

The SEC Chicago Regional Office: A Distinctive History

October 13, 2022

Northwestern Pritzker School of Law

Chicago, Illinois

Juliann Cecchi:

On behalf of Northwestern Pritzker School of Law, I would like to welcome you all to the SEC Historical Society's event, featuring the evolution of the Chicago Regional Office. My name is Juliann Cecchi. I'm Assistant Dean here at the Law School, and we're very pleased to have you join us today.

As you may be aware, David Ruder was a founding member of the Historical Society. He was also the dean of our law school and a professor for many years, and a dear friend and colleague of mine. David had a great love for the Commission and for preserving the legacy of the many individuals who served it. He created a longstanding relationship between our law school, the Commission, and the Chicago Office in particular. Over many years, we've called on the Chicago Office to participate in our CLE programs, lecture in our classes, hire our students as interns and our graduates as members of the staff. We are grateful for the relationship that David helped us build and we look forward to a longstanding relationship for many years to come. We're pleased to have the opportunity to host you here today, and I'm grateful to Jane Cobb and Peter Chan for the opportunity. I'll now turn it over to Jane Cobb, Executive Director of the SEC Historical Society to get the program started.

Jane Cobb:

Thank you, Juliann. And on behalf of the SEC Historical Society, I want to welcome everyone joining us today for this special program on the SEC's Chicago Regional Office. My name is Jane Cobb and I'm Executive Director of the Society.

The late and very great Dean Ruder, as Juliann pointed out, former SEC Chair and longtime professor of law here at Northwestern, and also Dean, was one of the primary founders of the Society. And we are very grateful to him. Apparently, he taught in this very room, and I don't want to steal Peter's thunder, but I just wanted to give a shout out to David. He was a good friend as well.

If you're unfamiliar with the SEC Historical Society, we're a 501C3 nonprofit organization. We're not legally affiliated with the US Securities and Exchange Commission, although we certainly share an appreciation of its mission. The Society's mission is to preserve and share the history of the US securities markets, and we do this by continually growing the unique collection in the virtual museum at SEChistorical.org. The museum is freely accessible to anyone with internet access, and I urge you to take a look if you haven't already. It's a tremendous resource for students, professors, practitioners, really anyone with an interest in our financial markets.

For anyone unable to be here today, our program will be a part of the permanent collection in the museum and an integral part of a new gallery that we will open soon on the history of the SEC's regional offices. We hope to do similar programs going forward to capture the unique history of other regional offices. I also want to thank our panelists and moderator for their time and preparation for today's program. With the depth of experience and leadership present here today, I know this is going to be a great program. And now I want to introduce you to one of our key program supporters, Peter Chan. Peter is a member of the SEC Historical Society's Board of Advisors. He's currently a partner at the law firm of Baker McKenzie. Prior to returning to private practice, Peter served close to 20 years with the Chicago Regional Office. Peter's also a very proud graduate of Northwestern Pritzker School of Law. Peter, thank you for all of your help with this program and your support, and I'll turn it over to you.

Peter Chan:

Thank you, Jane, for first of all your hard work and also your persistence in setting this wonderful event. And also thank you Juliann for introducing us, but also again for your support for this event. Kris Swanson, I also want to thank him for helping us to do this, and I also want to give a shout out to Tina Diamantopoulos at the SEC -- also a proud law school alum and SEC Chicago Regional Office counsel to the regional director -- in helping us with this endeavor. Friends and colleagues. It's actually very exciting to both have you here and also virtually and to the future observers of this event. But I want to first of all start by making a confession. This is meant to be an impartial study, an academic study of a historical exercise of the history of the SEC. But my confession is that I cannot at all be impartial.

So you see the SEC Chicago Regional Office is one of my favorite places of all time. The people who work at the SEC, both past and present are also some of my favorite people of all time. Having been actual a witness to some of the dedication, hard work and courage of the staff, I cannot at all be impartial. But I am absolutely delighted that we'll have the opportunity with this great panel or the current and former leaders of the great office to be able to talk about some of the great deeds of the office, the SEC Chicago office, and the many achievements of that office represent some of the best of the SEC. And the SEC at its best reflects very well on the greatness and what is good of this republic and our democracy. And it is not a coincidence that we're able to have this event at the Hall of Abraham Lincoln.

And I also want to particularly thank the law school for hosting this event because I want to echo our collective aspiration in giving honor to David Ruder for having this event. There's no question that, unfortunately he passed away several years ago, that if he was alive today, he will be absolutely delighted to be here and to actually ask some very interesting questions, as a professor of the law school. I also want to now introduce you to Lori Richards, who is also a leader of the SEC Historical Society. Lori herself is a consequential figure in the history of the SEC. Having served her tenure at the Pacific Regional Office, which is now the Los Angeles Regional Office. And then at the office of the chairman, Arthur Levit. Laurie is actually the founding director of what is now the divisions of examinations. So ladies and gentlemen, colleagues and friends, I give you Lori Richards.

Lori Richards:

Good afternoon everyone. I hope you're as excited about the panel as I am. I want to start by introducing the panelists for today's presentation. And I'm, the panelists here are sitting roughly in the order in which they were at the SEC. So I want to start with Anita and then go all the way down the line. Oh, you want me to? Yes. And say a little bit about when you were at the SEC and a little bit about your background.

Anita Nagler:

My name's Anita Nagler and I was at the SEC from 1980. Is this on? 1980 to 1993. I was in the Chicago Regional Office, as well as the Los Angeles Regional Office, just for two years. And I was the Associate Regional Administrator for Enforcement the last five years in Chicago.

Randy Fons:

I'm Randy Fons. I was at the SEC from 1988 until 2006. I was in the Chicago Regional Office as pretty much all the enforcement legal positions you can have, from staff attorney to branch chief, trial unit assistant regional administrator at the time, I guess, and associate. I then went down to Miami for a couple years to run the Miami and Atlanta offices. And then I went to Denver to run the Denver, Salt Lake City and Fort Worth offices for six years.

Mary Keefe:

Hi, I'm Mary Keefe and I started at the SEC in 1982, and I started as a staff attorney in enforcement. Like Randy, I went through kind of the ranks in enforcement and then I had the very good fortune to be the first Associate Director for Examinations in the Chicago office and did that for a little while. And then I became the Associate Director for Enforcement in Chicago, and then I became the Regional Director in 1994. Thanks.

Merri Jo Gillette:

My name is Merri Jo Gillette and my career at the SEC started in 1986 when I joined the Philadelphia office of the SEC as a Staff Attorney in enforcement. Like Randy, over the next 18 years, I bounced around to hold every possible role that you could hold in the Philadelphia office on the enforcement side ending with being the Associate Director for Enforcement in that office. And in 2004, I was invited to come out to the Chicago office where I succeeded Mary Keefe as the Regional Director. And I was Regional Director from 2004 until the summer of 2013 when I left.

And I'll just give you a small anecdote, which is when we were trying to buy a house here and we finally found one, my assistant, Carolyn Murphy, who had been Mary's assistant prior to me, we were having some papers faxed over for signing. And she pulled the papers off the fax machine and brought them in to me to sign. And she said, "you know Mary Keefe lived on that same block?" And I said, "No, I had no idea." And so then for the next couple of years as I met neighbors, they'd ask what I did and where I worked and I said I worked at the SEC. And then I would say, "Did you know Mary Keefe?" And if they said yes, I would say, "Well, now I'm the new Mary Keefe." Which isn't exactly right, but for people who didn't know what the SEC was really all about, it was a good shorthand.

