NOTES

Foreword

1. The original title of this book was *Passion for Reality: Paul Cabot and the Boston Mutual Fund*.

2. Massachusetts Investors Trust claims the title "America's oldest mutual fund" by virtue of its formal incorporation four months before State Street's. Its claim is technically legitimate. However, if measuring by the date when operations formally began, State Street Research and Management would be the title holder. For a more in-depth discussion, see chapter 2.

3. "Big Money in Boston," *Fortune*, December 1949, 116.

Introduction: That Passion for Reality

1. Michael Yogg, contributed essay in *Teaching and Beyond: Nonacademic Career Programs for Ph.D.'s*, eds. Kevin P. Reilly and Sheila Murdick (Albany: New York State Board of Regents, 1984), pp. 21–23.

2. Oscar Handlin, *Truth in History* (Cambridge, Mass.: Harvard University Press, 1979), p. 108.

3. Paul C. Cabot, interview by Jessica Holland, "Reminiscences of Paul C. Cabot in the Columbia University Oral History Research Office Collection," April 9–10 and

July 11–12, 1980, Columbia University Oral History Research Office Collection, pp. 7, 12–14 (hereafter CUOHROC).

4. CUOHROC, pp. 35–41. Also see Arthur Stone Dewing, *The Financial Policy of Corporations* (New York: Ronald Press, 1941), pp. 275–277.

5. CUOHROC, p. 117.

6. Hannah Arendt, "Truth and Politics," *Political Theory and Social Change*, ed. David Spitz (New York: Atherton Press, 1967), pp. 23, 34.

7. John P. Marquand, *The Late George Apley* (1937; repr. Franklin Center, Penn.: Franklin Library, 1977) p. 1.

1. Family, Education, and Army Service

1. Paul C. Cabot (PCC) to Anna C. Cabot (ACC), December 8, 1918, private collection. Emphasis is in the original.

2. Paul C. Cabot, interview by Rosario J. Tosiello, October 22, 1971, transcript, pp. 1–2.

3. CUOHROC, pp. 20, 25, 26.

4. Unsigned memorandum, June 3, 1918, P. Cabot '21 Student Folder, Harvard University Archives.

5. Unsigned memorandum, June 15, 1918, P. Cabot '21 Student Folder, Harvard University Archives.

6. Letter from (illegible) to Paul C. Cabot, July 8, 1918, P. Cabot '21 Student Folder, Harvard University Archives.

7. Note from E. R. Hay directed to "the President," June 3, 1918, P. Cabot '21 Student Folder, Harvard University Archives.

8. Letter from Henry Bromfield Cabot to L. S. Mayo, July 10, 1918; P. Cabot '21 Student Folder, Harvard University Archives.

9. Paul C. Cabot to H. A. Yoemans, June 12, 1918, P. Cabot '21 Student Folder, Harvard University Archives.

10. The poem is "A Prayer for My Daughter."

11. CUOHROC, p. 8.

12. Samuel Eliot Morison, *Three Centuries of Harvard, 1636–1936* (Cambridge, Mass.: Belknap Press of Harvard University, 1986) p. 440

13. George Putnam Jr., interview by the author, January 9, 2001.

14. CUOHROC, pp. 2, 3, 7, 9.

15. L. Vernon Briggs, *History and Genealogy of the Cabot Family, 1475–1927*, vol. 2 (Boston: Charles E. Goodspeed, 1927), pp. 699–700, 764–769; E. Digby Baltzell, *Puritan Boston and Quaker Philadelphia* (New York: Free Press, 1979), pp. 366–367.

16. "Henry B. Cabot, Lawyer, Dies," *Boston Herald,* December 1, 1932, p. 15; "Henry B. Cabot Dead After Illness of Several Months," *The Chronicle* (Brookline, Mass.), December 1, 1932, p. 17.

17. CUOHROC, pp. 7, 12.

18. Phoebe Washburn Barnes, *The Pulpit Harbor Cabots* (Cambridge, Mass.: privately printed, 1978), p. 134.

19. Ibid., pp. 32, 53–54.

20. Ibid., p. 124.

21. Ibid., p. 130.

22. CUOHROC, p. 181.

23. Ibid, p. 12.

24. Ibid, p. 13.

25. John Thorndike, interview by the author, March 23, 2004.

26. Barnes, *The Pulpit Harbor Cabots*, pp. 115–117; "Henry B. Cabot, Lawyer, Dies."

27. Barnes, *The Pulpit Harbor Cabots*, p. 130.

28. CUOHROC, p. 13; Thomas H. Raddall, *Halifax: Warden of the North* (1948; repr., Garden City, N. Y.: Doubleday, 1965), pp. 250–255; George Hinckley Lyman, *The Story of the Massachusetts Committee on Public Safety: February 10, 1917–November 21, 1918* (Boston: Wright & Potter, 1919), p. 190.

29. CUOHROC, p. 13; "Henry B. Cabot, Lawyer, Dies,"; "Henry B. Cabot Dead After Illness of Several Months."

30. Leverett Saltonstall and Edward Weeks, *Salty: Recollections of a Yankee in Politics* (Boston: Boston Globe, 1976), p. 4; Mark I. Gelfand, *Trustee for a City: Ralph Lowell of Boston* (Boston: Northeastern University Press, 1998), p. 18.

31. CUOHROC, pp. 2–6, 11, 13–17; Gelfand, *Trustee*, p. 18.

32. PCC to ACC, undated correspondence, postmarked December 31, 1918, private collection.

33. Morison, *Three Centuries of Harvard*, pp. 450, 451, 456, 457.

34. PCC to ACC, October 27 and November 3, 15, and 23, 1918, private collection.

35. PCC to ACC, November 29, 1918, private collection.

36. Paul C. Cabot to Henry B. Cabot, November 17, 1918, private collection.

37. PCC to ACC, November 23, 1918, private collection.

38. PCC to ACC, December 31, 1918, private collection.

39. CUOHROC, pp. 19–24.

40. Morison, *Three Centuries of Harvard*, pp. 441, 443.

41. Paul C. Cabot, Government 1 Examination, May 19, 1919, P. Cabot '21 Student Folder, Harvard University Archives; Dean Hay to a Mr. Munro, letter, June 10, 1918, P. Cabot '21 Student Folder, Harvard University Archives; Henry B. Cabot, transcript of telephone conversation, June 7, 1918, P. Cabot '21 Student Folder, Harvard University Archives.

42. Paul C. Cabot to Dean Chase, April 29, 1919, P. Cabot '21 Student Folder, Harvard University Archives. A student's concentration was his minor. Paul's major was mathematics.; CUOHROC, pp. 16, 35–36, 59.

