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Dean's Executive Leadership Series - Pepperdine University / DELS 2007-2008

Transcript of Presentation by Deborah Platt Marjoras, Chairman of the Federal Trade Commission – Part 2

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Man 1: The Graziadio School of Business and Management at Pepperdine University proudly presents the Dean's Executive Leadership series. This podcast invites top business practitioners and thought leaders to share their view about the real world of business.

Dean Linda Livingstone: Deborah, thank you so much. Those were very inspiring and interesting words. It gives me great hope to know that there are people like you, with your values, that are in Washington helping to run the Government and make things happen there. Well, what I want to do is just spend a few minutes asking Deborah a few questions. And really giving, maybe, a bit more background on the Federal Trade Commission and what they do more broadly. You gave some really wonderful examples of some of the work that you're doing. And then, once again, a little bit of that background and get a sense of that. And then, we'll open the floor to the audience. So, be thinking about the questions you would like to ask Deborah. And we'll make sure we have plenty of time for those questions. If you could kind of set the tone by giving us kind of a big picture or view of what the responsibilities of the FTC are. It's a fairly broad-based agency. But I think that will help those in the audience kind of understand the broad responsibilities that you have.

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Deborah Majoras: Sure. And it's a great question because given our name, Federal Trade Commission, people often mistakes us for the U.S. Trade Representative, who does the actual international trade negotiations with the WTO and so forth. And that isn't what we do. Our main objective is protecting the consumer. I realize that sounds a little broad, but we primarily do it through two areas of the law, one we enforce the anti-trust laws, so we review mergers, we look at business conduct, and enforce the laws there. We also do a fair amount of competition advocacy in Congress, in state legislatures; with other federal agencies on what impact certain legislature or regulation might have on competition because we like to keep markets as open as possible.

And the second half of the agency is consumer protection. And there, we enforce about 50 different statutes of different varieties. But our main statute allows us to attack deceptive and unfair practices. Now "unfair" is a vague term, and it's been defined, fortunately to keep it cabined in. So that someone like me, sitting in my chair, can't just go around saying, "Well, I think that's unfair. You're nailed." But, what that means is that we go after false advertising, all types of deceptive marketing. We've also become de facto, the nation's consumer privacy agency on commercial privacy because there isn't another. And we, through our own work, Congress gave us our identity theft. We've really played that role. So that's, you know, we cover wide swathes of the economy because unlike a lot of the alphabet soup agencies, you know, about in Washington, we don't focus on just on one particular industry. We really cover all the economy except for a couple of carve-outs like banks.

Dean Linda Livingstone: Talk about- clearly the United States, in many ways, has been on the forefront of doing regulatory kinds of things in business because we really have a sophisticated system for that. How is that changing around the world now? And how do you, at the FTC, interact with other regulatory agencies? And how is that impacting, sort of global companies now?

Deborah Majoras: Well, it's a great question, you know. Really what's happening on our side, particularly the competition side, has just been really phenomenal in the last several years. In 1990, there were, not quite 25 competition agencies around the world and today, there are over a hundred. And this is because really, you know, literally when the wall came down, in the early '90s and economies started trying to move toward market economies. Of course aid agencies told them, "Well, a sign of you developing a market economy is you've got to have a competition agency," right, "so let's have the bureaucracy before we actually have the markets." But none the less, we-- so we're in a position now where, first of all, we need to interact with the major trading partners Europe, Japan, Canada, Australia and the like because we're often reviewing the same mergers and it's just one merger. So we've got to have good coordination there or there's just very high costs to business, and therefore, also to consumers.

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We also are working very closely with developing countries because, the truth is we've been doing this for a very long time. We made a lot of mistakes along the way. We've learned from those mistakes. Others can learn from them too. And they literally, you know, they've set up these agencies. They really don't know what to do next. And they're calling on us and Europeans and others for help. So, you know, it's a good news story on the one hand because the proliferation of markets around the world, I think, is what's going to bring the most prosperity to the largest number of people. But, the fact is, right now, it's very messy. It's very complicated. And you know, people probably heard about the different ways that Microsoft's been treated on the two sides of the Atlantic. It's not an easy issue for business, and we're doing everything we can to try to smooth it out. And it's going to take time.