Dave Glockner:

Right. I'm Dave Glockner, and so I had the good fortune to succeed Merri Jo. So I started late 2013, and I was there for four years. The Chicago role was my first role in the SEC. So Merri Jo was sort of the first outsider to the office to join. I was I guess, first outsider to the SEC. I had spent most of my career with the Justice Department where I had worked quite a bit with Joel.

Joel Levin:

My name is Joel Levin, and so I succeeded Dave at the SEC in Chicago. And like Dave, I spent most of my career with the Justice Department, the US Attorney's Office in Chicago, San Francisco, and Milwaukee. Came over to the SEC in 2018 and I stayed there until 2021.

Dan Gregus:

Thanks, Joel. I'm Dan Gregus and I joined the SEC Chicago office in 1993 as a staff attorney, like some of my colleagues here. I spent 14 years in enforcement rising to the level of Assistant Director and then joined the Division of Examinations. In my 14 years there, I eventually held positions as the Associate Director in charge of broker dealer examinations for the Chicago Regional Office and the Associate Director in charge of clearing agency examinations for the National Examination Program. And I've been holding the position of Regional Director since I was promoted to that last year in 2021.

Lori Richards:

Fantastic. What a great panel. I, couple of things that I noticed, a couple of you have criminal experience with the US Attorney's Office, and that's certainly something that the Commission has continued to do

to hire former assistant US attorneys, but we want to hear about your experience there. The other thing I noticed is how many of you started at the SEC as staff attorneys or branch chiefs and worked your way up? And I think that's fantastic. I did that myself, and I think it's just a credit to you that you stayed so long and contributed so much and worked your way up. So with that, I want to start kind of at the very beginning, I guess the roaring twenties, but I'm going to go fast. I'm going to skip over it, but I want to really get to why the SEC was created in the first place.

So economic boom in the twenties, a lot of speculation, stock trading, a lot of debt leading to the crash of 1929. Lots and lots of people lost all of their savings. They had invested in unregulated and speculative investments and lots of insider trading. So following the crash so many people were devastated by, The Senate Banking Committee, which still exists in Washington. The Senate Banking Committee held a hearing, and Ferdinand Pecora was at the time the chair of that committee and really looked into the reasons why the crash of 1929 occurred. Following those hearings, those hearings led to the creation of the SEC through the adoption of the Securities Act in 1933 and the Exchange Act in 1934, which required, as we all know, complete disclosure by corporations, registration and regulation of regulated entities and what else. But also allowed for the enforcement of the securities laws. So I want to give you that background and then ask Mary to focus more on the Chicago Regional Office. Can you tell us a little bit about when the office was created and what it looked like at that time?

Mary Keefe:

Well, I wasn't there at the beginning, but I'll give you my best. So thanks, Lori. And I just want to say thanks to everybody for being here. This is just a fun event, and as you can tell from all of us, we really loved our time at the SEC. So that's right, The 33 Act was passed and the 34 Act was passed and the first Commission was appointed by President Roosevelt and Joseph Kennedy was chair. The Act did not create the regional offices, but on November 12th of 1934, Joseph Kennedy announced the branches in key cities that were expected to be the agency's enforcement arms.

And I would just add a footnote. The Division of Enforcement did not start until 1972, under Irv Pollock and then Stanley Sporkin. But before that, and long after that, of course, much of well, all at the beginning and then much later, of the enforcement work was done in the regions. The New York office was started in 1934, and both Boston and Chicago were started on March 1st in 1935. The first Regional Administrator was Thomas A. Reynolds, and at that point in time, all the regional administrators reported directly to the Chair of the Commission. The chair instituted a formal policy of autonomy for the regions. This policy was called Desirable Decentralization, and the home office was told that they could make recommendations to the regions, but certainly not decisions for the regions. I liked that one a lot.

In 1953, that regions were authorized to share their files with the state securities regulators. And that was really important, because soon after that, a significant staff reduction occurred, and there were only 700 people in the SEC nationwide. In 55, the regions were directed to rely on investigations and prosecutions by the state. There was a lot of criticism in the press that the SEC was in the pocket of Wall Street, and so that shifted significantly after that. So the regional administrators following Reynolds were Tom Lynch, W. McNeil-Kennedy, Thomas Hart, John Mayer, and that takes us to a leader that some of us had the pleasure to work with.

And that is Bill Goldsberry. Bill had a, he was from Michigan. He had a BA in accounting from the University of Detroit and a JD from the University of Michigan. He became an enforcement attorney in the St. Louis Branch Office and was promoted to run that office. He started there in 1958. He also ran the Detroit office. Parenthetically, there were three branches to the Chicago office, Cleveland from 1939 to 53, St. Louis, kind of on and off between 1939 and 1953 and Detroit, 1947 to 1987, back to

Goldsberry. He was promoted to assistant regional administrator for enforcement in Chicago in 1969 and in 1975, he became the Regional Administrator of the Chicago office. And at that point in time, the office was comprised of the bankruptcy program, reggae filing program, enforcement, examinations of broker dealers, investment advisors, and investment companies.

Bill retired as RA or Regional Director, kind of went back and forth there for a while, in 1994 and 35 years of a brilliant career. He established outstanding relationships with the chairman he reported to, as well as with division directors. And he worked very hard to align the offices, all of the regional offices. He was also kind of the unofficial dean of the regional directors, and he worked very closely with the division directors to make sure that all his enforcement cases, frankly could get through.

He instilled the concept of excellence in his staff. He demanded really high quality work across the board, and he hired people who embraced this concept. And several of those people I see here today. High quality and high profile of course, were kind of the norm for the Chicago office. And the examination staff was so well trained and did such high quality work, that the Chicago office often lent its examination staff to other regions for training purposes. Bill entrusted complex cases to talented young attorneys, accounts and investigators who, and he kept his finger on the pulse of those cases, but did not micromanage. He believed in his death and he advocated for them. He could be quite tenacious, especially with those division directors, impressing significant points in cases. And with the commissioners as well. Division directors and other regional administrators often took his point of view. Under his guidance, the office earned the, I think, well deserved reputation of being tough.

Under Bill. There was significant diversity. He promoted many women in all areas of the office and supported and promoted women and minorities to senior positions. He set a tone of diversity for the other offices at the SEC. There were some complications. In 1974, the Branch of Regional Office Assistance was created, and Jim Clarkson was its leader. The goal was to promote consistency, and it did do this, but it wasn't always smooth sailing. Many really good lawyers worked in this office, and sometimes we encountered roadblocks. On the whole, we got good guidance from the Branch of Regional Office Assistants and from other divisions, who ended up sometimes being the roadblocks themselves to get the issues in the cases resolved. Clarkson was appointed to be director of regional office operations in 1978. He spent his career at the SEC and there was no greater friend to the regional offices than Jim Clarkson.