43. Baltzell, *Puritan Boston*, pp. 261–262; Melvin T. Copeland, *And Mark an Era: The Story of the Harvard Business School* (Boston: Little, Brown, 1958), p. 62

44. Marquand, *The Late George Apley*, pp. 11–13, 285.

45. David Leonhardt, *New York Sunday Times*, October 1, 2000, p. 18.

46. Putnam, interview.

47. CUOHROC, pp. 35–36. Copeland, *And Mark an Era*, p. 86.

48. Copeland, *And Mark an Era*, pp. 75–78, 94–95.

49. Ibid., pp. 98–99.

50. Dewing, *The Financial Policy of Corporations*, pp. 275–277.

51. Copeland, *And Mark an Era*, p. 64.

52. Seymour E. Harris, *The Economics of Harvard* (New York: McGraw Hill, 1970), p. 347.

53. CUOHROC, pp. 34–36.

54. Ibid., pp. 36–37.

55. Charles D. Ellis, *Capital: The Story of Long-Term Investment Excellence* (Hoboken, N. J.: John Wiley & Sons, 2004) pp. 17–18, 33–34.

56. CUOHROC, p. 37.

57. Ibid., pp. 41–42, 45; Cabot, interview by Tosiello, pp. 1–2; Securities and Exchange Commission, "Testimony of Paul C. Cabot," in *Investment Trust Study*, September 23, 1936, pp. 2709–2711 (hereafter cited as *SEC Investment Trust Study*); R. H. Miller, "London Idea Cabot Spur," *Boston Traveler*, October 27, 1958; Charles Flather to Michael Yogg, memorandum, August 18, 2003 (hereafter cited as Flather Memo).

58. Ron Chernow, *The House of Morgan: An American Banking Dynasty and the Rise of Modern Finance* (New York: Simon & Schuster, 1990), p. 53.

59. Paul C. Cabot, "The Investment Trust," *Atlantic Monthly*, March 1929, pp. 401–408.

2. The Twenties

1. Paul C. Cabot, interview by Rosario J. Tosiello, October 22, 1971, transcript,p. 14.

2. Cabot, interview by Tosiello, p. 2; *SEC Investment Trust Study*, pp. 2709–2711.

3. Edgar L. Smith, *Common Stocks as Long-Term Investments* (New York: Macmillan, 1924), pp. 3–5, 18–20, 68, 81–82; Warren Buffett, "Warren Buffett on the Stock Market," *Fortune*, December 10, 2001, p. 86; Natalie Grow, "The 'Boston-Type Open-End Fund'—Development of a National Financial Institution: 1924–1940." PhD diss., Harvard University, 1977, pp.12–13 (courtesy of the Harvard University Archives). Pyramiding can mean different things in different contexts. Here, I believe it simply meant leveraging.

4. Grow, "Boston-Type Open-End Fund," pp. 7–13; John Kenneth Galbraith, *The Great Crash, 1929* (1954; repr., Boston: Houghton Mifflin, 1961), pp. 48–70.

5. Edward Maitland Campbell, "Some Management Problems of Investment Trusts," *Harvard Business Review*, April 1924, p. 296.

6. Charles Bennett to Natalie Grow, October 2, 1974, quoted in Grow, "Boston-Type Open-End Fund," p. 15.

7. Cabot, interview by Tosiello, p. 14

8. Ibid., p. 2.

9. *SEC Investment Trust Study*, pp. 2711–2713, 2716–2717, 2719.

10. William Saltonstall and George Lewis, interview by the author, January 15, 2002.

11. CUOHROC, pp.114–115.

12. CUOHROC, pp. 117–118.

13. *Harvard College Class of 1917 25th Anniversary Report* (Cambridge, Mass.: Harvard University Printing Office, 1942), pp. 726–727; CUOHROC, pp. 47, 117; Briggs, *History and Genealogy of the Cabot Family*, p. 767; Flather Memo.

14. *Harvard College Class of 1920 25th Anniversary Report* (Cambridge, Mass.: Harvard University Printing Office, 1945), p. 714.

15. Cleveland Amory, *The Proper Bostonians* (1947; repr., Orleans, Mass.: Parnassus Imprints, 1984), pp. 231–232; Flather Memo.

16. *Harvard College Class of 1921 50th Anniversary Report* (Cambridge, Mass.: Harvard University Printing Office, 1971), pp. 66–67; *Class of 1920 25th Anniversary Report*, p. 714; *Harvard College Class of 1920 50th Anniversary Report* (Cambridge, Mass.: Harvard University Printing Office, 1971), pp. 379–380.

17. Saltonstall and Lewis, interview.

18. Saltonstall and Weeks, *Salty*, p. 60.

19. *Class of 1920 25th Anniversary Report*, pp. 714–715.

20. *Class of 1920 50th Anniversary Report*, pp. 379–380; Flather Memo.

21. Flather Memo; Amory, *The Proper Bostonians*, p. 69.

22. In the 1960s, when wide ties came back into fashion, Paul showed up at the office with a wide tie—from the 1930s. A young analyst asked, "Mr. Cabot, you're right in style. Where did you get that wide tie?" Paul replied, "I didn't get it, I kept it." During an investment committee discussion of a shoe company when Paul was in his fifties, he suddenly lifted his feet, pointed at the shoes he was wearing, and said, "You see those shoes? I had those shoes in college. Who buys shoes?"

23. *Harvard College v. Amory* (1830), in *Classics II: Another Investor's Anthology*, ed. Charles D. Ellis and James R. Vertin (Homewood, Illinois: Business One Irwin, 1991), pp. 16–17.

24. Grow, "Boston-Type Open-End Fund," p. 29.

25. Cabot, interview by Tosiello, p. 13.

26. Ibid., p. 3.

27. State Street Investment Corporation (hereafter cited as SSIC), *By-Laws*, Article IX; SSIC Annual Report (1926), p. 4, Baker Library, Harvard Business School; SSIC Record Book I, p. 72; SSIC Registration Statement Under Securities Act of 1933 (October 30, 1937), p. 19.

28. Max Rottersman and Jason Zweig, "An Early History of Mutual Funds," *Friends of Financial History* 51 (Spring 1994), p. 12.

29. Cabot, interview by Tosiello, pp. 2, 3, 14.

30. Grow, "Boston-Type Open-End Fund," p. 64.

31. SSIC Annual Report (1926), p. 3. Almost the exact same language was used in a 1937 SEC filing; SSIC Registration Statement (1937), p. 8b.