Dean Linda Livingstone: Yeah, there's been some really high profile situations recently in regard to some of the products coming out of China. And, the toy is probably the most recent one. And in fact, Robert Eckert, the CEO of Mattel, is going to be one of our Dean's Executive Leadership series speaker. So we're actually quite interested in having him come. But what role are you all playing in that? What-- how-- in terms of those kinds of consumer protection issues that are happening, sort of across country boundaries, how do you step in and have a role in that?

Deborah Majoras: Well, on the particular issue of product safety, we have the Consumer Product Safety Commission, in Washington. Now, it actually used to be, years ago, a part of the FTC. With recent difficulties, I must admit, I got a couple of people on The Hill say, "Well, what if we put it back?"

Dean Linda Livingstone: Just when you needed more to do, right.

Deborah Majoras: <laughs> We have a lot to do all ready. So, they deal very specifically with issues of product safety. I thought about it though, whether we're going to have a greater role. My suspicion is that what will come out of this is that we will see marketing for toys that will say things like, "Absolutely 100 percent safe, not manufactured in China," things like that. I mean, you would imagine, right? I mean, markets react. And then, our job will be to make sure that's not deceptive, that that marketing is not deceptive. But it is – I mean, it's a tough problem.

We are working with China a great deal. China just passed an anti-trust law, the Anti-Monopoly Law, after 13 years in the making. And we worked with them on it. The difficulty though is that we just come from such different places and different systems that already what we're seeing publicly in the press and the like is the Chinese are figuring out how they're going to use this statute to hold off multinationals from truly competing within their markets against Chinese companies which, of course, have been protected for a

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long time. So it's, you know, both exciting and difficult at the moment dealing with China across the government.

Dean Linda Livingstone: A little closer to home – and we talked about this a little bit this afternoon when we taped the podcast. What's happening in the mortgage industry is having a huge impact, around the country, but certainly California and Southern California is feeling that very strongly, and all that's going on in the subprime market. And, I'd like to hear a little bit about – you guys have been involved with subprime lending for quite some time. And there's some real challenging balances there as you want people who can't normally afford mortgages, you want to give them as many opportunities and the tools for purchasing as possible. And yet you also want to protect people from practices that do lead to some of the challenges we have here. So, how are you balancing that, and what do you see happening in that area in terms of what your role is?

Deborah Majoras: You know, it's such a great question. That balance is a very difficult one to strike, and it comes up in many different areas. Take, you know, I always have consumer groups arguing that we should go after the payday lending industry more, you know. And the problem is that, of course, the people who are making these claims never have to worry about getting a payday loan. They don't live in a world in which if your car breaks down, you don't have any money to pay it, you can't get to work. So, yes they charge high rates of interest, but on the other hand, they're providing a service that, if they couldn't make money off, they wouldn't be able to do it.

So similarly, in subprime mortgages now, you know, subprime has become sort of a dirty word. But the fact of the matter is that-- you know, subprime lending has been around for a long time, but sort of new mortgage tools are relatively new. You know, with the ARMs, and the balloon payments, and so forth those are becoming ugly words too, but we have to be careful because we know that some people were able to enter the housing market, live the American dream, who wouldn't have been able to without these mortgage products. And they are paying them back, so it's not everybody is in trouble. So that's the difficulty, and it's always the difficulty in Washington, right? Because we're reactive and you know, you want to, Congress wants to do something and they want to do it now. And, they want to squelch this, and you have to be really careful.

