Jesse White
SECRETARY OF STATE
NEWS

ILLINOIS SECRETARY OF STATE

**LETTER TO THE EDITOR**

**Published in the Chicago Tribune, VOICE OF THE PEOPLE, September 17, 2003**

Jesse White, Secretary of State
September 17, 2003

## Ensuring Fair Markets For All Investors

**SPRINGFIELD** — I am writing in response to a Tribune article concerning securities regulation ("Face-off over securities rules looms in Congress; Debate centers over state versus federal governance," Business, Sept. 7). As the elected official responsible for protecting Illinois investors through the Secretary of State Securities Department, I can say that absolutely no case has been made to justify weakening state investor protection efforts. Yet that is exactly what Wall Street and some in Congress apparently hope to achieve by supporting federal legislation that weakens the state's ability to deal with bad brokers.

The recent Wall Street scandals prove investors need more, not less, protection. State regulators have a proven track record of working closely with investors in their states. The states spoke up early and brought enforcement actions regarding problems with micro-cap fraud, online trading, day trading and research analysts. This was a good thing for all investors--so why are some in Congress trying to stop the local cops on the beat?

There are two myths about HR2179 that should be dispelled. The first is that the legislation is needed to prevent "balkanization." The second myth is that the law is needed to prevent states from engaging in "rulemaking."

The facts speak for themselves. This is not the Balkan states; it's the United States of America. There has been no balkanization in the past, and there is no threat of it now. States regulate brokers by making sure they are properly qualified and disciplined for violations. This is investor protection, not national rulemaking.

States currently address problems in the industry by fashioning remedies that deal with the situation without compromising investor protection. For example, we can require firms to conduct special supervision, re-educate brokers, monitor trading, make special disclosures to investors, conduct special audits or reviews, and produce reports to state regulators to demonstrate compliance. The firms often propose these measures to state regulators because not only do they protect investors, but they prevent future problems and are good business practices for the firms.

I supported the provisions of this bill that would strengthen the SEC's authority; I urged Congress, however, to stand up for Main Street, not Wall Street, and to remove a section that would weaken state securities regulators. Our complementary system of state, industry and federal securities regulation ensures fair markets for all investors. Undermining this successful system by handcuffing state securities regulators is a giant leap backward.