He really helped train new regional directors, train senior staff, and really knew everybody at the SEC. So if you needed to figure out how to get something done, you could call Jim Clarkson when he was in that position. In 1993, there was a reorganization of the regional offices. Arthur Levitt, then Chair wanted to streamline the Commission and have fewer people knock on his door. In the reorg. The regional directors no longer reported directly to the chair, but instead reported to the division of enforcement director. And five, the regions were reorganized into five regions and district offices, which reported to the regional offices. The Seattle office was closed, and other offices reported into the regions, the other district, sorry. The CRO became the Midwest Regional Office. Everybody loved Bill McLucas, who was the division enforcement director at that time, and loved working for him.

Bill was really smart, and it was a very gratifying thing to work for Bill. He really assisted all of us and really knew the Commissioners and knew how to get stuff through the Commission. But some of the people who had just been promoted to regional director positions like for two days, ended up being district administrators instead. So I think it probably ended up being very efficient for Arthur and for a lot of people in Washington. But it was a little difficult to swallow at the regional level. Also in an effort to streamline, enforce, and enhance communication and vision and mission. Arthur, as we heard, created the Office of Compliance Inspections and Examinations. Obviously, Lori is going to tell us a lot more about that, but all exam responsibilities were then removed from market regulation and

investment management into OCIE. But those divisions had given really, legal guidance to the exam programs, and instead they were now with OCIE in addition to a lot of administrative responsibilities.

Mary Keefe:

This probably did give a lot more visibility of the examination staff at the Commission level. And there was probably better coordination between and among the offices. But it was a lot of change and a lot of big change and it was kind of disruptive at the same time. We continued really good communications and cooperation among the regions and the divisions. And OCIE grew stronger and learned a lot from the examination staff at the regional level and itself became really a good unit. I think now it's called Examinations... Division of Examinations. Oh, division. Okay. Got it. Okay. Back specifically to the... Now, I see the promotion there. Okay. So I had the great good fortune be promoted to regional director in 1994 following my friend and mentor Bill Goldsberry. And I did that until I retired from the Commission, which was the end of 2003.

I inherited an outstanding group of attorneys, accountants, investigators, and examiners and administrative and support staff. Just fabulous, fabulous people. The office was a lot smaller than this was a great base to build on. We had several expansions in the time that I was regional director and we were always very fortunate to get really top caliber people into our staff at the SEC. Really the hallmark was that we were single-minded of purpose. Everybody enjoyed working together and understood how the respective contributions enhanced each other's success and that of the office. This was intentional. We specifically, from the time Goldsberry was director and since then we always thought it was a great idea to have the examiners and the lawyers and the accountants and the investigators work closely together. Because the examiners have, first of all a nose for fraud and also their great expertise in detecting anomalies when they went out to do examinations often could lead to things that we found were possible enforcement investigations.

And then they had tremendous expertise in examination practices and in practices of the industry members. And lawyers coming in, frankly don't know that stuff. So it was pretty level playing field in the Chicago office. We didn't have a hierarchy. We had supervisors of course, but we didn't have anybody saying, "Lawyers do this, this and examiners do that." I mean, obviously we had a respective jobs, but there was great respect given to everybody in every position. So I would tell you that I think we really encourage those practices and everybody learned from the rest of the staff. We had a raft of enforcement cases among others in the soft dollar area involving investment advisors and broker dealers and in the valuation of securities by investment companies area. Sorry. Okay. Of course, I can't say enough good things about the staff. Am I... Okay. One more thing. Okay. I think that's it. I really obviously enjoyed working with the staff and also working very closely with my fellow regional directors and with the division directors and I sign the praises of the Chicago office. There you go.

Lori Richards:

Thank you so much, Mary. A couple things that I thought were interesting about that. The regional offices were formed in the year following the Exchange Act, which meant that they were always in the mind of the early SEC and the early chairman of the SEC and have existed largely since 1935 with much of the same jurisdiction outside of the Seattle office and the Detroit and the St. Louis, Cleveland and Washington Regional Offices. All of the regional offices today still are responsible for the same states that they were back in 1935. So a lot of continuity there. I want to switch it up a little bit and ask, I want to start with Merri Jo first and talk a little bit about during your tenure, what were the most significant types of issues or concerns or cases that the office focused on and tell us why. And then I want to hear from others about whether those particular focus areas changed over time for the Chicago office.

Merri Jo Gillette:

Hello. I'm trying to see if this is on. Yes. Okay. Sorry. Thank you, Lori. So I was there for nine years and as I said earlier, had come after 18 years in the Philadelphia office and we, over those nine years in the Chicago office, brought a number as had been the reputation of the Chicago office long before I got there. A number of really cutting edge cases, the staff really using creativity to think about how the securities laws could be used to state a claim against misconduct that affected investors and the capital markets. There were a number of cutting edge cases over nine years for one, from 2004 to 2013. You had the financial crisis in the middle of that and then some of the impact to the economy. And I call those things out because I think if you ask any one of the people here up sitting up here, they will tell you that what is happening externally in the economy tends to determine cycles that you see repeat over and over again.

So for example, in the wake of the financial crisis, there were some tremendous offering fraud cases and unregistered securities that were being sold because people who had been used to... Well, first of all, some of them were just straight out fraudsters. But then there's another whole category of people who had been used to being able to make a certain amount of money and maintain a certain lifestyle in the mainstream of the securities industries who did not have those same opportunities and were willing to stretch further and further to maintain their lifestyle or to take advantage. And investors or just citizens across the country who were adversely impacted by the downturn in the economy became more and more desperate about how they were going to make money and how they were going to save for retirement. So we had all of those cases. I guess one of the bigger ones that comes to mind, which had many cases that cascaded from it was what I refer to as the Petters fraud, which was up in the Twin Cities areas where they started.

And there were just... It turned out that in the phase two, after we sort of zeroed in on the Petters folks and the people that were promoting the fraud up there, that we were able... The office was able to go after hedge funds and some other funds who had invested in the Petters fraud. It was also a fund that they were promoting and alleging both misstatements and tend be fraud, but also failure to due diligence as appropriate before recommending it to others. There we worked closely with the US Attorney's Office to have criminal cases brought coming out of that matter. And of course, also during my tenure, the Madoff fraud was discovered and I'll maybe come back to that in a little bit. So we certainly did those cases. One of the things that was sort of curious to me when I arrived in Chicago was the absence of any municipal securities fraud investigations going on. And in the Philadelphia office that had been always a steady stream of the caseload there.

And so I kept thinking, "Okay, I'm in this big city in Chicago, just about every governor's been indicted and spent time in jail. There's got to be some kind of municipal fraud going on here. Why are we not finding this?" And so I began talking with the staff about that and trying to think about ways that we could begin to develop cases. And certainly one of the biggest ones, and I'll only mention that one, was the case that was brought against some of the pension funds for the state of Illinois because of their under... Well, it was the way they were using actuarial predictions to predict what they needed to have as investments to be able to meet the obligations of the fund long term. And they were way under... Either intentionally, way under predicting or just ignorantly under predicting. I'm not sure which. And that was sort of a very big step for the Commission in the history of the Commission. They've only sued states two times. The first was when Philadelphia office sued the state of New Jersey.