What we've done at the FTC – you know it's interesting. The banks have, the banking agencies have jurisdiction over the banks and the other federally insured institutions, but there's this whole group of non-insured mortgage companies and brokers and the like who nobody has true regulatory jurisdiction over frankly. We have general jurisdiction, and Congress depends on us. Where we have focused our efforts

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and we have brought a few dozen cases, is in deception in the subprime area. And we have some of those in the pipeline now. But the difficulty is figuring out people who are truly deceived verses people who just didn't understand. Because our economists recently did a study on mortgage disclosures and figured out that not just in subprime, but all of us in the general population really don't have very much idea what we're getting our – I mean, you guys went to business school, okay fine but, I mean, most people are signing this mortgage document, and they don't really have a clue what it means. And that, I think, is an area where we really want to work with policy makers the most, to make sure that all Americans, whether in the subprime market or not, are understanding what is it that you're signing for, so.

Dean Linda Livingstone: One other question on a different topic, and then we'll open it up for the audience, and then I'll have a few other questions I'll filter in as we go forward. But one of the areas that you have some expertise in and actually have been recognized for is work in sort of privacy and information security and some of those challenges that we have there. So what are you seeing and maybe what advice do you have for us tonight both in terms of the corporate side as well as for the individual side to help manage some of the information security issues and privacy issues that we have now with the way technology is being used?

Deborah Majoras: Well we've, you know, we've taken to this new information and technology economy like fish to water, which is terrific because it been incredibly productive and it's changed our lives in really positive ways. But the problem is that we kind of left the security part of it behind as society. You know, businesses, even major businesses we've seen, have had abysmal data security practices. The Government has had pretty abysmal data security practices. Consumers have not had to worry about, you know, didn't think much-- we know we all used to carry our social security card around in our wallets, right? And it wasn't really an issue. That's all changed. And the our personal information, I say to everyone, we have to treat like cash. I mean you just think about how you would treat cash. You have to do the same thing.

And so from the business side, it requires stepping back and having a data security plan, which includes looking at what data you're carrying, why you're carrying it, how long you need to have it, and what reasonable measures you want to take and that requires knowing what the threats are. You know, what are the common hacker threats? Businesses need to understand that, and then they need to take precautions, consumers and Government too. And believe me, I'm always worried about saying this because I'm afraid a hacker will hear me and take the challenge, but the FTC worked incredibly hard because I say to my staff, you know, we're no hypocrites, if we're telling businesses what they ought to be doing, then we need to do it at home.

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From the consumer perspective, consumers absolutely need to think about these issues. And there's lots of tips that we have on our web site for consumers. But it basically is: Think about how to protect your information. Think about how to dispose of it, you know, with the shredder and other ways. You know, we're reviewing your account statements, reviewing your credit reports. And that if in fact you're victimized, acting very, very quickly contacting us, contacting your local police department. You know, fortunately, most identity theft you can get through pretty quickly because the credit card companies and banks will bear most of the costs and consumers don't have to. But if someone should steal your social and set up an account in your name that you didn't even know about, that's a tougher problem. So, there's lots of advice available. Everyone just needs to take it. Because I don't think-- I bet if I went around, everyone of you would have a story either for yourself or a member of your family or one of your co-workers. It's just, it's everywhere.

Dean Linda Livingstone: And those of you that have Social Security cards in your wallet, are going to take them out now, aren't you? And, what is your website?

Deborah Majoras: www.ftc.gov. It's very simple.

Dean Linda Livingstone: Lots of good information on there. So let's open the floor. Open up and see what questions you have and we've got one right over here ready to go, so...

Man 2: Thank you for coming today. It's been an extreme pleasure to have you here. This is fantastic, very special tonight for everyone, I think, in this room. One, I have a statement and second, I have a question. First, I wanted to say I believe it would be best served to our economy preserved 10 percent as an economy of ideals which would allow increased self sufficiency, and also decrease global warming by going green. The other is protecting the constitution allowing a division between the legislative, executive and judicial parts of the Government. And eliminating the debt, which is more important to me, is to have returned fractional, return from fractional currency policies to federal dollar. And that was the statement, okay? Now to my question, I found a discrepancy between foreign exchange of the U.S. dollar and Swiss franc, between Zurich and New York. Do you have an explanation for that?

Deborah Majoras: I don't, you know, I don't do, you know, I really don't have anything to do with currency markets.

Male 1: Currency or commodities.

