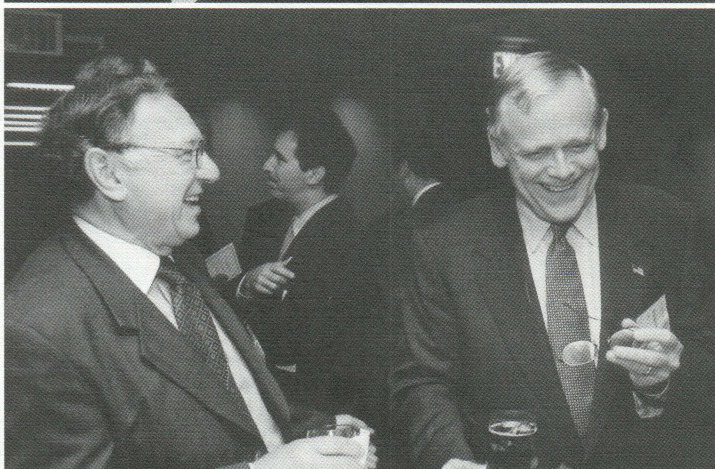


SECURITIES AND EXCHANGE COMMISSION HISTORICAL SOCIETY

HIGHLIGHTS OF 2003



COMMEMORATING THE 70TH ANNIVERSARY
→ 1934 of the 2004 ←
U.S. SECURITIES AND EXCHANGE COMMISSION

SECURITIES AND EXCHANGE COMMISSION HISTORICAL SOCIETY

The Securities and Exchange Commission Historical Society, founded as a 501(c)(3) non-profit organization in 1999, seeks to make broadly available an objective analysis of the impact that the U.S. Securities and Exchange Commission has had on the growth of American and world financial markets over the past seven decades. The purpose of the Society is to contribute to investor understanding of how the SEC has shaped and continues to shape U.S. and international capital markets.

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Carla L. Rosati, CFRE

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Washington, D.C. 20004-2505
202-585-6405
202-585-6404 (fax)

Visit the virtual museum at www.sechistorical.org

HIGHLIGHTS OF 2003 REPORT

Carla L. Rosati, CFRE, *Editor*
Five on Your Eye Design, *Publication*
Scavone Photography, *Photography*
and photos from the virtual museum

On the cover: Photos from the 2003 Annual Meeting of the Securities and Exchange Commission Historical Society on June 4, 2003:

Upper left: SEC Chairman William Donaldson greets Eliot Spitzer, Attorney General of the State of New York

Upper right: SEC Commissioner Harvey Goldschmid with Society volunteer leaders Stuart Kaswell, Stanley Keller and Paul Gonson

Lower left: Some of the more than 200 persons who attended the Annual Meeting at the SEC

Lower right: Society trustee Donald Calvin with Chairman Donaldson

Letter from the President

Dear Members and Friends:

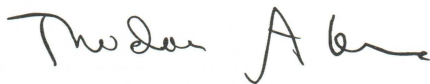
In October 2003, the Internal Revenue Service granted permanent 501(c)(3) tax-exempt status to the Securities and Exchange Commission Historical Society, signifying that – as a non-profit organization – the Society is now “grown up.”

For those of you who have been part of the Society since its founding, thank you for sustaining your interest in and support of our work as the Society matured. For those of you who are recent members and friends, welcome to **www.sechistorical.org** - our unique virtual museum preserving and sharing the history and historic records of the U.S. Securities and Exchange Commission and of the securities industry.

This Highlights of 2003 report illustrates the robust achievements that the Society has made, as well as the new initiatives we have begun, with your help. The 2003 Annual Report, published later this year, will provide the Society's audited financial statement and list all contributors for the year.

The Board of Trustees joins me in appreciation of your support, and invites you to continue sharing your gifts of time, money, talent and hard work to help build the Securities and Exchange Commission Historical Society for the coming year.

Sincerely,

A handwritten signature in black ink, appearing to read "Theodore A. Levine". The signature is fluid and cursive, with the first name "Theodore" written in a larger, more prominent script than the last name "Levine".