Few differences in the facts, but not that different from the case that was ultimately then later brought by the Chicago office. Another one that I will mention is... And the office itself did not bring this case, but there was a tremendous collaborative effort between staff in the Chicago office staff at the CFTC, the Department of Justice, International Regulators around LIBOR and the manipulation of the LIBOR

reporting banks. And ultimately the cases were brought by the CFTC and the Department of Justice, but the Chicago office, which is not widely known, did almost all of the development of the facts and really analyzing what had happened. And we had just an amazing team of people both from the exam side. We pulled them together with enforcement folks and we really worked closely with the other agencies, which is not always our experience.

Lori Richards:

I think we're going to hear more about relationships with other regulators-

Merri Jo Gillette:

I'll leave that alone then. But that was a very significant case there just-

Lori Richards:

I wanted to just touch on the broker dealer examiners, because I was there during LIBOR and I think the Chicago office really took the lead because of the caliber of the broker dealer staff in Chicago. I mean, it was well known and a part of the Chicago history. I want to go back to the beginning a little bit and ask Anita a little bit of the same question. In looking back at your time with the Chicago office, what was the most significant case or events or that you can remember?

Anita Nagler:

It's hard to remember. I was thinking about this one, my assignment, and I think ... who knows if this is the most significant that we had, but there was a guy named Tommy Quinn who was a bad guy and...

Lori Richards:

Penny stock, right?

Anita Nagler:

Well, I mean he was actually an international market manipulator. We ended up bringing close to 50 cases stemming out of... Smiling at Pete. Tommy Quinn related matters that dealt with all stock manipulation, nefarious broker dealers at the time. Salt Lake City, Minneapolis, Boca, Vegas, Newport Beach in California. These were hotbeds of bad broker dealers and there were bad PR firms in New York. I mean, it was just amazing the number of people. And ultimately he was operating out of Europe, so we worked with Interpol. He ended up actually being arrested by the French police and held in jail without bail because they don't have that concept there. We froze assets. I mean, it was just an enormous case involving a lot of personnel in our office.

We worked very closely with the international law enforcement and it ended up also... I allowed several of my staff members to work with the US Attorney. Prosecutions were brought in the southern district of New York as well as Texas. Cases went up to the seventh circuit relating to our asset freezes. We got a lot of credit for a lot of cases over the years out of Tommy Quinn. So that would be the one I picked.

Lori Richards:

So I think there should be a movie about that.

Anita Nagler:

Yeah. I mean I think somebody wrote a book on him actually. Yeah.

Randy Fons:

So really quickly, my job is going to be to justify the CLE that you all can get. The Securities Enforcement-

Anita Nagler:

Seventh Circuit.

Randy Fons:

The Securities Enforcement in Penny Stock Reform Act of 1990. That was actually significant because allowed for civil money penalties against non-regulated entities. So it really changed the landscape. You have to now go back and read it to get your credit. But it's really changed the landscape with regard to enforcement cases and how the Commission itself was going to approach them. And it really upped the cost of violating the federal securities laws for individuals, companies who are not regulated, broker dealers, investment advisors, investment companies. Another one, 1994 aiding and abetting was authorized for violations of the 34 acts. So that's another one that just totally changed the landscape in terms of who the SEC could go after. Last one and then you're done... You've earned your CLE credits is US versus O'Hagan, which was 1997, which... The Supreme Court said that the misappropriation theory for insider trading was a viable theory, so that if a lawyer stole information from a company as they were doing a merger deal, that lawyer could be held liable for insider trading, even though nobody within the company tipped him and earned a benefit.

So just from an enforcement standpoint, those three issues that came up in the nineties very much expanded the ability of the SEC to aggressively go after malfeasors in the securities markets.

Lori Richards:

Okay. Merri Jo?

Merri Jo Gillette:

I would underscore what Randy said about the... And this was not... I wasn't in the Chicago office at this time, but the Remedies Act of 1990, it just really changed the landscape both in terms of what the staff could go after and put more in its tool kit. But also we went from having, I don't know, some ridiculous number, like 97% of all cases that were filed unsettled were then settled because you just signed up without admitting or denying to an injunction, except for in insider trading cases, that was the only place we could get civil penalties prior to that. To really... People had a lot at stake because of the remedies that we could go after. And it changed the landscape both in terms of how we as a staff could frame our cases.

And also we began to get greater and greater profile and attention for our cases across the agency, not just in the Chicago office. But the Chicago office, as I said before, always was on the front and cutting edge of taking the tools that were available and thinking very intentionally and strategically about how to aggressively use them to enforce the securities laws.

Lori Richards:

Thank you, Merri Jo. David?

Dave Glockner:

I would say there are two themes. One is the rise of data analytics as an important tool both within the exam program and the enforcement program. As the markets became more sophisticated, larger, faster

moving. I mean, there really was no way to be effective in enforcing and understanding what's going on without a really strong capability for understanding the data and the Commission. I think around the time that I've started. But this clearly was a sort of continuing process, began to focus much more intentionally on building out those capabilities. In a lot of ways the capabilities first really develop within the exam program. And the exam program, particularly the broker dealer program, was very good about creating tools that would allow people to really robustly quickly understand and kind of flag potential issues in large volumes of data. That was great for the exam program, but it also really was a tremendous value for the enforcement program.

And you started to see the enforcement program thinking about its own kind of analytics tools outside of the exam program. The Chicago office was a leader really in a lot of that work. There were pods within the Chicago office that took the lead both in the exam program and in enforcement, in building tools, in helping people understand. So it's not a specific case, but lots of things grew out of that. And the other thing that I would point to is the Commission's increasing focus on cybersecurity related issues. And so those issues also were kind of coming to the fore around the time that I started and both the exam program and the enforcement program were very active in that space. And the Commission as a whole was trying to figure out what's the Commission's role in this space? Is it going to be prescriptive with respect to what regulated entities need to do? Is it going to be more principles based? Is it going to, with respect to public companies? Push them to improve their cybersecurity.

There are a lot of complicated policy issues that the Commission was figuring out, but they were doing it in partnership with the regional offices where a lot of these issues were first surfacing. One of the early cases, was actually I think one of Merri Jo's first cases as a defense attorney. But it was a broker dealer, RT Jones that had a security incident and a Commission through the exam program identified weaknesses and there ultimately was a settlement, but it was the kind of thing that helped the Chicago office build its expertise and also I think further facilitated the close collaboration between the exam and enforcement programs that the others have talked about.

Lori Richards:

That's fantastic. I love that you mentioned-

Merri Jo Gillette:

I just want to mention publicly that, because this should be known that I was brought into that case by the client after the prior counsel had already negotiated a settlement in principle with the staff. And I only say that because I want to make sort of a public apology to the staff that we had to sort of reel it back a little bit. It was very a little awkward, but it was a good... Actually...

Lori Richards:

Thank you. I just wanted to say, David, I'm glad you mentioned technology and data, use of data and how that has changed. I mean, I remember blue sheets. I'm sure you guys do too, where blue sheets, literally a blue piece of paper and the broker dealer would complete it by hand and then the staff would have to analyze all this paper. And for examiners in particular where they would ask for documents and they'd get boxes and boxes and boxes of paper documents and how thankfully they were all successful in oversight of broker dealers and advisors and funds. But what a big change the use of technology was for the Commission. Joel?