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Deborah Majoras: Yeah. It's, you know, I'm just speculating. I'm just, I'm sorry. It's just not my expertise. Sorry.

Dean Linda Livingstone: If we have someone in the audience who has expertise in that area and would like to visit with this gentleman afterwards, I'm sure that would be glad to...

Deborah Majoras: He has a lot of financial questions.

Dean Linda Livingstone: They might be able to touch on that. Another question? Okay, let's start here and then we'll come over here. Someone is going to have to help me in the back with people who raise their hands because there's a lot of lights in our space and it's a little hard to see those of you in the back.

Man 3: I've also enjoyed very much what you've been saying. And I apologize in advance if this is outside your immediate sphere, but either last year, or Linda help me, maybe the year before, Ted Wait spoke with us.

Dean Linda Livingstone: It was about two years ago.

Man 3: Two years ago, Ted had founded Gateway computer in his barn and it was a very interesting story. And we chatted with him a little bit afterward and I asked him if-- what his vision is for the next 10 years. And he pointed out two things. And the first, I think, was kind of obvious, it was nanotechnology, and we all know that. But then he said something that was a little chilling to me and I'd like to get your take on this. He said the United States doesn't make anything or build anything any better than anyone else in the world any more. As a matter of fact, a lot of what we build and make is more expensive and more time consuming and more encumbered than other places in the world. But he said, if we don't figure out a way to protect our intellectual property, we have a serious, serious problem. And I know, we've sort of been addressing individual privacy, individual information control. Can you comment a little bit on his statement because you are a federal agency and this is sort of our federal identity that's under attack here.

Deborah Majoras: Now, it is a great question. And there's -- you know, he's right. I mean, if you look at, you know, the amount of wealth today that's in hard assets versus intellectual property assets. I mean you know, obviously it's a huge change. It's a tremendous challenge for competition enforcers, you know, as we're trying to predict what mergers might do and the like. But we-- you know I think I mean, I don't know

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that I could give such a chilling prediction as that. But I do think that the protection of intellectual property has, in the world, has become far more important than ever before. And I do think that part of the difficulty we have is we-- because we have more open markets in this country, and you know, really truly, he can start this business in a barn. He's not the only one who has a store like that. That's really refreshing. You still can do those things in the United States of America.

But the problem is, what we're seeing in other countries, like China, is very little respect for intellectual property. And so, people are wanting to do deals in China, and the price for doing that deal is the Chinese government saying you have to share this intellectual property with these competitors in order to able to do it. So I don't think that is a positive trend in any way shape or form. Any time you have a system that protects intellectual property, sure, you're going to lack some competition in the short run, but in the long run, what you do is you incent developers in all fields like pharma, like computers, bio-tech all of those areas to come up with something and know that they'll have a chance whether it's to patent it or what have you. So, I don't disagree that it's a big problem, it's a big problem around the world. I think we're more highly protective of our intellectual property than most countries. And it's something that we're really going to struggle with, and are struggling with around the world, particularly with the Chinese.

Dean Linda Livingstone: We have a question right here.

Dean Linda Livingstone: The question is, who makes the final decision on what cases the FTC takes or doesn't take?

Deborah Majoras: Well, I'm the chairman. I'm one of five commissioners. So when we decide which cases to take, we get recommendations from our staff. And we have three bureaus. We have a Bureau of Competition, a Bureau of Consumer Protection and a Bureau of Economics, which has 70 PhD economists who support the other two bureaus. They give us recommendations on bringing cases. And in order to bring a case, we need three votes, we need the votes of three commissioners. So I obviously lead the charge in making the decisions. But ultimately if I want to bring a case, and agree with the staff that we should bring a case, I need to make sure I have two other votes. So we do have a fair amount of prosecutorial discretion.

Dean Linda Livingstone: We have a question there, and then we'll come back up here. Yes?

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Man 4: I'd like to add my comments as well that we're so appreciative of your coming today. It's very educational. The question I have has to do with the competitiveness of the U.S. economy and U.S. businesses. Since the FTC is a regulatory body and in general, puts restrictions on companies, and that's what you do, is say you can't do this or you must do this, how do you view your impact on the competitiveness of us versus companies around the world?