32. CUOHROC, p. 46.

33. SSIC Annual Report (1931), p. 4, Baker Library, Harvard Business School.

34. Memorandum by the Securities and Exchange Commission, "State Street Investment Corporation," November 2, 1933, SEC Docket File 2–48–3, Records of the SEC, Record Group 266, National Archives.

35. *SEC Investment Trust Study*, p. 272.

36. SSIC Registration Statement (1937), p. 8c

37. SSIC response to SEC Investment Trust Study Questionnaire, Part VI, February 4, 1936. "Turnover" is generally defined as the lower of purchases or sales divided by assets, so large purchases that the fund made after the U.S. went off the gold standard in 1933 do not distort the turnover statistics.

38. SSIC Annual Report (1936), p. 2, Baker Library, Harvard Business School.

39. CUOHROC, pp. 106–107.

40. John Train, *The Money Masters: Nine Great Investors, Their Winning Strategies and How You Can Apply Them* (New York: HarperCollins, 1980), p. 49.

41. SSIC Record Book I, pp. 84–93.

42. Ibid., pp. 14–31.

43. CUOHROC, pp. 48–50, 174–177.

44. Rick Wartzman, "A 1920s Insider Trade Was Ruled by Court To Be Merely a Perk," *Wall Street Journal*, July 3, 2002, B1.

45. SSIC Record Book I, pp. 91–92.

46. Noam Scheiber, "Wretched Excess," *The New Republic*, December 3, 2001, pp. 19–23. Scheiber's analysis, with which I largely agree, owes much to Joseph Schumpeter, as he acknowledges.

47. SSIC Annual Report (1927), pp. 6–7, Baker Library, Harvard Business School. Richard Paine, as president, signed the annual reports; but it is clear to me that Paul wrote them. They reflect some of his major concerns, including the abuses of the British trusts (on which he alone was expert) and the similar problems that were arising in the U.S. at that time, as well as the industry's overemphasis on sales as opposed to investment performance. Some of the language in the reports, particularly the 1928 Annual Report, is remarkably similar to that of a speech and article that he wrote in 1928 and 1929, which are covered in chapter 5. And the writing style, on all subjects, resembles Paul's writing style elsewhere—clear, focused, intense, and judicious.

3. The Crash, the Depression, and State Street's Response

1. CUOHROC, p. 114. The myth about "brokers jumping out of the windows" has been totally debunked. The important point is that Paul and his partners "were young and not particularly frightened."

2. SSIC letter to shareholders, July 15, 1927, Baker Library, Harvard Business School.

3. SSIC letter to shareholders, April 16, 1928, Baker Library, Harvard Business School.

4. SSIC letter to shareholders, October 15, 1928, Baker Library, Harvard Business School.

5. The above discussion benefits from readings of Frederick Lewis Allen, *Only Yesterday: An Informal History of the 1920s* (1931; repr., New York: Harper & Row, 1964), pp. 241–281, and Galbraith, *The Great Crash, 1929*, pp. 93–132.

6. Studs Terkel, *Hard Times: An Oral History of the Great Depression* (New York: Pantheon Books, 1970), p. 72; CUOHROC pp. 113–115.

7. SSIC Annual Report (1929), p. 6, Baker Library, Harvard Business School; CUOHROC, p. 114.

8. SSIC Annual Report (1929), pp. 6–7.

9. William F. Morton to the SEC, memorandum, September 2, 1936, appended to *SEC Investment Trust Study*, private collection. The memo was written in connection with the SEC investigation of the mutual fund industry.

10. SSIC Annual Report (1930), p. 3, Baker Library, Harvard Business School. Emphasis added.

11. *SEC Investment Trust Study*, p. 2722–2724

12. Paul C. Cabot, "There were not many warnings," (unpublished manuscript, n. d.), p. 2, quoted in Grow, "Boston-Type Open-End Fund," p. 220.

13. *SEC Investment Trust Study*, pp. 2722–2724; SSIC Annual Report (1931), pp. 3–4; SSIC Record Book, p. 118; SSIC Registration Statement (1937), p. 16a; SSIC Certified Financial Schedules to be Included in the Registration Statement filed under the Federal Securities Act of 1933 (1937).

14. SSIC Annual Report (1931), p. 6.

15. Ibid., p. 3.

16. *SEC Investment Trust Study*, p. 2714.

17. SSIC, *Articles of Amendment*, February 19, 1932.

18. SSIC Quarterly Report (Q1, 1932), Baker Library, Harvard Business School. Emphasis added.

19. SSIC Registration Statement Under Securities Act of 1933 (July 8, 1933), p. 4.

20. SSIC Annual Report (1931), p. 4.

21. Cabot, interview by Tosiello, pp. 3–4.

22. SSIC Annual Report (1927), p. 3.

23. *SEC Investment Trust Study*, pp. 2721–2722.

24. SSIC Annual Report (1926), pp. 1–3; SSIC Annual Report (1927), p. 8; SSIC Annual Report (1928), p. 9; See also Grow, "Boston-Type Open-End Fund," pp. 166, 167, 170.

25. SSIC Registration Statement (1937), p. 8b.

26. Open letter from SSIC, February 3, 1932, private collection.

27. Cabot, interview by Tosiello, p. 11.

28. Max Rottersman and Jason Zweig, "An Early History of Mutual Funds," p. 12.

29. State Street did face one problem in trying to maintain its particular identity, especially after it became a national institution: the similarity between its name and that of the much larger, but wholly unrelated, State Street Bank & Trust. The problem worsened in 1966 when the partnership moved into the State Street Bank Building on Franklin Street. Paul and his partners had originally wanted to name the fund "Equity" or "Equitable Investment Trust," but the name was too close to that of an existing trust. The law office where they were drawing up papers of incorporation was on State Street, so on the spur of the moment, they settled on that name, which they saw as synonymous with Wall Street but with more of a Boston feeling.

30. SSIC Quarterly Report (Q3, 1932), Baker Library, Harvard Business School.

31. Grow, "Boston-Type Open-End Fund," p. 293.

32. Ibid., pp. 49–50.

33. Confidential memorandum by Edward G. Leffler, n. d., pp. 1–2, quoted in ibid., p. 51.

34. Ibid., pp. 50–53, 57. The conclusion on the effect of Edward Leffler's political beliefs on his financial principles rests on Natalie Grow's analysis.

35. Confidential memorandum by Leffler, p. 3, in ibid., p. 69. See also ibid., pp. 69–70, 73–77.

36. Ibid., p. 81.

37. Incorporated Investors, Quarterly Report (Q3, 1928), quoted in ibid., p. 132.

38. Ibid., p. 89.

39. Ibid., pp. 90, 191, 292–293; Confidential memorandum by Leffler, p. 3, quoted in ibid., p. 191; SSIC Registration Statement (1933), pp. 9, 12, 13; SSIC Registration Statement (1937), p. 19; SSIC Prospectus (July 17, 1933), p. 15; SSIC Prospectus (October 30, 1937), pp. 14–15. The "Blue Sky burden" referred to the necessity of registering a mutual fund with regulators in every state the fund was to be sold in and convincing them that the securities in the portfolios had more substance than the blue sky.

