000118 (-0.07)	0.00108 (0.76)	

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Regional Office	-0.00224 (-1.57)	-0.00108 (-0.67)	-0.00125 (-0.88)	
Staff Attorney	-0.00293 (-1.46)	-0.000982 (-0.45)	-0.00140 (-0.72)	
Top Manager	0.00463* (2.14)	0.00250 (1.06)	0.00296 (1.41)	
Female	-0.000647 (-0.32)	-0.0114* (-2.55)	-0.00173 (-0.77)	
Short Term	0.00645** (3.42)			
Female x Short Term	-0.00198 (-0.66)			
Long Term	0.000934 (0.34)			
Female x Long Term	0.00371 (0.79)			
Any Child		-0.00541 (-1.38)		
Female x Any Child		0.00877+ (1.80)		
Khuzami			-0.00635 (-1.02)	-0.0382** (-15.16)
Female x Khuzami			0.000428 (0.17)	-0.00211 (-1.03)
Constant	0.138** (13.73)	0.137** (8.16)	0.142** (13.89)	0.0726** (49.77)
Year Effects	Yes	Yes	Yes	Yes
Attorney Effects	No	No	No	Yes
N	2542	1798	2542	4055
Adj R^2	0.334	0.319	0.330	0.304

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

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Table 5: Performance and Raises at the SEC

Table 5 presents regressions of the Total Compensation % Change as the dependent variable on attorney-year data with Scienter Cases in Prior Year (the number of Scienter Cases in the prior calendar year) and an interaction between Female and Scienter Cases in Prior Year (in Model 1). The Total Compensation % Change dependent variable is defined as the annual percentage increase in base pay and bonuses for the SEC attorney. Model 1 includes attorney biographical independent controls for: NLJ 250 Prior Partner, equal to 1 if the attorney was a NLJ 250 Partner prior to joining the SEC; Top Law School, equal to 1 if the attorney graduated from a the top 18 law schools as ranked by U.S. News in 1992; Regional Office, equal to 1 if the attorney is based in a SEC regional office and not in Washington, D.C. or New York City in 2004; Staff Attorney, equal to 1 if the attorney is at SK-14 or below in 2004; Top Manager, equal to 1 if the attorney is at SK-17 and above in 2004; Female, equal to 1 if the attorney is female. Model 1 also control for year fixed effects and cluster errors by attorney. t statistics in parentheses; $^{+} p < 0.10$, $^{*} p < 0.05$, $^{**} p < 0.01$.

	Model 1 Total Compensation % Change
Prior Year Compensation	-0.000474**
	(-7.06)
NLJ 250 Prior Partner	-0.00845**
	(-2.81)
Prior Gov. Attorney	-0.00116
	(-0.66)
Top Law School	0.00104
	(0.74)
Regional Office	-0.000918
	(-0.66)
Staff Attorney	-0.00144
	(-0.75)
Top Manager	0.00255
	(1.23)
Female	-0.00111
	(-0.77)
Scienter Cases in Prior Year	0.00471**
	(3.13)
Female x Scienter Cases in Prior Year	-0.00305
	(-0.80)
Constant	0.143**
	(13.94)
p-value for Scienter Cases in Prior Year + Female x Scienter Cases in Prior Year	0.6381

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p-value for Female + Female x Scienter Cases in Prior Year	0.2948
p-value for Scienter Cases in Prior Year + Female + Female x Scienter Cases in Prior Year	0.8852
Year Effects	Yes
N	2542
Adj R^2	0.332

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

Table 6: Who Leaves the SEC?

Panel A: Percentages

Left SEC is equal to 1 if the attorney leaves the SEC in our dataset time period and 0 otherwise.