Deborah Majoras: That's a great question. First of all, and I always tell the staff we have to stay in this mind set, that our job is to protect competition, not just bring a bunch of anti-trust cases. So if you're in that mind set, I think it makes a difference in terms of how you think about it. There isn't any question that, you know, I think the evidence is just stark that in countries in which domestic companies have been forced to compete and compete fairly and not been protected by their governments, they are far better able to compete in the global economy.

If you look at a study the McKinsey Global Institute did, and they did it on various countries and their productivity, and they did one on Japan. It showed that industries like autos and steel, which Japan had opened up to foreign competition, were performing at productivity levels of 130 percent of the United States industries. Whereas the service sector in Japan, which has long been guarded and protected, was functioning at levels of productivity at 50 percent of the level of the United States. So there's just a lot of evidence out there.

So the way to be competitive in the world is to have to compete at home. So what we're endeavoring to do is not add on heavy layers of regulation and I admit it's tricky. But through our competition cases, you know, to bring the right cases in which, in fact, the conduct is anti-competitive, not aggressive good competitive conduct, but anti-competitive, which I regret is not an easy thing to figure out, but that's our challenge. On the consumer protection side, the key is to bring the cases, and we do some passing of regulations on that side of the house, in which consumers are genuinely being harmed in a way that they couldn't reasonably avoid.

So we're endeavoring not to be too patronizing to consumers, and not to try and protect them from the forces of the market or their own bad choices, which we all make, but in places where they're truly being harmed. So their being truly defrauded by liars and cheats, and you know, there's plenty of those out there in the market place, the advertising is deceptive. Or in the data security cases we've brought, for example, where a consumer can't go into your business and give a credit card to by something and say, "Let me negotiate with you how you're going to protect this credit card number for me," right. I mean, we can't do that on an individual basis, you know, it would be highly inefficient. So what we've done is we've

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brought cases under our authority in which we are making businesses who had abysmal practices and consumers suffered for it, you know, develop reasonable plans. So we really try to stay away from the heavy regulation.

There's no question that today the concern in U.S. business is things like Sarbanes, you would think are making us less competitive in the world. I think we have to take a look at that. If I thought our anti-trust laws were so oppressive, we were having that problem, I would take a strong look at it. Today though, were more concerned about the anti-trust laws in Europe and Korea and Japan having an effect on our competitiveness and not our own, I think.

Dean Linda Livingstone: Warren [ph?] you had a question.

Warren: Yes, I think this is a little more generic than directly related to the specific FTC overview. You talked about how politics really has no place in law. However as you know for Washington, certainly there is no shortage of it and that there's a great need for ethics and we seem to have a big shortage of it. And it was marked, recently, to see how Alan Greenspan's received a lot of criticism of late, for his critic of the administration, certain decisions while he was in office, but didn't speak of them at the time. So the question for someone sitting in that type of chair, the chair you're in; how do you reconcile your own conscience or doing the right thing with keeping your job serving at the pleasure of others and becoming a new chapter, say an updated version of *Profiles in Courage*?

Deborah Majoras: Well, just to make sure, and I know this is what you referred to, but I said politics has no place in law enforcement. In other words, when you're making a law enforcement decision, you need to make it based on the facts and the law, and not worrying about who's lobbying you to do each of those things. Obviously, lobbying and the like has its place on Capitol Hill. That's democracy in action. For me, there's a couple of things, one you should know, that I head up an independent agency. So, as a commissioner, I can't be removed. I think it's like some word like malfeasance, or something, but it's never happened in the history of the agency. So in other words if, you know, President Bush appointed me and the Senate confirmed me. But if they were unhappy with my work, I could be de-designated as chairman because the President has that option, but they couldn't take me away as a commissioner. So that's different from, you know, the cabinet members and so on. But that's not what motivates me.