40. SSIC Quarterly Report (Q1, 1933), Baker Library, Harvard Business School.

41. SSIC Annual Report (1932), p. 8, Baker Library, Harvard Business School.

42. Ibid., p. 4.

43. Train, *The Money Masters*, p. 55.

44. SSIC Interim Report for the Five Months Ended May 31, 1933, 19 June 1933, pp. 1–2.

45. SSIC management to Mohawk Investment Corporation stockholders, 19 June 1933, private collection.

46. SSIC Interim Report (1933), Baker Library, Harvard Business School; Securities and Exchange Commission, "Testimony of E. Leffler," in *Investment Trust Study*, September 23, 1936, p. 2725

47. SSIC Annual Report (1934), p. 2, Baker Library, Harvard Business School.

48. SSIC Annual Report (1933), pp. 1–6, Baker Library, Harvard Business School. State Street limited its debt to 50% of assets after November 1932, and then to 25% of assets after June 1933. The Revenue Act of 1936 limited their debt to 10% of assets. But in fact, debt never rose much above 25%. See also SSIC Interim Report (1933); SSIC Registration Statement (1937), p. 8b; SSIC Registration Statement Under Securities Act of 1933 (February 16, 1942), p. 2; SSIC Prospectus (1937), p. 5.

49. SSIC response to SEC Investment Trust Study Questionnaire, pp. 5–6.

50. SSIC Annual Report (1932), p. 8.

51. SSIC Annual Report (1934), p. 7; Grow, "Boston-Type Open-End Fund," pp. 299–300.

52. Grow, "Boston-Type Open-End Fund," pp. 300–301.

53. Paul Cabot, interview by Natalie Grow in "Boston-Type Open-End Fund," April 23, 1974, pp. 301–302; *SEC Investment Trust Study*, p. 2720.

54. Grow, "Boston-Type Open-End Fund," pp. 578–590; SSIC multiple annual reports, 1926–1940, Baker Library, Harvard Business School.

4. The Revenue Act and the Investment Company Act

1. Cabot, interview by Tosiello, p. 9.

2. Marriner Eccles to Franklin D. Roosevelt, memorandum, May 11, 1936; Memorandum by Marriner Eccles, May 8, 1936, "Retention of all present corporation taxes with graduated tax on undistributed adjusted net income superimposed," n. d. (hereafter cited as "Retention"). These papers are filed together at the Franklin D. Roosevelt Presidential Library.

3. Franklin D. Roosevelt to Missy LeHand, note, n. d., Franklin D. Roosevelt Presidential Library.

4. John Morton Blum, *From the Morgenthau Diaries: Years of Crisis, 1928–1938* (Boston: Houghton Mifflin, 1959), pp. 301–305; Grow, "Boston-Type Open-End Fund," pp. 452–453.

5. Grow, "Boston-Type Open-End Fund," pp. 557, 559; SSIC Registration Statement (1937), p. 8c; SSIC response to SEC Investment Trust Study Questionnaire, 187–14–3. This wealthier group included the partners and their families (owning 22%) and Harvard University, among others. Ownership at Massachusetts Investors Trust and Incorporated Investors was more dispersed, with a larger number of smaller holders.

6. SSIC Annual Report (1936), p. 3.

7. Ibid.

8. Grow, "Boston-Type Open-End Fund," pp. 452–455; Merrill Griswold, *Taxation of Investment Companies and Their Shareholders* (unpublished manuscript," January 6, 1958), p. 14, quoted in ibid., p. 455.

9. Ibid., pp. 456–457.

10. Cabot, interview by Tosiello, p. 9.

11. Memorandum by Paul Cabot, William Tudor Gardiner, and Merrill Griswold, "Memorandum for the Record of the Senate Banking and Currency Committee on Investment Company Bill S.3580, May 2, 1940" in *Investment Company Act of 1940: Hearings on S. 3580 Before Subcomm. of the Comm. on Banking and Currency*, 76th Cong. (1940), p. 1077 (hereafter cited as "Memo on S.3580"). The best source for events leading up to the Revenue Act of 1936 is the review of these events that took place before that subcommittee while it was holding hearings on the Investment Company Act of 1940.

12. CUOHROC, pp. 68–69.

13. Grow, "Boston-Type Open-End Fund," pp. 469–470.

14. The House of Representatives initiates all revenue-raising measures but, in this case, the Senate version ultimately prevailed.

15. Subscription warrants give existing shareholders the right to purchase new shares on preferential terms.

16. Paul Cabot and associates, "Suggestions Regarding Treatment of Mutual Investment Trusts and Corporations Under Revenue Bill of 1936, H. R. 12395," n. d., pp. 1079–1081, (hereafter cited as "Suggestions").

17. Memo on S.3580, pp. 1076–1078.

18. Hereafter cited as "Memo on S.3580, Exhibit C, p. 1081–1082."

19. Grow, "Boston-Type Open-End Fund," pp. 468, 500.

20. Memo on S.3580, pp. 1076–1078; Memo on S.3580, Exhibit C, p. 1081–1082. Emphasis added.

21. This is first pointed out by Grow, "Boston-Type Open-End Fund," pp. 461–462; *Revenue Act of 1936: Hearings on H. R. 12395, May 26–27, Before the Senate Finance Committee*, 72nd Cong. (1936), pp. 58–59.

22. Grow, "Boston-Type Open-End Fund," pp. 463–464.

23. SSIC Registration Statement Under Securities Act of 1933 (February 16, 1942), pp. 5–6; Allan Forbes to Franklin D. Roosevelt, telegram, June 1, 1936; M. H. McIntyre to Franklin D. Roosevelt, memorandum, June 1, 1936.

24. Griswold, *Taxation of Investment Companies*, p. 12, quoted in Grow, "Boston-Type Open-End Fund," p. 499.

25. Cabot, interview by Tosiello, p. 9; Blum, *Morgenthau Diaries*, p. 308. Oliphant was a man with a combative spirit. At one point, during a discussion of tactics to be used in the battle over the undistributed earnings tax, he exclaimed, "If we have to fight, we might as well fight the people who are our enemies anyway."