	Male w/ Children	Male w/o Children	Female w/ Children	Female w/o Children
Left SEC	0.558	0.720	0.430	0.450

Table 6
Panel B: Hazard Models

Table 6 Panel B presents hazard models on attorney-year data of the departure of an attorney from the SEC (Left SEC) as the dependent variable (in Model 1); with Any Child and an interaction between Female and Any Child (in Model 2); with Khuzami and an interaction between Female and Khuzami (in Model 3). The models include attorney biographical independent controls for: Legal Experience, the number of years since law school graduation measured in 2004; Close to Retire, equal to 1 if the attorney was age 55 or older in 2004; NLJ 250 Prior Partner, equal to 1 if the attorney was a NLJ 250 Partner prior to joining the SEC; Top Law School, equal to 1 if the attorney graduated from a the top 18 law schools as ranked by U.S. News in 1992; Regional Office, equal to 1 if the attorney is based in a SEC regional office and not in Washington, D.C. or New York City in 2004; Staff Attorney, equal to 1 if the attorney is at SK-14 or below in 2004; Top Manager, equal to 1 if the attorney is at SK-17 and above in 2004; Female, equal to 1 if the attorney is female. t statistics in parentheses; $^{+}p < 0.10$, $^{*}p < 0.05$, $^{**}p < 0.01$.

	Model 1 Left SEC	Model 2 Left SEC	Model 3 Left SEC
Legal Experience	-0.0132	-0.0459*	-0.0134
	(-0.86)	(-2.16)	(-0.87)
Close to Retire	1.022**	1.631**	1.031**
	(2.71)	(3.49)	(2.73)
NLJ 250 Prior Partner	0.440	0.848*	0.438
	(1.48)	(2.27)	(1.47)
Prior Gov. Attorney	0.0585	0.316	0.0630
	(0.29)	(1.35)	(0.31)
Top Law School	0.118	0.124	0.119
	(0.79)	(0.69)	(0.80)
Regional Office	-0.302^{+}	-0.132	-0.303^{+}
	(-1.91)	(-0.72)	(-1.91)
Staff Attorney	0.155	0.393	0.154
	(0.73)	(1.50)	(0.73)
Top Manager	0.668**	1.242**	0.669**
	(3.56)	(5.51)	(3.56)
Female	-0.372*	-0.409	-0.460*
	(-2.14)	(-0.89)	(-2.50)

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Any Child		-0.509^{+}	
		(-1.66)	
Female x Any Child		0.236	
		(0.47)	
Khuzami			-0.689^{+}
			(-1.78)
Female x Khuzami			1.042^{+}
			(1.78)
N	2738	1931	2738
pseudo R^2	0.011	0.023	0.013
ll	-1414.7	-963.2	-1412.5

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

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Table 7: Hazard Model for Leaving the SEC after 2008 with Performance Measures Measured in 2008

Table 7 presents hazard models on attorney-year data of the departure of an attorney from the SEC (Left SEC) as the dependent variable with Scienter Cases Per Year 2008 (in Model 1); with Scienter Cases Per Year 2008 and an interaction between Female and Scienter Cases Per Year 2008 (in Model 2); with Khuzami and an interaction between Female and Khuzami (in Model 3). The models include attorney biographical independent controls for: Legal Experience, the number of years since law school graduation measured in 2004; Close to Retire, equal to 1 if the attorney was age 55 or older in 2004; and Female, equal to 1 if the attorney is female. t statistics in parentheses; [+] $p < 0.10$, [*] $p < 0.05$, [**] $p < 0.01$.

	Model 1 Left SEC	Model 2 Left SEC
Legal Experience	-0.0123	-0.0126
	(-0.71)	(-0.73)
Close to Retire	1.391[*]	1.395[*]
	(2.50)	(2.52)
Female	-0.423[+]	-0.381
	(-1.77)	(-1.41)
Scienter Cases Per Year 2008	1.093[**]	1.124[**]
	(3.99)	(3.92)
Female x Scienter Cases Per Year 2008		-0.0745
		(-0.33)
N	2892	2892
pseudo R^2	0.013	0.013
ll	-768.7	-768.7

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

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Table 8: Where Do They Go? Destination by Gender

The immediate destinations for an attorney after departing the SEC are defined as follows: Private Practice Associate or Counsel, equal to 1 if the attorney works as an associate or counsel at a private law firm; Private Practice Partner, equal to 1 if the attorney works as a partner at a private law firm; Financial or Compliance Industry, equal to 1 if the attorney works as counsel for a financial industry firm or in a compliance position; Non-Profit or Academia, equal to 1 if the attorney works as an attorney in a non-profit entity or in academia; Other Government, equal to 1 if the attorney works at another government body or agency; Retirement or Non-Legal/Compliance, equal to 1 if the attorney retires or works in a non-legal or compliance capacity.