Joel Levin:

So just to step back for a minute, I wanted to give a little context to my first exposure to the SEC in Chicago. And I was a little disappointed with Merri Jo's recitation of the most important cases under her regime because when I first moved to Chicago from San Francisco, I went to the US Attorney's Office, one of the first cases I got was a broker dealer who was submitting false net capital reports. And so I thought, "Well, oh, this is interesting. We didn't do this kind of work in San Francisco, but I guess the US Attorney's Office here does it." So we ran with that case, we prosecuted it, we work closely with Bob Bersen and the SEC, went to trial on the case, convicted this guy. And as far as I know, that may be the only net capital case that was ever prosecuted criminally...

Lori Richards:

That's a serious commitment-

Joel Levin:

By the US Attorney's Office. I don't know. Do you know of...

Joel Levin:

criminally...

Lori Richards:

That's a serious commitment.

Joel Levin:

...by the US Attorney's Office. I don't know, do you know of another one?

Merri Jo Gillette

Not out of the northern...

Joel Levin:

Okay...

Merri Jo Gillette

One of them very [inaudible 00:46:07]. He had it back to the office to [inaudible 00:46:21] come out here on the, so I raised my hand and I went and that the guy named Michael [inaudible 00:46:29] and he was more than just actual problem.

Joel Levin:

Okay...

Merri Jo Gillette

Because there was a bigger fraud going on...

Joel Levin:

Yeah...

Merri Jo Gillette

...than the net capital one and that was part of why we went in.

Joel Levin:

Okay. Well the other thing is I certainly would second what Dave said about the use of technology and data analytics. And as I said before, I came from the US Attorney's office and when I came to the SEC, oh my god, I was just astounded at how much use they were making of data analytics and I had some sessions with these quants and it blew me away, really, in terms of how sophisticated they were. And Dave had told me about this, it wasn't a complete surprise, but really impressive work in terms of my tenure, the three years that I was there.

When I think about the most significant development of on the regulatory side, I'd say it has to be REG BI. REG BI was years or decades in the making. And finally it was promulgated in 2019. And as most of, you know it requires broker dealers to act in the best interests of their clients and not put their own financial interests above their clients, which to me is a no-brainer.

And I don't know why it took 20 years to implement that rule, but it did. But I guess the point that I wanted to make is from the standpoint of the Chicago office and Dan sitting next to me knows this, knows this as well as anyone because he was head of our broker dealer program at the time, that our people in Chicago played an integral role in every phase of the drafting of the rule, of the implementation of the rule and ultimately enforcement. And he may speak to a recent enforcement case, the first substantive enforcement case that has been brought by the Commission on REG BI. So it underscores how the Chicago staff were at the forefront and leaders in the REG BI issue as they were in so many other facets of what the Commission was doing.

The other thing that, once again, this is my perspective coming as an outsider that impressed me with how REG BI was rolled out, is we gave the industry a year to get it to understand it. And I think that's the way regulators should work. It shouldn't be a gotcha approach. And this is another area where our staff played an incredible role in terms of educating the industry. And of course at a national level too, all sorts of information was available about what REG BI meant and what the industry should start doing. So just really impressive, I thought how the SEC rolled it out and particularly the role that the Chicago office played in that process.

Lori Richards:

That's fantastic. That's a huge accomplishment because you're right, decades, the Advisors Act, the Exchange Act, different divisions administering each one. Never the two would beat until REG BI. So that's fantastic to hear that the Chicago office was a critical part of that. Okay, Dan.

Dan Gregus:

Thanks Lori. And I'll save my further discussion of that case for, I hope for a later question on what's happening now. But I'd love to fill in a couple of gaps here that reflect the great creativity of the Chicago staff and the excellent support of my colleagues here, sitting at on the bench here with me. I don't think they've given themselves enough credit, because during their tenure the Chicago office was very timely in facing every crisis that arose. People think the digital age started today with Bitcoin. But really it started with the onset of the internet, and way back then there are people who all of a sudden appeared as, people with no experience or anything providing advice, who went out on the internet, got subscribers and gave stock picking advice.

One of the most famous of those is a person named Yun Soo Oh Park, who was also named "Tokyo Joe" and was a person who actually ran a burrito stand with no real investment experience that I knew of, but developed subscribers that made him millions of dollars in subscriptions just to be the first to get his stock picks. That wasn't enough for him; however, so what happened was he just decided to trade ahead of those picks and therefore make a lot of money on that. And the Chicago office, with the support of one of these great leaders brought one of the first cases against those internet stock pickers at that time.

Take us from there to Enron and the accounting fraud crisis in America. At that time, the Chicago office brought one of the largest accounting cases again, because of the great staff there and here against a company called Bristol Meyers Squib, where at the time it was one of the largest accounting fraud cases in the country resulting in a hundred million dollar penalty for typical things that came up at the time. I mean, stocks were so hot that companies at that time needed to meet or exceed every earnings announcement, otherwise their stock would plummet. So this company, like others at the time were stuffing its distribution channels and pre-booking sales to meet all the announcements.

Later, we brought another case against a broker dealer in the lesser known mutual fund crisis, where mutual funds were taking payment or revenue sharing for placing mutual funds high upon preferred lists and telling people that these were the ones that they researched as the best without telling them they were getting paid by the funds. At the time, the Chicago Regional Office brought a case against Edward Jones, which was the second largest case at the time in that area because it was second only to the case that Merri Jo brought, I think in her capacity in Philadelphia against another firm for the same thing.

Finally, the financial crisis, two things with respect to that. This occurred because investors were interested in municipal securities and complex products and all of the things that were developing in large part because of the low interest rate environment and people basically giving away loans. And on top of that, those loans being securitized, the rating agencies not providing well-founded ratings and insurance companies providing insurance on those poorly rated offerings that got them AAA ratings and which then crashed. And then the insurance companies went under as well. The Chicago office brought one of the cases, one of the three cases I think that the Commission held up on its website as addressing the financial crisis, bringing a case against RBC capital markets for selling synthetic CDOs to Wisconsin school districts, who invested \$37 million of their own money and unfortunately borrowed \$200 million more to invest in the offering and then it immediately fell apart because the market turned around shortly after they invested in it. And that, in one of the other things that happened on under the financial crisis is FSOC created a centralized clearing for most things. And sometimes people don't realize also that we have one of the largest clearing agencies in the country, if not the nation here in Chicago, Options Clearing Corporation, which clears all listed options. Well, in 2019, the Chicago office sued that entity for its weakness, significant continued weaknesses and controls in managing the risk associated with clearing options in a way that met the requirements of the Clearing Agency Rules that came out of that crisis. And the one thing I will say is that I think that that suit has contributed heavily to that entity being able to handle the thing that was really the biggest event during my short tenure. And that's the pandemic.

And people during the pandemic (and later maybe we'll talk about how that affected our office and what happened there in the markets) people were at home or watching TV, there was really nothing to do. There was no sporting events. So people were, what were they doing there? They were gambling and trading. So volatility and volume in the markets rose to record levels and because these entities had been prepared, I think in part by our efforts, they were able to handle the record volatility that occurred during the pandemic. And our broker dealer group, which has been mentioned very favorably here, thank you by the people here and our current director, Tina, who's already been mentioned is up in the stands, contributed heavily to informing the Commission as to what happened during that time period

and the capacity of the market and how things were traded and payment for order flow and all of the things that I think are now part of the Commission's regulatory agenda to try to continue to improve integrity and confidence in the market.