Theodore A. Levine
President

Growth of the Virtual Museum

Go to www.sechistorical.org to enter into the Securities and Exchange Commission Historical Society's unique virtual museum of the history of the U.S. Securities and Exchange Commission and the securities industry. Listen to the voices of persons significant to the SEC and the industry, read original records and papers, view historic photos, and learn more about the events and people of the SEC and the securities industry over the last 70 years.

Launched in mid-2002, the virtual museum matured in 2003, adding to its collections of oral histories, papers, and photos; linking to more Web sites with significant securities collections; adding new online programs; and incorporating new features to make the museum more accessible to visitors.

During 2003, the virtual museum:

- added nearly 200 original historic materials – letters, reports, speeches, photos, etc. – focusing on the history of the SEC and of the securities industry. The Society began the process of adding the narrative of the SEC's Annual Reports, beginning with the

"From '66 I was working again in Trading and Exchanges as [Irving] Pollack's legal assistant. I had a very unique job there. I was able to codify, extract, make a synopsis, make a digest of any decisions literally anywhere that had to do with any angle of an SEC case. I would make the digest...particular items that ought to be called to Mr. Pollack's attention would get there. I would have this material placed on cards that we sent out to the regions. Most of the regions used them – they found it handy."

LIBBEY SUSSAN

"The authority of the SEC's Enforcement Division to threaten a case was probably more important than bringing a case, and I was concerned at the time that it was too easy for a righteous and decent enforcement person to say to somebody, 'We're going to recommend this case to the Commission unless you settle,' and I was concerned that you could have disparate enforcement activities if you didn't pull them back. So I do think that we created a better relationship between Enforcement and between the Commission. I also think that we made the General Counsel's Office more important during that period of time, that we asked the General Counsel's Office to play a stronger role before we brought a case."

RODERICK HILLS

inaugural report of 1935. In addition, the museum collections grew to include:

- the Investment Advisers Act of 1940, and legislation amending the Act.
 - the Investment Company Act of 1940, and legislation amending the Act.
 - an unpublished history of the SEC, written by Bernard Wexler in 1975.
 - papers relating to the adoption of Rule 10b-5.
 - photos of the SEC Commissions from 1935 to 2001.
- included oral histories interviews with Roderick Hills, the late Alan Levenson, William Morley, Allan Mostoff and Libbey Sussan, as well as the May 29th Roundtable on Regional Administrators. Interviews with Meyer Eisenberg, James Foster, Jule Greene and Stanley Sporkin were conducted for inclusion in the museum in the future.



MILTON H. COHEN, FREDERICK MOSS AND JOHN G. WEITHERS
AT THE MIDWEST STOCK EXCHANGE, SEPTEMBER 3, 1965
(GIFT OF MILTON COHEN)

- provided links to other sources of SEC history available online, including the William O. Douglas papers at the Library of Congress; the Arthur Levitt, Jr. papers at Columbia University; the Joseph P. Kennedy and James M. Landis papers at the John F. Kennedy Library; the Edward C. Eicher papers at the University of Iowa; and the Franklin D. Roosevelt Presidential Library and Museum.
- established a new section – Online Programs – to broadcast and archive Society programs. The first online program was the Society’s 4th Annual Meeting on June 4, 2003, with Eliot Spitzer, Attorney General of the State of New York, and Stephen Cutler, Director of the SEC’s Division of Enforcement, discussing the Wall Street settlement. Over 300 persons listened in live to the broadcast, with another 400 listening in to the archived audiotape after the meeting.
- added a search function to help visitors search by name, subject area or year to access the relevant materials in the museum.
- incorporated software improvements to make the museum accessible to visitors with disabilities.

“I think it was important to understand the tone of the Corporate Finance Division, its culture. We always looked at business and most people as honest businesses and honest people, as distinguished from the attitude that ‘everybody was a crook.’ We never looked at it that way. The fact that somebody went off the reservation or turned corrupt, to us, was an isolated factor.”

ALAN LEVENSON

“I think it’s fair to say that the Commission staff was very collegial but that, having said that, everyone at the Commission thinks that he or she is smarter than everybody else. Its competition is getting shelf space at the Commission, getting the attention of the Commissioners and getting your ideas heard. We saw that on the enforcement side. We had in the division an examination program, which is now part of the Office of Compliance and Examinations. We were frequently critical of the enforcement efforts that were directed by the regional offices, or even by the home office, to investment management needs. Certainly when I was Division Director and disclosure was being handled by Corporate Finance, there was a feeling of competition.”