26. Pare Lorentz, "FDR: Day by Day," June 3, 1936, Franklin D. Roosevelt Presidential Library; "Retention." Roosevelt's notes described the House version of the bill that at that time seemed more likely to pass. The Senate version ultimately prevailed. The House version, steeper and more progressive, was closer to the Treasury's original thinking.

27. Merrill Griswold, Paul Cabot, William Gardiner, to Franklin D. Roosevelt, June 4, 1936, Franklin D. Roosevelt Presidential Library; Merrill Griswold to M. H. McIntyre, phone message, June 4, 1936; Memo on S.3580, p. 1078.

28. Memo on S.3580, pp. 1077–1078; M. Katz to J. Landis, D. Schenker, and P. Gourrich, memorandum, June 12, 1936, pp. 1078–1079.

29. Cabot, interview by Tosiello, p. 10.

30. Ibid., pp. 9–10. Emphasis added; SSCI Registration Statement (1937), p. 8b.

31. Cabot, interview by Tosiello, p. 8.

32. Barnes, *The Pulpit Harbor Cabots*, pp. 105–106.

33. CUOHROC, p. 121.

34. Cabot, interview by Tosiello, p. 11.

35. Grow, "Boston-Type Open-End Fund," p. 501.

36. Ibid., p. 476.

37. Ibid., pp. 476–477.

38. SSIC Annual Report (1935), p. 5, Baker Library, Harvard Business School.

39. Cabot, interview by Tosiello, p. 12.

40. *SEC Investment Trust Study*, pp. 2730–2732.

41. Ibid., pp. 2732–2733.

42. Ibid., pp. 2734–2735, 2738.

43. Ibid., pp. 2739–2741.

44. Ibid., pp. 2744–2745.

45. Ibid., pp. 2746–2747.

46. Ibid., pp. 2751–2754. He later amended this testimony to say that the statement appeared in a separate letter, not in the contract itself. See also ibid., p. 2776.

47. Ibid., 2754–2762.

48. Paul C. Cabot to John C. Grier Jr., January 11, 1929, appended to *SEC Investment Trust Study*.

49. *SEC Investment Trust Study*, pp. 2774–2775.

50. Ibid., pp. 2776–2779.

51. Under certain circumstances, individual investors were exempted from capital gains tax on a portion of their investment if they held their investment long enough. Since the Revenue Act was designed to treat individuals who banded together on the same basis as individuals acting alone, mutual fund shareholders should have been given this benefit as well. A second technical item dealt with the application of the surtax to investment income.

52. Ibid., pp. 2782–2796; "Cabot Urges Laws for Curbing Trusts," *New York Times*, September 24, 1936.

53. Frederick C. Cabot, remarks at the memorial service for Paul C. Cabot, Memorial Church, Harvard University, Cambridge, Mass., October 21, 1994.

54. Public Law No. 768 contains three titles: Title I, the Investment Company Act of 1940, deals with investment companies; Title II deals with investment advisors; and Title III updates the Securities Act of 1933.

55. Cabot, interview by Tosiello, p. 12

56. Investment Company Act of 1940: Hearings on S.3580 Before a Subcomm. of the Comm. on Banking and Currency, 76th Cong. (1940), p. 37 (hereafter cited as as *Senate Hearings on S.3580*).

57. *Senate Hearings on S.3580*, p. 47.

58. Cabot, interview by Tosiello, p. 12.

59. *Senate Hearings on S.3580*, p. 476; Grow, "Boston-Type Open-End Fund," pp. 510, 512.

60. *Senate Hearings on S.3580*, pp. 463–468.

61. Ibid., pp. 470–476.

62. Ibid., pp. 8, 476–477.

63. Ibid., pp. 477–478, 482–483.

64. Ibid., pp. 10, 478–482.

65. Ibid., pp. 9, 482.

66. Ibid., pp. 10, 12–13, 482–484.

67. Ibid., pp. 6–7, 483–484.

68. Ibid., pp. 10–11, 484; Grow, "Boston-Type Open-End Fund," pp. 520–521, 528.

69. *Senate Hearings on S.3580*, pp. 484–486.

70. Ibid., p. 486.

71. Ibid., p. 489. Wagner was chairman of both this subcommittee and of the Committee on Banking and Currency.

72. Cabot, interview by Tosiello, p. 12.

73. Grow, "Boston-Type Open-End Fund," pp. 516–517.

74. Ibid., p. 517.

75. Arthur Wiesenberger & Company. *Investment Companies 1965: Mutual Funds and Other Types* (New York: Arthur Wiesenberger, 1966), p. 8.

76. Matthew P. Fink, *The Rise of Mutual Funds: An Insider's View* (New York: Oxford University Press, 2008), pp. 34–36.

77. John Morley, "Collective Branding and the Origins of Investment Management Regulation: 1936–1942," *Virginia Law and Economics Research Paper No. 2011–01*, March 3, 2011.

5. Moses and Jeremiah

1. Marquand, *The Late George Apley*, pp. 186–187.

2. Paul C. Cabot, interview by Jessica Holland for Goldman Sachs, December 27, 1979, p. 16.

3. In two interviews conducted by Jessica Holland, for the Columbia University Oral History Research Office Collection (CUOHROC, p. 101) and for Goldman Sachs (p. 10), Paul used more euphemistic language in relating this incident, "You can stuff it," in one case and "You can stick your club you-know-where" in the other. He generally attempted to tone down his language in the presence of women. This writer has heard the story with the rougher language that is quoted here, though without a recording device in hand. I believe that the earthier version of the story is the more accurate one.

4. Rose Fitzgerald Kennedy, *Times to Remember* (New York: Doubleday, 1974), p. 49.

5. Marquand, *The Late George Apley*, p. 13.

6. George Santayana, *The Last Puritan* (London: Constable, 1935), p. 553; Irving Singer, *George Santayana, Literary Philosopher* (New Haven: Yale University Press, 2000), p. 50.

7. Morton Keller and Phyllis Keller, *Making Harvard Modern: The Rise of America's University* (New York: Oxford University Press, 2001), p. 14; Gelfand, *Trustee for a City*, p. 235.

8. Gelfand, *Trustee for a City*, pp. 62, 243–244.

9. At least according to the stereotype, Lowells are brainy professionals, while Lawrences are known more for warmth, charm, and empathy. McGeorge Bundy was a Lowell. Abbott Lawrence, who was quoted saying that "A smile never hurt anybody," was the prototypical Lawrence. See also Henry Aaron Yoemans, *Abbott Lawrence Lowell, 1856–1943* (Cambridge, Mass.: Harvard University Press, 1948), p. 15.