Lori Richards:

Thank you. and you have mentioned, we, you've all, or many of you have mentioned the broker dealer program and the Clearing Agency program. Chicago is a leader, has always been the leader in clearing agency oversight, and you've all mentioned enforcement, the Forty Act program in Chicago Head and has always had a fantastic reputation. And Anita, I think you were one of the first to bring Forty Act cases in the Commission. Didn't you bring a good, really big '40 Act case?

Anita Nagler:

I'm sure. I mean definitely. Oh, sorry. He had did bring a number of Forty Act cases, but I can't believe that we were the first ones.

Lori Richards:

There were very few brought, there were really very few brought, New York was bringing them, Chicago was bringing them, but a lot those cases were really due to the fantastic Forty Act staff in Chicago.

Randy Fons:

So very quickly for CLE, go look at the Piper capital management case. Jeannie Lewis is here. She was a huge assist. It was a case against Piper Capital Management up in Minneapolis. It had to do with collateral, collateralized mortgage obligations and false pricing in multimillion dollar mutual funds. It was a six week trial that a bunch of us went up to Minneapolis in February and the beginning of March. It's a really, really great case and it describes a lot of some of the Forty Act violations that were going on.

Lori Richards:

Thank you. So I want to switch it up. We've been talking about really positive things about the Chicago office, and obviously there are so many more positive things than we can cover on this panel, but I want to ask each one of you very candidly, what would you say was your greatest frustration at the SEC? Joel, I'm going to start with you.

Joel Levin:

Greatest frustration. Yeah, right. Well, now that the pandemic is over, I'd like to say a few words about how the pandemic impacted our office and actually maybe surprising a lot of it is positive. Okay. And I should start by saying, when I took this position, I talked to a lot of people, people who had been at the SEC, people who had been regional directors, people all. No one told me that I needed to be prepared for pandemic, but the plans of mice and men, so to speak and it happened and it was very challenging. It was scary for the staff. But we came through and I'm really proud of the work that the Chicago office did. And I think it's a testament to what these people here had done before me to create a strong office with a culture and tradition of people who cared for each other and supported each other.

That got us through the pandemic in the way that we did. And I also have to say that I give Jay Clayton a lot of credit for his support during the pandemic. Jay, once it started, he was, I mean, right away actually, he gave the staff 20 hours of administrative leave every pay period to help them with issues that they might be dealing with health issues or childcare or whatever. Jay Clayton was sending a

message to the staff every Friday, very thoughtful, very respectful, very uplifting too. And within our office to, we did what we could to keep connected, to keep people connected. Everything from having regular all hands calls, having a series of speakers of all kinds, law enforcement and others, the people, the management team did an excellent job of keeping connected with the staff who reported to them.

So there were a host of things we did. And I'm really proud that not only did we do all of that, but we continued to do our day jobs as well. And to bring the great cases, do the great exams, do the administrative work that we were doing. And I have to give a big shout out to our IT department too. It's one thing to have maybe 20 people teleworking on a day. It's another thing when 300 are teleworking every day and they really stepped up big time and made a difference for us. But to answer your question now, my greatest frustration is that I left before the pandemic was over and the office was not open.

And it was just incredibly frustrating to me as a person who loved to roam the halls and say hello to people and see what was going on, that I could not be there when the office reopened. And of course, as you may know, people are still teleworking, but particularly when people left the office or when new people came to the office, it just didn't feel right to just do it remotely, not to have some sort of event or celebration or acknowledgement. So that was my greatest frustration in the time that I was there.

Lori Richards:

Anybody else share your greatest frustrations? There certainly were frustrations. I know.

Mary Keefe:

Well, it always seemed that there should be some logical nexus geographically to which office did a particular case. And sometimes particularly people on the east coast got their wood hour earlier than we did, or who had people working in the office all night to see what the news clips were going to be. A form would be filled out. Matter under inquiry, I think mean we form and many people thought that gave them claim to that case, even if our examiners were happened to be in that shop at the time. So it was a great frustration to try to figure out, who would do the cases. There were so many cases, it's not like there wasn't enough to go around. And then from time to time, maybe even the enforcement director would come swoop into her office and say, I'm taking that case. That's really difficult to talk through with the staff. I found that to be really frustrating.

Lori Richards:

I think the office you're talking about is in New York.

Mary Keefe:

Oh yes. But the director of enforcement coming in, that one was just like, wow okay.

Lori Richards:

Anybody else frustration?

Merri Jo Gillette:

Building on what Mary said. When I think back, this is a very hard question for me to answer. So when I was looking at the notes, because I have so many positive things to say, but during the tenure, many of us, and at some points in time more intensively than others, there was a shift in how much autonomy regional offices had, who did what types of cases to, and how you were allowed to decide to do them. How the exam program became part of a national exam program, which had not existed before. And

many other things including administrative things like you used to have your own budget for a regional office. And then we migrated towards sort of a hybrid budget at the SCC, where there were some line items that were consolidated line items, but they rarely got input from the regional offices on for, one of those was technology, like, Hey, could you tell me, ask me what we need in Chicago.

But I actually figured out how to do it. And I remember once in, I had gotten some stuff, getting a call from another regional director saying, How did you get that stuff? And I said, because I found out when they were taking requests, even though they didn't request it from the regional offices. And I put in a request and they approved it. So I just got lucky. But that all of those things, and they may sound very dry or required shifting culture, it required ways as a leader in the office to try to fight for the places where you thought you ought to fight, to hang on to things that more properly, in my view, should remain at the regional level and at the same time recognize that change is on the horizon and that there can be many positives that come from some of the centralization and we've sort of lived through that.

But while you're trying to keep your staff motivated and those kinds of issues were the most frustrating to me and we all made it through, but there were some painful times there and a seeming lack of awareness and tone deafness in Washington to some of those issues and how they were impacting, really if you added up all the staff in the regional offices and compared it to the staff in Washington, it was impacting the majority of the people who worked at the SCC. And so that was frequently frustrating. I happened to be known for being a little tenacious, so I would just keep leaning in and pushing and poking. And I mean, I'm not saying that I was responsible for resolving anything by myself, everything was sort of collaborative. That was hard on a lot of people in the region. And frustrating as a leader of a region, of a great regional office.

Lori Richards:

Right. Anita, were you going to say something?

Anita Nagler:

Actually related, less related to the non-professionals in the office. And when we're all talking about our careers, and we started as staff lawyers and we had all of this flexibility to move and be promoted. There's this whole other group of people that work in the regional office. I don't know if there are secretaries anymore, but the secretaries, the assistants, the blah blah, blah, blah, blah. And I became very committed to trying to create more job growth for that group of employees to, I worked with Washington to create bridge positions because some of those people became extremely skilled and could move into junior examiner positions.

And anyways, so I did all of that and did create bridge positions and met with that staff and that ended up being a very difficult and combative ended up becoming quite a combative thing that for me, who then went on and spent the second half of my career and the business side of the investment business. It was a tremendous learning experience for me in terms of, you have this terrific motivation and things backfire in a way, unintended consequence. But that was probably for me, when I look back on my tenure, the most frustrating and disappointing of my experiences.

Lori Richards:

I was in Los Angeles then, and I remember those positions and I remember you being an advocate for that. So it couldn't have all been not a success. It was well known you work in that area.