ALLAN MOSTOFF

The virtual museum, open 24/7 and free to all, now averages hundreds of visitors each month. The Society launched the monthly “What’s New” postcards this year to keep its members and friends up to date on new additions to the museum.

Coolsiteoftheday.com named www.sechistorical.org as the “cool site” for October 8th, generating more than 2,000 visitors to the site. That same month, the Business section of the *Houston Chronicle* featured the museum in its “What’s Online” column.

What’s coming in 2004? A new design for the virtual museum, giving visitors even easier accessibility. A timeline of SEC and securities industry history, against the backdrop of U.S. and world events, providing visitors with a framework for the museum’s collections. More online programs. And more materials, including the Wheat Report, remembrances of Louis Loss, and the SEC Annual Reports of the 1940s.

11 Wall Street
New York, NY 10005

John J. Phelan, Jr.
Chairman and
Chief Executive Officer

NYSE

New York
Stock Exchange, Inc.

September 5, 1986

Mr. A. A. Sommer, Jr.
Morgan, Lewis & Bockius
1800 M. Street, N.W.
Washington, D.C. 20036

Dear Al:

Thank you for your note forwarding the Subcommittee's final report on Shareholder Participation and Qualitative Listing Standards.

You and the Committee have done a wonderful job on a very difficult project. The issues of shareholder approval and one share/one vote have been two of the toughest issues to face us. The ideal and the practicable are intertwined in a Gordian knot which you have helped us to begin to untie. There are no simple answers as you well know. You have made a very thoughtful and committed effort, which I appreciate, and we will keep you apprised of pertinent initiatives. We also gratefully accept your offer of future assistance.

Your personal comments are a great compliment to me, Al, and I value your thoughtful perspective. As for the Exchange Building in Dublin, I'll have an office there as soon as our "linkage" committee shows us how to best achieve that end.

I look forward to speaking with you soon.

Warmest regards,



Commemorating the 70th Anniversary of the SEC

In 2004, the U.S. Securities and Exchange Commission will mark the 70th anniversary of its founding in 1934. During 2003, the Securities and Exchange Commission Historical Society planned a series of programs for the coming year which will look at the SEC and its impact on the securities market over the past seven years. Many of these programs will be broadcast on www.sechistorical.org and archived in the virtual museum.

Partnership with Fordham University School of Law

The commemorative activities began on November 11th, when the Society partnered with Fordham University School of Law on the 4th Annual A.A. Sommer, Jr. Memorial Lecture. William J. McDonough, Chairman of the Public Company Oversight Board, was the speaker.

Fireside Chats

In February 2004, the Society will launch the fireside chats – a series of live interactive interviews on investor education topics on www.sechistorical.org. Professor Donald Langevoort of Georgetown University Law Center, a member of the Society's Advisory Council, will be the host/interviewer for the chats. Visitors to the

virtual museum will have the opportunity to send in their own questions for the interviews. The fireside chats scheduled include:

- February 26th – Joel Seligman, dean of the Washington University School of Law and a member of the Society's Advisory Council, will discuss his third edition of *The Transformation of Wall Street*.
- April 20th – Christopher Taylor of the Municipal Securities Rulemaking Board will discuss municipal securities regulation. This chat is sponsored by The Bond Market Association.
- June 22nd – Christine Bruenn, Securities Administrator for the State of Maine and immediate past president of the North American Securities Administrators Association, will discuss state securities regulation. This chat is sponsored by the North American Securities Administrators Association, Inc.
- September 2004 – a chat on forensic accounting, sponsored by FTI Consulting, Inc.
- November 2004 – a chat on the regulation of clearance and settlement, sponsored by The Depository Trust & Clearing Corporation.