10. CUOHROC, pp. 126–129.

11. E. J. Kahn Jr., "Profiles: The Director's Director, Part II," *New Yorker*, September 15, 1956, pp. 58–60.

12. Kahn, "The Director's Director, Part II," p. 64; Baltzell, *Puritan Boston*, pp. 266–267.

13. Kahn, "The Director's Director, Part II,", p. 64.

14. Ibid., p. 48; Kahn, "Profiles: The Director's Director, Part I," *New Yorker*, September 8, 1956, pp. 38, 62.

15. Kahn, “The Director’s Director, Part I,” pp. 40, 50, 52.

16. Ibid., p. 56.

17. Ibid., p. 58; CUOHROC, pp. 92–94.

18. Ibid., pp. 94–97.

19. Sidney J. Weinberg, “Memorandum re the responsibility of Directors”; memorandum in Sidney J. Weinberg, “The Corporate Director Looks at his Job,” *Harvard Business Review* 27, no. 5 (September 1949).

20. Cabot, Goldman Sachs Interview by Holland, p. 4.

21. Kahn, “The Director’s Director, Part I,” pp. 48, 54.

22. Weinberg, “The Corporate Director,” p. 589; Lisa Endlich, *Goldman Sachs: The Culture of Success* (New York: Knopf, 1999), p. 56.

23. Paul C. Cabot, “The Investment Trust,” *Atlantic Monthly*, March 1929, pp. 401–402.

24. Cabot, interview by Tosiello, p. 5.

25. Galbraith, *The Great Crash*, p. 61.

26. Cabot, “Investment Trust,” pp. 402–403.

27. Ibid., pp. 403–404.

28. Ibid., pp. 404–405.

29. Roger Lowenstein, *When Genius Failed: The Rise and Fall of Long-Term Capital Management* (New York: Random House, 2000), p. 181.

30. Galbraith, *The Great Crash,* p. 133.

31. Cabot, “Investment Trust,” p. 406.

32. Grow, “Boston-Type Open-End Fund,” pp. 182–183.

33. Cabot, “Investment Trust,” p. 408.

34. Galbraith, *The Great Crash*, p. 98.

35. CUOHROC, pp. 118–121.

36. Flather Memo.

37. James Grant, “Sometimes the Economy Needs A Setback,” *New York Sunday Times*, September 9, 2001, p. 19.

38. Train, *The Money Masters*, p. 51.

39. Memorandum by William S. Knudsen, administrative order of the Office of Production Management (OPM), n. d. (number illegible), issued between November 1941 and January 1942.

40. Staff directory of the War Production Board, “Introduction,” Spring 1942, War Production Board Papers, National Archives. The OPM—established on January 7, 1941—was later placed under the authority of the newly created War Production Board (WPB) on January 16, 1942. It was abolished on January 24, 1942. The Supply Priorities and Allocations Board was also placed under the WPB in January 1942.

41. Kahn, “The Director’s Director, Part II,” p. 48.

42. Donald M. Nelson, *Arsenal of Democracy: The Story of American War Production* (New York: Harcourt, Brace, 1946), p. 343.

43. CUOHROC, pp. 124–125.

44. Margaret Holmead to William S. Knudsen, memorandum, Office of Production Management, June 23, 1941, WPB Papers.

45. Flather Memo.

46. According to Paul Morgan, a young associate, Paul Cabot had one big advantage in dealing with people of less privileged backgrounds, as he had to at the WPB: "He could use swear words with the worst of them. In fact his vocabulary of swear words was one of the best I have ever run across." See Paul Morgan, *Dial "M" for Memories: Of the Greatest Generation* (Bloomington, Ind.: Xlibris, 2001), p. 56.

47. Ibid., p. 384.

48. U.S. Civilian Production Administration, *Industrial Mobilization For War History of the War Production Board and Predecessor Agencies 1940–1945, Volume I, Program and Administration* (Washington: United States Government Printing Office, 1947), pp. 207, 238; Paul Morgan to the author, February 14, 2003, author's collection;. Morgan, *Dial "M" for Memories*, p. 384.

49. Nelson, *Arsenal of Democracy*, pp. 329–348.

50. W. T. Hoyt, "History of the Conservation and Salvage Division, War Production Board," (unpublished manuscript, n. d.), WPB Papers.

51. Nelson, *Arsenal of Democracy*, pp. 353–355.

52. "A Review of the General Salvage Program (From Its Inception— Nov. 1941 to Oct. 6, 1942)," (unpublished manuscript, n. d.), WPB Papers, p. 6

53. Morgan, *Dial "M" for Memories*, pp. 56–57.

54. Bing Crosby, vocal performance of "Junk Will Win the War," by Austen Croom-Johnston and Alan Kent, recorded 1942 (New York: Bregman, Vocco, and Conn).

55. Leon Henderson to Paul Cabot, note, n. d, WPB papers.

56. Lessing Rosenwald to Carl Adams, January 23, 1942; Paul C. Cabot to Arthur B. Newhall, memorandum, March 30, 1942; Paul C. Cabot to Messrs. Bertch, Gutterson, Murphy, Weymouth, and Manuel, memorandum, April 2, 1942; Herbert L. Gutterson to "All Members of Staff," memorandum, June 18, 1942. All documents can be found in the WPB Papers.

57. CUOHROC, pp. 125–135.

58. Paul Morgan to the author, February 14, 2003, author's collection.

59. Kahn, "The Director's Director, Part II," p. 72; Kahn, The Director's Director, Part I," p. 50.

60. Kahn, "The Director's Director, Part I," pp. 40, 42.

61. CUOHROC, pp. 110–111.

62. Ibid., p. 190.

63. Kahn, "The Director's Director, Part I," p. 54.

64. Kahn, "The Director's Director, Part II," p. 60.

65. After I wrote a brief article comparing the thought of Oscar Handlin to the thought (or at least the instincts) of Paul Cabot, Professor Handlin wrote me that, "It was good to be linked with Paul Cabot." Otto Eckstein, the Harvard economics professor and economic forecasting consultant, was not only a favorite of Paul for his economic insights but also for his personality and sense of humor.

66. Train, *Money Masters*, p. 56.

67. Kahn, "The Director's Director, Part I," p. 38.

68. CUOHROC, p. 152.

6. Harvard's Treasurer

1. "Treasurer Cabot Retires," *Harvard Today*, Spring 1965, pp. 11–12.

2. Flather Memo.

3. Paul C. Cabot, "Chasing the Budget: My Twelve Years as Treasurer," *Harvard Alumni Bulletin*, May 25, 1963, p. 637.

4. CUOHROC, p. 186.

5. Paul C. Cabot and Leonard C. Larrabee, "Investing Harvard Money," *Harvard Alumni Bulletin*, May 12, 1951, p. 630.

6. CUOHROC, pp. 181–184; SSIC Registration Statement Under Securities Act of 1933 (February 16, 1942), pp. 2, 16.

7. "Cabot to Take Adams' Place," *Boston Post*, February 26, 1929, p. 1; "Paul Cabot for Harvard Treasurer?", *Boston Transcript*, February 26, 1929, p. 1.