Anita Nagler:

Hopefully maybe ended up executing better a few years down the road, but the transition period was quite whatever.

Lori Richards:

So I want to stop with frustrations unless you have more frustrations. But you know what I'm struck by is nobody mentioned resources. And that was certainly for me, my greatest frustration for entire time I was at the SEC. Yeah, right.

Merri Jo Gillette:

I just automatically was very efficient with how I tried to use resources because I hadn't really had the luxury of anything other than that. And I remember having a conversation with somebody about the resource needs that I said at some point in my time at the SEC, I started thinking about and describing the challenge as follows:

Someone hands you a box, like a jigsaw puzzle box, and it's got a photograph on the front. And you're supposed to put the pieces together to make that picture whole. And you open the box, and it takes 10 pieces to make it whole, and there's only six pieces in the box. But to the rest of the world, you have to make it look like it's the whole picture.

Lori Richards:

You have to make it look like you have a 100 pieces in there.

Merri Jo Gillette:

Right, exactly. And so those are the frustrations, but if it falls down every day it might get you depressed.

Dave Glockner:

One thing that I would add that I think sort of bridges what Merri Jo was talking about in terms of resources and what the frustration is... So when I arrived, the Commission had relatively recently been through the Madoff trauma. And Merri Jo I think is the best equipped to kind of give you the blow-by-blow of that. But one of the things that I observed was that there really was what I would describe as lingering trauma with a lot of the staff, particularly on the enforcement side where because of the issues that had led to the Commission's failures in Madoff and both warranted and unwarranted criticism of the Commission. There was a perception that we could leave no stone unturned because somebody somewhere could question, it could be the end of your career, you could be testifying in Congress.

And so coming in from the outside, from DOJ where you're trying to turn cases reasonably quickly with resources that are limited as they are in the SEC, I was looking at people who... you're having conversation with somebody who is in year three of what seems like a relatively straightforward investigation and having conversations about well, do we need to take the kind of X numbered testimony here? And I think, a significant part of the reluctance and really sort of fear that some staff members felt in terms of getting to the point where they could comfortably wrap up an investigation and either not bring an action or bring an action, feel confident that they could prove it was the fear that they would be second guessed in Washington or in Congress if anything didn't work out.

Lori Richards:

Right, or the Inspector General. So I want to leave this topic and once again talk about what's going on currently in the Chicago office and then I think we want to talk about what advice would you give to future staff in the Chicago office based on all of your experience. And before that I want to hear about the culture, what was the culture in the Chicago office and give us some examples. But Dan go ahead.

Dan Gregus:

So today we have 274 total employees in the Chicago office. 107 of them are enforcement. And you would think that's the biggest group in the office, but it's not. We have 142 people in exams in the Chicago office. 34 in broker-dealer and 72 are in investment advisor, investment company and the private funds unit. The remainder of the people, because you probably noticed that doesn't add up to 270, come from other national units that are housed in our office including data analytics offices such as DERA and other policy divisions such as IM and TM as well as other national exam entities such as the Technology and Controls Program who examines all Reg SCI entities and the Office of Clearance and Settlement is based there. We also... based on our demographics of our region, we also have by far the largest concentration of retail investment going on in our region, measured by tens of thousands more registered branches in our region as well as hundreds of thousands more registered reps in our region.

So our focus has always been historically on the retail investor and as Joel mentioned, one of the biggest things that has happened in our favor, and basically to support what we've been doing all along is the regulation best interest. And I won't spend much time going through what that is, but it was a game changer because it created four affirmative duties for broker dealers that they didn't clearly have before and required them to be clear with investors as to what role they were playing. The duties they had were a disclosure obligation, a care obligation, a conflict of interest obligation and a compliance obligation that they never clearly had before. And what we did in Chicago was our exam program took the lead not only in helping to advise through exams, chief counsel, the policy divisions in writing that rule, but also conducting some of the first substantive examinations pertaining to the rule which resulted in a referral that led to the first case brought to enforce that rule which was called Western International Securities.

In that case we brought up an action against an entity and two of its registered representatives for recommending to investors speculative, illiquid L Bonds that were described by even the company that issued them as high risk, illiquid, and only suitable for customers with substantial financial resources. And they were sold to people who didn't meet those qualities. So we moved forward with that matter and also brought an action based on the care obligation describing how the firm failed to meet its duty of care and its reps failed to meet their duty of care with respect to understanding the information regarding the speculative securities as well as their compliance obligation, where their rules were not tailored to their business to enforce Reg BI. Well, we also are bringing actions as leaders in other areas. We've brought in a number of actions in the cyber security area to protect personal information of investors including the Reg SD cases.

We've brought Reg S-ID cases as well, and recently brought a few crypto cases which... We talk about crypto and if you have heard our chair speak, these cases tend to be covered by the rules that we currently have in place and turn into essentially offering frauds, frankly, and involving unregistered sales of securities as well as misrepresentations. And so we continue to bring those types of cases and continue to bring that matters with respect to emerging issues as well as our office continues to grow, we are hiring in all positions, in all areas.

Diversity and inclusion is a very important aspect of how we're running our office and important to our future success. And we have been able to... First of all, 83% of our senior leadership team is women or people of other diverse backgrounds. We have spent a lot of time and our diversity inclusion committee

has been able to go out and recruit people at colleges that service underserved communities. And we've also been able to promote the hiring for the first time in a long time of people directly out of law school and the payment of interns and types of things that allow us to hire a diverse workforce. So that will help us address the future issues as they arise.

Lori Richards:

That's fantastic. And that's also a note for any law students who are in the audience who are interested in applying for work with the Chicago office. A number of you have had experiences and Randy, in particular. I think you have worked in three different regional offices.

Randy Fons:

So I started in Chicago.

Lori Richards:

So tell us what made Chicago in your view different.

Randy Fons:

It's the best. So I had two other regions and two districts under the regions. So very, very quickly, two super quick stories. One, I mentioned this on the phone the other day and everybody laughed at me. We had an enforcement retreat up in Lake Geneva, Wisconsin about a week after I got there and Anita was down giving her whatever you were saying, it was very important, I'm sure... talking about what's going on in enforcement and we were talking about Ponzi schemes and I was sitting way in the back a weekend and I raised my hand and I said, "What is a Ponzi scheme?" Because I just didn't know. And 10 years later I was a regional director. So it turned out okay. But the other one actually, with Anita also was, it was my first TRO and I was standing in front of Judge Shadur in Federal Court, and I had no idea it was going on and my legs were shaking and all of that.

And Anita was standing behind me for the TRO on this ex parte hearing, just sort of supporting, and I guess those two things actually... because it's really embarrassing to say what's a Ponzi scheme. But also the support that sort of was typified by Anita standing behind me in court, even though she ran all of enforcement, was the Chicago office. The support that you would get at the Chicago office was truly...

Lori Richards:

No, go ahead.

Randy Fons:

...unique, I think. I mentioned before that we had this Piper Capital Management case where we had a six week hearing up in Minneapolis and Genie Lewis who's sitting here, wasn't on the trial team but supported us literally from start to finish because she wanted to and wanted to help. The camaraderie and the support and just everybody diving in to do whatever you wanted to do in Chicago was truly amazing.