SECURITIES AND EXCHANGE COMMISSION

Ferdinand Pecora

George C. Mathews

Joseph P. Kennedy

Robert E. Healy

James M. Landis

July 1934

Self-Regulation and the Exchanges

In partnership with the Museum of American Financial History and the National Council on Economic Education, the Society will host a panel discussion of former national and regional stock exchange chairmen and CEOs in New York City on April 15th. The discussion will look at both the present system of self-regulation with SEC oversight, and the future of self-regulation in light of the changes taking place in the market today. This discussion will be moderated by Alger B. "Duke" Chapman (Chicago Board Options Exchange), and will include Arthur Levitt (American Stock Exchange), Gordon Macklin (NASD), William Morton (Boston Stock Exchange) and Donald Stone (New York Stock Exchange).

Partnership with The George

Washington University Law School

The Society will partner with The George Washington University Law School for the 24th Annual Manuel M. Cohen Memorial Lecture, which will be held in March/April 2004.

5th Annual Meeting

The Society's 5th Annual Meeting will be held on June 3rd at the U.S. Securities and Exchange Commission. The meeting will commemorate the 70th anniversary of the founding of the SEC on June 6, 1934.

Updated information on these programs, as well as news of additional programs for the commemorative year, will be listed on www.sechistorical.org.



STAFF OF THE U.S. SECURITIES AND EXCHANGE COMMISSION, 1935

In Appreciation of Our Institution Donors

As a non-profit organization, the Securities and Exchange Commission Historical Society is independent of and separate from the U.S. Securities and Exchange Commission and receives no federal funding.

Our work is made possible through gifts from our members; and grants from associations, corporations, exchanges, law and accounting firms and foundations. The Society expresses its appreciation for the grants from the following institutions during 2003:

The 1934 Circle

(grants of \$25,000 or more)

ASECA – Association of SEC Alumni, Inc.
Federal Bar Association, Securities Law Committee
New York Stock Exchange
Pfizer, Inc.
UBS
Wachtell Lipton Rosen & Katz

The FDR Circle

(grants of \$10,000 to \$24,999)

American Institute of Certified Public Accountants
Cleary Gottlieb Steen & Hamilton
Deloitte & Touche
Ernst & Young
Fried Frank Harris Shriver & Jacobson LLP
(grant and in-kind support)
KPMG LLP
NASD
PricewaterhouseCoopers LLP
Skadden Arps Slate Meagher & Flom
Wilmer Cutler & Pickering
Norman & Rosita Winston Foundation, Inc.

The Chairmen's Circle

(grants of \$5,000 to \$9,999)

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The Depository Trust & Clearing Corporation
FleetBoston Financial
Foley & Lardner
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Jenner & Block LLP
Kalorama Partners LLC
Katten Muchin Zavis Rosenman
Kirkpatrick & Lockhart
Nasdaq
NERA

North American Securities Administrators Association, Inc.
Palmer & Dodge
Praxair, Inc.
Schering-Plough Corporation
Standard & Poor's
The Starr Foundation
Sullivan and Cromwell
Wilson Sonsini Goodrich & Rosati

The Commissioners' Circle

(grants of \$1,000 to \$4,999)

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Cincinnati Stock Exchange
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Pacific Exchange
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RBS Greenwich Capital
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Securities Industry Association – Compliance & Legal Division
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Shartsis Friese & Ginsburg LLP
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Ten Eyck Associates, Inc.
Vinson & Elkins
Weil Gotshal & Manges LLP

Other Grants and Matching Gifts

CIGNA
Keesal Young & Logan
New York Stock Exchange
Segall Bryant & Hamill
US Bancorp

(Grants received from January 1 through December 31, 2003.)



STEPHEN CUTLER, DIRECTOR OF THE SEC'S DIVISION OF ENFORCEMENT; THEODORE LEVINE, PRESIDENT OF THE SECURITIES AND EXCHANGE COMMISSION HISTORICAL SOCIETY; AND ELIOT SPITZER, ATTORNEY GENERAL OF THE STATE OF NEW YORK, AT THE CONCLUSION OF THE SOCIETY'S 4TH ANNUAL MEETING ON JUNE 4, 2003.

HIGHLIGHTS OF 2003

SECURITIES AND EXCHANGE COMMISSION HISTORICAL SOCIETY

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Professor David S. Ruder
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Northwestern University School of Law
357 East Chicago Avenue
Chicago, IL 60611

SAVE THE DATE – 2004 ANNUAL MEETING – JUNE 3, 2004 – WASHINGTON, D.C.