

**ASECA Dinner  
William O. Douglas Award  
Acceptance Speech  
By Theodore A. Levine  
March 5, 2004**

Good evening. Shelley has asked me to limit my remarks tonight, which I am happy to do. The last time I gave a speech, a man came up to me at the end of it and said that it was the worst speech he had ever heard. I must have looked upset because a woman nearby came up to me and asked me what was wrong. I told her the man's comment. She said "ignore him, he's just repeating what everyone else is saying."

I am truly privileged to be receiving the William O. Douglas Award this evening. I would like to express special thanks to my friend and former colleague, Herb Janick, for his kind remarks.

I would also like to thank ASECA for choosing me to receive this award. I have a special fondness for ASECA, having been one of its original directors, along with Marvin Picholz and Frank Razzano, when it was established in November 1989. I am particularly humbled when I look at the past William O. Douglas Award recipients: Irv Pollack, Stanley Sporkin, Art Mathews, Al Somers, Arthur Levitt and Alan Levenson, just to name a few. All have served as mentors or role models for me.

I have been extremely fortunate to have participated in many facets of the securities business over the past 34 years. As a regulator on the SEC staff, as a self-regulator on the NASDR Board and the NASDR's National Adjudicatory Committee, as a regulatee at UBS, and as a private practitioner at two great law firms, Wilmer, Cutler & Pickering and Wachtell, Lipton.

My days as an SEC staff member are among the most memorable of my professional life. That is why this award I am receiving tonight is so significant to me. My work with the SEC Historical Society gives me the opportunity to preserve and share with future generations of SEC staff and alumni all that I treasure from my days at the Commission.

My time on the SEC staff, was truly a "golden age" of the Commission. The work we did, the people I worked with and the impact we had on the corporate world and the securities industry was very special. The enforcement staff under the leadership of Irv and Stan was tough, but fair, bold and decisive and totally non-political.

While on the staff, I learned the principles of how lawyers should conduct themselves -- vigorous professionalism, dedication to the public interest, fairness and honesty. These principles have served me well throughout my

professional career. I also learned that the public interest must be served with a blend of zeal and compassion and with a sensitivity for the rights of the regulated. Finally, I learned that one could support the SEC as an institution of government while at the same time doing battle with it professionally.

Few individuals have contributed as much to the federal securities laws and the Commission as William O. Douglas, who served as Chairman of the Commission from September 1937 to April 1939, prior to joining the Supreme Court. I have recently read a book about Douglas by Bruce Allen Murphy called Wild Bill. The prologue to the book tells a story about Justice Douglas, which is worth recounting. Douglas enjoyed spending his summers backpacking in the Cascade Mountains. One evening while Douglas was sitting at a campfire, three men in suits approached the camp looking for him. They had hiked 5 miles from the nearest town to deliver an emergency appeal on behalf of Vietnam War protestors. The clients were headed for jail if the lawyers failed in their appeal to Justice Douglas, and they presented their case to him at the campsite. Since it was well known that Douglas hated the war, the lawyers expected a quick decision in their client's favor -- but the men did not understand that Douglas hated one thing more than the war, and that was being interrupted in the wilderness.

Douglas told the lawyers he would take their petition and consider it overnight. The lawyers had to walk back down the mountain in the dark, find their car, drive back to the nearest town, and then retrace their steps the next day. The next morning, after Douglas had packed up, he took out his small notebook, scribbled something in it, tore the page out and placed it under a rock on the tree stump where the 3 lawyers had argued the case. When the lawyers returned the next morning, Douglas was long gone. All they found was the piece of paper which simply read “DENIED. William O Douglas.”

The Douglas SEC of the late 1930s broke up vast holding company empires, investigated investment trusts and began to develop a meaningful disclosure system for the public offering of securities. According to the author of Wild Bill, Douglas in his first interview as Chairman, described the SEC as “the investor’s advocate”.

Douglas also was a strong proponent of “self-regulation”. Recently, there has been a lot of criticism of self-regulation. Some have called it ineffective and have advocated its demise. Douglas insisted that the national securities exchanges police their markets effectively against fraud and manipulation. He forced a series of reforms at the NYSE after the Whitney

scandal and focused on the unregulated OTC market, calling it the “under-the-counter” market. He helped push the Maloney Act through Congress, laying the foundation for the formation of the NASD. Douglas’ vision was robust self-regulation with vigorous government oversight and enforcement by the Commission. According to Douglas, government would keep the shotgun, so to speak, behind the door, loaded, well-oiled, cleaned and ready for use, but with the hope it would never have to be used.

I agree with Douglas’ philosophy of self-regulation. No one has suggested a better model. The government can’t do it alone. Nor should regulation replace self-regulation. In fact, in these challenging times, with consistent negative press reports and extreme political pressures, it is even more important that the Douglas approach of self-regulation be followed.

However, effective “self-regulation” can only be successful through mutual respect, trust, communication and cooperation among the SEC, the SROs and the regulated. This is critical to restoring the level of trust of investors.

I do believe that things are on the right path and that the future is looking brighter. The NYSE’s enforcement program under Ed Kwalwasser and Dave Doherty is very pro-active and will continue to be so under Rick Ketchum. The NASD continues to have a very robust enforcement effort

under Mary Schapiro's and Barry Goldsmith's leadership. The Commission's enforcement program under Steve Cutler remains the preeminent government enforcement program, and it is no less true today, than it was when Senator William Proxmire said 30 years ago: The SEC is the Harvard of Federal Agencies. Maybe I should modify the Proxmire quote to say the "Yale" of Federal Agencies, given Steve Cutler's law school training. In any event, I feel most proud to have been a part of this SEC legacy.

I want to again thank ASECA for honoring me this evening. To many of you in the audience, I will never forget your friendship and camaraderie. Thank you.