8. Keller and Keller, *Making Harvard Modern*, pp. 143–145.

9. Ibid., p. 144. He was, in fact, prescient in anticipating a decline in the relative importance of "receipts from accumulated wealth." From 1930 to 1955, the contribution of endowment to the cost of operating the college fell from 47% to 27%. See also Seymour E. Harris, *The Economics of Harvard*, p. 335.

10. Keller and Keller, *Making Harvard Modern*,, pp. 19–20. For a more detailed account, see Gelfand, *Trustee for a City*, pp. 178–181.

11. CUOHROC, pp. 85–88, 170.

12. Edward M. Lamont, conversation with the author, December 30, 2003.

13. Edward M. Lamont, *The Ambassador from Wall Street: The Story of Thomas W. Lamont, J. P. Morgan's Chief Executive* (Lanham, Md.: Madison Books, 1994), pp. 215, 505–507; Chernow, *House of Morgan*, pp. 277–284

14. Peter Vermilye to the author, November 18, 2003, author's collection.

15. CUOHROC, pp. 87–88.

16. Lamont, *Ambassador from Wall Street*, pp. 291, 478; Chernow, *House of Morgan*, p. 277.

17. Keller and Keller, *Making Harvard Modern*, pp. 84, 257.

18. "Paul Cabot Named Harvard Treasurer, Firm's Service Also Engaged," *Boston Herald*, October 19, 1948.

19. Cabot, "Chasing the Budget," p. 637; CUOHROC, pp. 185–186.

20. Paul C. Cabot to James Conant, September 27, 1948, Harvard University Archives. Emphasis added.

21. John Thorndike, interview by the author, March 23, 2004; George Bennett, interview by the author, January 14, 2004.

22. "Treasurer Cabot Retires," p. 11.

23. CUOHROC, p. 186.

24. George Putnam Jr., interview by the author, November 6, 2002.

25. "Treasurer Cabot Retires," p. 11; A. Theodore Lyman Jr. "The Harvard Endowment Fund 'Blue-Chip' Investing Pays Off," *Research Report of the Putnam Management Company* (Summer 1954); George Putnam Jr. "The Harvard Endowment Fund Forging Ahead," *Research Report of the Putnam Management Company* (Summer 1955).

26. "Educated Money," *Time*, October 29, 1962, p. 76.

27. "Treasurer Cabot Retires."

28. John C. Devlin, "Degrees Granted to 2301 at Yale," *New York Times*, June 15, 1965.

29. Lyman, "Harvard Endowment"; Putnam, "Endowment Fund Forging Ahead"; Harris, *The Economics of Harvard*, pp. 370–371. See also H. Bradlee Perry, *Winning the Investment Marathon: A Simple Path to Financial Success* (Upton, Mass.: Midas Press, 1999), p. 213. Using a different methodology, one that gave Paul credit for the reinvested money saved due to his reduced payout to the faculties (which was the result of his fiscal, not his investment, prowess), H. Bradlee Perry concludes that Paul is "responsible for at least $2 billion of the Harvard endowment's present (in 1999) $13 billion market value!"

30. "Treasurer Cabot Retires."

31. McGeorge Bundy to Nathan M. Pusey, memorandum, June 28, 1957, private collection. The term "religious opposition to borrowing," comes from this memo. Paul C. Cabot to Sherwin C. Badger, 15 February 1957, private collection; Paul C. Cabot, "Should Harvard Borrow? The Treasurer Thinks No.," *Harvard Alumni Bulletin*, October 8, 1960, pp. 65–67; Richard N. Cooper, "On the Other Hand—A Summary of Discussion," *Harvard Alumni Bulletin*, October 8, 1960, p. 67; Keller and Keller, *Making Harvard Modern*, p. 185.

32. *Harvard Alumni Bulletin*, October 27, 1956, p. 107; Keller and Keller, *Making Harvard Modern*, p. 184.

33. Flather Memo.

34. Keller and Keller, *Making Harvard Modern*, p. 191.

35. CUOHROC, p. 195.

36. Ibid., pp. 194–197.

37. Keller and Keller, *Making Harvard Modern*, pp. 174–175. Emphasis added.

38. Ibid., p. 203.

39. "Judge Cabot Addresses Harvard Alumni," *Boston Post*, June 12, 1953.

40. Keller and Keller, *Making Harvard Modern*, p. 202.

41. Ibid., pp. 315–318.

42. Ibid., p. 336.

43. Ibid., p. 337.

44. CUOHROC, p. 193.

45. Keller and Keller, *Making Harvard Modern*, p. 316.

46. Ibid., p. 315.

47. Nathan M. Pusey to Charles Mortimer, October 15, 1964. Emphasis in original.

48. CUOHROC, pp. 197–198.

49. Advisory Committee on Investment Management, *Managing Educational Endowments: Report to the Ford Foundation* (New York: Ford Foundation, 1972), pp. x, 16–21.

50. CUOHROC, pp. 202–203.

51. Ibid., p. 200.

52. Ibid., p.200.

53. Paul Cabot to Derek Bok, June 28, 1972, private collection.

54. CUOHROC, pp. 204–205.

55. Keller and Keller, *Making Harvard Modern*, p.179.

56. "The Talk of the Town: Harvard's Cabot," *New Yorker*, April 27, 1957, pp. 23–25.

57. Arden Yinkey Jr. to Paul C. Cabot, April 29, 1957, private collection.

58. The Kellers identify the Kennedy administration as the high point of Harvard's confidence or, as they say in Cambridge, "hubris".

59. Keller and Keller, *Making Harvard Modern*, p. 210.

60. CUOHROC, pp. 73–74.

61. John Thorndike, interview by the author, November 18, 2002; Flather Memo.

62. CUOHROC, p. 74.

63. Gelfand, *Trustee of a City*, p. 192; John Kenneth Galbraith, *A Life in Our Times* (Boston: Houghton Mifflin, 1981), p. 226.

64. Galbraith, *A Life in Our Times*, pp. 274–275.

65. John Kenneth Galbraith, "Reflections: A Visit to Russia," *New Yorker*, September 3, 1984, p. 60.

66. CUOHROC, pp. 75–76.

67. Ibid, p. 75.

68. Galbraith, *A Life in Our Times*, pp. 276–277.

7. North Haven and Needham

1. Frederick C. Cabot, remarks at the memorial service for Paul C. Cabot, Memorial Church, Harvard University, Cambridge, Mass., October 21, 1994.