You know, my view is that yes, we're an independent agency. I value that independence, but the truth of the matter is, when it comes to law enforcement, despite what you may hear, I don't see the White House exerting all that much influence over most agencies, anyway. They could if they wanted to. I mean,

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they're allowed, that's part of the system. But, the truth is that they don't, and there's a fair amount of independence. But agencies like the Justice Department have-- in all my years at the Justice Department, we never once had someone from the White House say, "You should bring this case and not this case," or whatever. I mean, they didn't want to even tell us what to do. So I think that's overall, a good thing. But really I mean, you know, it's just all what motivates you as individuals.

You know, I never had any political ambitions, I mean that's really the truth. It's hard to imagine, because I'm in this job, and believe me I sometimes I look and say like, "How exactly did this happen?" because I hated politics so much, and here I am doing this. And sometimes I think you're set up for the greatest challenge, you know, you end up there because it's what you're most terrified of maybe. But you know, I guess because I don't have any political ambitions, if this is the last job I ever hold in Government, that'll be just fine with me. I've loved it, it's been great. But it's just, sort of, liberating. You just don't worry as much. I mean, I understand if you're getting re-elected, you want to get re-elected and so forth there's certain forces on you.

There's just no two ways about it, we're all human. I'm human too, I stumble, believe me. I hope I made that point clear. But I don't, I'm not worried about whether Senator so and so is mad at me because I told him that gasoline prices are rising because we're using too darn much gasoline, and not because of something nefarious. And that makes people mad when I say it, and they want me to say that we have a magic bullet. And I can go sue the oil companies and then it will all-- and then we'll all live happily ever after. You know, that's not the case. It's not true, so I'm not going to say it. It makes people mad, but I just, you know, I don't, I'm not worried about that. And I know, again, it doesn't make-- I'm not better than others. I just have a different motivation.

And I think it's one of those strengths of our system is that people go in and out of government. And I actually think that's a positive thing because you get people with different incentives. But the one thing, I just want to make sure that I stress with you on this point, and I should have said it in my prepared remarks. You know, the majority of people who work in the government are trying really hard to do the right thing. That's what I have found with people I've worked with. It's, I mean, really and truly, you're not going to hear, you're not going to see a headline, you know, in the L.A. paper that says, "Today, Government Official Acted Ethically," and with, you know, "Heart in Right Place." That's not going to make the headlines. And yet, the staff I talk now, the people who are there in the trenches, you know, just a lot of people. People who could do something else, making a lot more money, and they're motivated by something else. It's not necessarily right or wrong—making money is fine with me too. But there's a lot of really terrific people and unfortunately, just like in business, just like anywhere else, you know, you hear

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about the bad apples and that gets us all sort of depressed about the situation. But there's a lot of good people in Washington.

Dean Linda Livingstone: Deborah, I want to kind of conclude with just a couple of questions that we talked a little bit about earlier this evening. But, you have about a year left on your term as Chairman of the Federal Trade Commission. And so I'd like you to kind of close out with you talking about what you wish you could have done that you didn't do or something you wish you'd made more progress with than you have in the time there. And then second, what you're most proud of in your tenure. What you see maybe potentially as the legacy that your leadership will leave with the FTC.

Deborah Majoras: Yeah, I think I told you this afternoon that I'm convinced that when I go, my to do list will be longer than it was when I started. And you know, that's just the way it goes, but we have these cycles which I said I think are really healthy in government and it'll be great if I leave a pipeline of good work for my successor.

I wish on the anti-trust side that I had more time to sort out an issue we're having both domestically and globally, which is how do you treat successful firms of fairly large market shares. It's the Microsoft issue. It's right now in Europe, Intel is under attack, Qualcomm. And it's very difficult for anti-trust enforcers to sort out the aggressive, but quite competitive conduct from anti-competitive conduct because when you look at them, they often look the same. And they might have the same results for consumers. And so it's a-- that's very tough and the whole world is struggling with this because, you know, we have lots of successful companies who, you know, and I'm not opining on any one of them because some complaint may come before me. But we do have a lot of companies who reach their success the old fashion way.