I do think it started with Bill Goldsberry. I think, it sort of continued all the way through. I've known Merri Jo and Anita, Mary and Dan for years. My assumption based on what I hear is you two guys did the same. It's an incredible place to work. Now I was in Miami. I supervised the Atlanta office when I was in Miami. I was in Denver. I supervised Salt Lake City in Fort Worth when I was in Denver. All of the offices have a very unique personality. It was actually very interesting as to how unique it was. I think a lot of it

was driven by the people who ran the offices before, because they hire people that fit their... not necessarily personalities, but what they're looking for. They have the types of cases that they want to bring. Chicago was very much about bringing very sophisticated high level cases.

It's why you mentioned the 40 Act before, because the 40 Act is a very difficult set of rules and regulations and laws. So to bring those cases takes a lot of effort, a lot of sort brain power and sophistication to do. It's why they did the very sophisticated broker-dealer cases, the financial fraud cases. That was the way they were born and those were the folks that they tried to hire. Miami had a different set of problems down there that it had to deal with. Atlanta had a different set of problems. So the types of cases and frankly, the people that you would bring in to do those cases were very different.

Same with Denver, Salt Lake and Fort Worth. So I mean, I grew up in the Chicago office, so it has to be my favorite. But it really was sort of a special place to learn how to be a lawyer, to learn how to sort of be in... even in the management positions as I was growing up, as it were. It was truly a unique place. One more thing I'll say, Dan mentioned that 87% women or other diverse... When I started there, and this was long before DEI was ever imagined. It was Bill Goldsberry and then the three people who were in charge of enforcement were Anita, Mary and Joyce Glynn. And my immediate supervisor at the time was Lori Vardis. So the...

Lori Richards:

And Joan Fleming with broker-dealer.

Randy Fons:

And Joan Fleming with broker-dealer, and then you and Pat Holland got promoted to running on the exam side. And so the very wise, conscious decision to have very, very smart, capable women and diversity was really something that the Chicago office, I think, took as seriously as any place I've been, whether it's at the SEC and any of the offices, at the law firm I went to afterwards, anywhere. The very high level of effort to promote the best people with that sort of diverse background is astonishing. And it's been going on for 35 years now, at least since I've been there. So it was really great.

Lori Richards:

That's fantastic. Thank you. And that is a perfect segue. I want to know if there are any particular traditions or stories or anything culturally that you remember from your client? Did you have the new staff attorneys buy beer for everybody? And I want to start, Joel with you.

Joel Levin:

I don't know that I'm the best person to ask just because I was there for the shortest period of time. But I mean, I will say, to echo what has been said by so many people, it is a great office where people support each other and really care for each other. Nobody was buying anybody beer. And I know, Tina would check with ethics before anybody would buy anybody beer in. And let me say as long as we keep talking about Tina is that was one of the great legacies that Merri Jo left for me, because I don't know of any other regional office that has a counsel to the regional director.

And as someone who came from outside the agency, it was just invaluable to have Tina working by my side in everything I did. And she's so deserving of the position she has now. So that really doesn't answer your question, but maybe others have some more specific... I mean, I never heard about any retreats. We didn't go on any retreats when I was... I wish we had gone on retreats. But if there are other things that other... I'd love to hear about.

Lori Richards:

I'll ask anybody else. David or Anita, do you have anything to share with us?

Anita Nagler:

One of my old bosses is sitting up there. In the olden days, one of the traditions of the CRO is we did a annual rafting trip and was talking about buying the beer or the tequila or... but we would have this outing, we'd go away for the weekend and we'd go rafting up in Wisconsin. Phil Stern organized it. And as time has evolved, those kind of things are not what are recommended. But it was great. We had a lot of good time.

Lori Richards:

Thank you. Thank you. And again, for anybody, what advice would you give to the Chicago office staff now or people who will join the SEC Chicago office in the future? And I'll start with anybody who wants to take on this question, but keep it short because we've got just five minutes.

Merri Jo Gillette:

I will say that it is a tremendous office that you've heard some bits and pieces and it may sound like old history to you and in some level it is. But the history of this office is deep and really unique and really amazing. And so what I would say to you is, if you're interested in learning more about the office, learn about that. If you have the opportunity to engage with the office, either as a staff person or from the other side, to really recognize that the people that are there today, those of you, some of you are in the audience who are there today, that you stand on the shoulders of the people that came before you, and that you can only take it further in that positive direction, and no better group of people.

Randy Fons:

And when you get there, work yourself up to branch chief and stay there. No, no, no. I actually mean it. I'm obviously kidding, right? Because I did lots of other things. But branch chief is the best job.

Merri Jo Gillette:

It's eliminated.

Randy Fons:

It's eliminated?

Lori Richards:

Forget that advice.

Randy Fons:

I have no advice for you.

Dave Glockner

We ousted Randy.

Dan Gregus:

I'll add something. One of the things just to remember, and you've heard it here from a lot of our leaders, is one of the very unique things about the Chicago office is a very close working relationship between its exam program and its enforcement program, which has not occur as well as across all the other offices to the point where we've been training offices since, I think it was Mary suggested it, we've done it in my time and continue to train offices as to how to develop that relationship. On the history point, since I've been there through this whole history, believe it or not, I would say is, know the history to understand it and understand why we're doing things the way we do, but learn from it. But sometimes there's a real good reason to do it, other times, that reason has passed.

Anita Nagler:

And my advice to young SEC attorneys or a young attorney period is one of the great things about working and -- going back to the resources -- this is limited resources and as all things are limited resources and being able to think more, almost like a business person versus a lawyer of focusing on what you need, getting it the most efficiently and getting the result in the most efficient manner, having respect for the fact that there's limited resources and unlimited problem will lead to success, if you do that successfully. Obviously, if you screw up and whole the other thing. But doing that successfully will lead to success at the SEC because that will be rewarded. And frankly, having then spent the second half of my career lawyering service providers, that was to me the most frustrating thing in dealing with outside counsel was the lack of that kind of resource discipline. So, that would be my advice.

Lori Richards:

Okay, I'm going to let Mary have the last word because Mary kicked us off and where we began, which was in 1935. So Mary, what would your advice be?

Mary Keefe:

My advice is don't be afraid to work really hard. I mean, that's really what it takes. And there are going to be new challenges. Everybody's talked about the challenges that came up in the time that they... during their tenure, the markets are going to change dramatically, who knows what else is going to change in this country. And the industry changes. There's a lot to learn. There are lots of people within the Commission who can teach you reach out and grab that, and work hard. That's it.

Lori Richards:

I think that is terrific advice. David or Joel, anything really quickly?

Dave Glockner:

It's the great work, great people and great culture carriers who have been with the Commission for a long time and we've got a lot of them in this one.

Joel Levin:

The only thing I would add, Lori, is that you, in the work you are doing, whether it's in the exam program or enforcement or in admin, you are having a real impact on people's lives. You are making a difference. We can't quantify that, but when you do an exam, your findings, when you do an enforcement action, when you recover funds, it makes a difference. And that to me is one of the most fulfilling things that you can say about working at the SEC in Chicago.

Lori Richards:

The impact, right? I mean the attention to mission, the focus on mission every day, but then on the other side of that the impact. Thank you so much. I'm so happy that we had this panel and I'm grateful to each one of you for sharing your experience and your advice to everybody else. So thank you for joining and here here to the Chicago Regional Office.