2. Barnes, *The Pulpit Harbor Cabots*, pp. 50–51.

3. Ibid., pp. 57–59.

4. Amory, *The Proper Bostonians*, p. 200.

5. Flather Memo.

6. Barnes, *The Pulpit Harbor Cabots*, pp. 60, 132.

7. Ibid., pp. 61, 77–78.

8. Ibid., pp. 5, 46, 61–63, 86–87.

9. "Roosevelt Closes Office for Holiday," special issue, *New York Times*, July 11, 1936.

10. "Sewanna on Maine Coast, Roosevelt Schooner with Sons Aboard Is at North Haven," *New York Times*, July 10, 1936.

11. Cabot, interview by Tosiello, p. 7.

12. Barnes, *The Pulpit Harbor Cabots*, pp. 44, 71.

13. "The Talk of the Town"; Gelfand, *Trustee of a City*, pp. 1–4.

14. Barnes, *The Pulpit Harbor Cabots*, p. 97.

15. Ibid, pp. 121–122.

16. "Paul Cabot for Harvard Treasurer?"

17. *Class of 1921 50th Anniversary Report*, p. 66.

18. Cabot, interview by Holland for Goldman Sachs, p. 12.

19. Ibid., p. 24.

20. Frederick C. Cabot, memorial service remarks.

21. Frederick C. Cabot to the author, personal note, May 23, 2003, author's collection.

22. Frederick C. Cabot, memorial service remarks.

23. Robert J. Garofalo, *Frederick Shepherd Converse, 1870–1940: His Life and Music* (Metuchen, N.J.: Scarecrow Press, 1994), pp. 75–77; CUOHROC, pp. 138–139.

24. CUOHROC, pp. 160–162.

25. Barnes, *The Pulpit Harbor Cabots*, p. 140.

8. Letting Go

1. Paul Cabot, "Testimony to the House Committee on Ways and Means," March 12, 1969.

2. SSIC Annual Report (1940), p. 2, Baker Library, Harvard Business School; SSIC Annual Report (1941), p. 2, Baker Library, Harvard Business School.

3. SSIC Annual Report (1943), p. 2, Baker Library, Harvard Business School.

4. SSIC Annual Report (1944), p. 3, Baker Library, Harvard Business School.

5. George F. Bennett, interview by David Joy, c. 1990, transcript, p. 3.

6. SSIC Registration Statement (1942), p. 2.

7. SSIC Annual Report (1944), p. 3.

8. "The Decay of a Myth," The Funds, *Fortune*, June 1, 1974, p. 48.

9. Bennett, interview, p. 3.

10. Lee Iacocca with William Novak, *Iacocca: An Autobiography* (New York: Bantam, 1984), p. 151.

11. "Decay of a Myth", p. 48

12. George F. Bennett, interview with the author, January 14, 2004.

13. "The Faces of Friends," Businessmen in the News, *Fortune*, July 15, 1966, pp. 71–72.

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16. Jean Edward Smith, *Lucius D. Clay: An American Life* (New York: Henry Holt, 1990), pp. 13, 158; CUOHROC, pp. 171–172.

17. Smith, *Lucius D. Clay*, pp. 653–654, 666–667.

18. CUOHROC, pp. 177–180.

19. Ibid., pp. 156–157.

20. Ibid., pp. 176–177.

21. George Soros, "Why the Stock Market Can't Fix Itself," *The New Republic*, Sep. 2, 2002, pp. 18–21.

22. Paul Cabot, "Testimony to the House Committee on Ways and Means."

23. John Brooks, *The Go-Go Years: The Drama and the Crashing Finale of Wall Street's Bullish 60s* (New York: Wiley, 1999), p. 154.

24. Ibid., p. 176.

25. Ibid., p. 3.

26. Though Paul was divorced from the management of the firm, he remained close to the research and investment process until the late 1980s.

27. "Faces Behind the Figures: It Isn't Over Yet," *Fortune*, June 15, 1970, p. 80.

28. Train, *The Money Masters,* p. 48.

29. Ibid., p. 54.

30. Amory, *The Proper Bostonians*, p. 66.

31. Train, *The Money Masters*, p. 53.

32. Robert Lenzer, "A Proper Boston Investment House," *Boston Globe*, January 12, 1982.

33. Flather Memo; Peter Vermilye, interview with the author, October 2, 2003.

34. Cabot, interview by Tosiello, pp. 12–13.

35. Bob Lawrence, interview by the author, July 23, 2002.

36. Charles Flather, interview by the author, February 19, 2003; Flather Memo.

37. Conversation with James Ullman, 1983. This is a paraphrase rather than a direct quote.

38. Lawrence, interview, July 23, 2002; Flather, interview, February 19, 2003; Flather Memo.

39. SSIC proxy statement (December 14, 1982).

40. Paula Kerrigan, interview by the author, June 19, 2005.

41. Anonymous, "Paul C. Cabot: A Man For All Seasons" (speech, National Dairy Products Corporation's Directors' Dinner, Chicago, April 16, 1969).

42. R. W. B. Lewis, *American Adam: Innocence, Tragedy, and Tradition in the Nineteenth Century* (1955; repr., Chicago: University of Chicago Press, 1959), p. 130. Ahab never said, "First you've got to get the whale, then you've got to face the whale." But he might have.

43. Ibid., pp. 134–135; Walt Whitman, *The Portable Whitman*, ed. Mark Van Doren (New York: Viking Press, 1977), pp. 56, 320, 374.

44. Bernard Bailyn, *To Begin the World Anew: The Genius and Ambiguities of the American Founders* (New York: Knopf, 2003), pp. 35–36.

Epilogue

1. Galbraith, *The Great Crash*, p. 133.

2. Brooks, *The Go-Go Years*, p. 154.

3. Martin S. Fridson, review of *Passion for Reality: Paul Cabot and the Boston Mutual Fund*, by Michael R. Yogg, *Financial Analysts Journal* 64, no. 3 (May/June 2008), pp. 96–97.

4. Berkshire Hathaway Annual Report (1987).

5. Berkshire Hathaway Annual Report (2000), p. 14.

6. Fink, *The Rise of Mutual Funds*, pp. 223–227.

7. Ibid., pp. 228–229.

8. Eliot Spitzer, Office of the New York State Attorney General, "State Investigation Reveals Mutual Fund Fraud," press release, September 3, 2003, quoted in Fink, *The Rise of Mutual Funds*, p. 229.

9. Fink, *The Rise of Mutual Funds*, pp. 238–239.

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