	Male	**Female**	**All**
Private Practice Associate or Counsel	15 10.0%	5 10.6%	20 10.2%
Private Practice Partner	54 36.0%	11 23.4%	65 33.0%
Financial or Compliance Industry	45 30.0%	12 25.5%	57 28.9%
Non-Profit or Academia	3 2.0%	6 12.8%	9 4.6%
Other Government	18 12.0%	9 19.2%	27 13.7%
Retirement or Non-Legal/Compliance	15 10.0%	4 8.5%	19 9.6%
Total	150 100.0%	47 100.0%	197 100.0%

Chi2 = 12.4781 (pr=0.029).

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Table 9: Where Do They Go? Destination by Gender and Children

The immediate destinations for an attorney after departing the SEC are defined as follows: Private Practice Associate or Counsel, equal to 1 if the attorney works as an associate or counsel at a private law firm; Private Practice Partner, equal to 1 if the attorney works as a partner at a private law firm; Financial or Compliance Industry, equal to 1 if the attorney works as counsel for a financial industry firm or in a compliance position; Non-Profit or Academia, equal to 1 if the attorney works as an attorney in a non-profit entity or in academia; Other Government, equal to 1 if the attorney works at another government body or agency; Retirement or Non-Legal/Compliance, equal to 1 if the attorney retires or works in a non-legal or compliance capacity.

	Male No Children	Male with Children	Female No Children	Female with Children
Private Practice Associate or Counsel	7 10.9%	8 9.3%	1 5.9%	4 13.3%
Private Practice Partner	18 28.1%	36 41.9%	3 17.7%	8 26.7%
Financial or Compliance Industry	20 31.3%	25 29.1%	4 23.5%	8 26.7%
Non-Profit or Academia	3 4.7%	0 0.0%	1 5.9%	5 16.7%
Other Government	10 15.6%	8 9.3%	6 35.3%	3 10.0%
Retirement or Non-Legal/Compliance	6 9.4%	9 10.5%	2 11.8%	2 6.7%
Total	64 100.0%	86 100.0%	17 100.0%	30 100.0%

Chi2 = 26.6314 (pr=0.032).

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Appendix: Variable Definitions

Variable	Definition
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 measured in 2004.
Staff Attorney	Employed by the SEC at SK-14 or below in 2004.
Top Manager	Employed by the SEC at SK-17 and above in 2004. 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.
Female	Coded as 1 for women and 0 for men.
Short Term	Employed by the SEC in 2000 or later.
Long Term	Employed by the SEC in 1990 or earlier.
Any Child	Indicator variable equal to 1 if (a) internet searches conducted in April 2017 (of Facebook and other social media sites) indicated that the SEC attorney has children, (b) internet searches conducted in April 2017 (of whitepages.com and zillow.com among other sites) indicated that the SEC attorney lives in a home that is more than 1.1 times the size of the median home size in the city of the last SEC office location for the SEC attorney, or (c) internet searches conducted in April 2017 (of whitepages.com and zillow.com among other sites) indicated that the SEC attorney lives in a home that has more than 3 bedrooms. Any Child is equal to 0 otherwise.
Legal 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.

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Scienter Cases	Number of scienter-related civil cases in which the attorney is listed on the complaint in a particular year. We include scienter provisions explicitly mentioned in the Rule 506 disqualification provision of the Securities Act (Rule 10b-5, § 17(a)(1) of the Securities Act, § 15(c)(1) of the Exchange Act, and § 206(1) of the Investment Advisers Act). We also include violations of § 13(b)(5) of the Exchange Act (part of the Foreign Corrupt Practices Act) involving bribery.
Scienter Cases Per Year 2008	The average number of scienter cases per year for an attorney from 2005 to 2008.
Scienter Cases in the Prior Year	Number of scienter-related civil cases in which the attorney is listed on the complaint in the prior year.
Total Compensation % Change	Percentage increase in base pay and bonuses for the SEC attorney from the prior year.