The problem around the world is that we, you know, you've got a world shifting from state-run economies and businesses over to now trying to have a market economy and how do you break down the dominance that those formerly state run firms have? So the whole world is struggling with this and we're trying to do some work on it. We together with the Justice Department had a series of public hearings last year over the course of eleven months. We're going to put out a report. We're going to talk about how we think, what we think current enforcement makes sense. But, as the recent sort of divergence between the U.S. and Europe on Microsoft shows, you know, we're not there yet. And companies around, other agencies around the world are also attacking these large companies and sometimes in ways that we actually think are counterproductive, punishing success, as opposed to punishing exclusionary conduct. So that's an area where I think we're going to make some progress but I would like to have made, I would have liked to have made more.

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On the consumer protection side, you know, it's really, really tough. You know, on these fraud cases that we do it's like if any one gardens, it's like when you pull a weed, three more weeds are springing back. I'm never going to feel like we put as many fraudsters out of business as I wanted to. But that's the issue of limited resources. And you do what you can and you try to get the really bad ones. But I'm most proud of a couple of things. One is we've truly stepped up referring the really bad guys I was talking about to the Justice Department for criminal prosecution. And we've had an enormous number of our defendants, because we only do civil prosecutions, where we've put them out of business. We take their money back. We give it to consumers. And the Justice Department is putting them in jail. And that is enormously satisfying to me. I'm glad we've done that.

And I talked to you about the Childhood Obesity Project. I'm proud of that. And the data security work that we've done. I am pleased with. You know Congress has been struggling with what kind of standards they're going to put in place, ultimately. And I think they probably will pass some legislation. But while they've been talking about this for three years, we've gone out and we've brought cases and we've helped business to set some standards, which they're now following. Generally, a lot of business education, which mostly effects small to medium sized businesses, although it's there for large businesses as well. And I'm proud of that because I think, you know, I think that's going to make a difference as we as a nation try to build a better culture of security for our information.

Dean Linda Livingstone: Wonderful. Now I can't leave tonight without knowing how you managed to fit in that wedding in the midst of the Microsoft negotiations. You kind of laid that out there, and I just really want to know you managed that.

Deborah Majoras: You know, it really was kind so funny because I, you know, I left the negotiation table. I went off. I got married. I actually went to Hawaii. The Microsoft lawyers, I kid you not, volunteered to come to Hawaii. And I said, "No, I don't think so." And I went off, and the truth is the judge gave us five weeks to negotiate. Do you really think any real negotiation went on in that first two weeks? I mean, anybody who's ever negotiated knows that the real stuff was later. And so, you know, I got back from Hawaii on a Saturday evening and Sunday morning I walked back into the negotiating chair and did it for the next few weeks of my life with little sleep. Buy hey, I was high on life at that point, so it was just fine.

Dean Linda Livingstone: That's great. Well Deborah thank you so much for your time. It's been fabulous getting to know you and having you share with us here. You know again, as I said it's wonderful to know people with the kind of value system you have and the integrity that you have serving in that capacity and

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it certainly representative of the-- what we're trying to do here in terms of developing leaders that think like that and conduct themselves like that so. Thank you for being with us.

Deborah Majoras: My pleasure. Thank you everyone.

<applause>

Dean Linda Livingstone: The last thing I want to do as we close I want to-- Faye, would you come up here please, really quick? I wanted to introduce Faye McClure to you. Many of you have met Faye before. She's with Farmers Insurance Group and Farmers has sponsored our Dean Executive Leadership Series. Now, this is the third year that you have done that. And so, I want you to know Faye and I want you to thank Faye and Farmers for just the wonderful support they provide us. And how much a part of this and a partner they are in this with us. So thank you so much Faye.

<applause>

Dean Linda Livingstone: Thank you all so much for being here. It has been wonderful having you, wonderful having you, Deborah. And we hope to see you on November 6th, if you can make it to hear Andy Bird of Walt Disney Company or on November 8th for the Alumni Sharing Knowledge Reception right here in Orange County. So, have a safe drive home and a good evening.

End