

# Professional Insights

*Opinions from Business Leaders We Know and Respect*

## Interview with Susan Light



***“Broker-dealers care deeply about doing right by their clients, and ... Reg BI is front and center in their thinking.”***

### **Susan Light**

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### What's your backstory?

I grew up in a farm town in upstate New York, where there are more horses than people. My parents stressed love, community service, integrity, and education. It was a family environment where it was easy to thrive, and I grew up believing that women could be anything they wanted. My dad was a podiatrist. My mother worked with him and was also head of the Hospital Auxiliary, the PTA, the Opera Society, the synagogue ... you name it. Dad and mom both made time to be leaders in the Jewish community.

I was the oldest of the three, and all we had to do was be good people and get good grades. In high school I was on the chess team, the yearbook staff, and the swim team. In fact, I still swim. My sister is also a lawyer, and my brother is a podiatrist, like my dad.

### Why a legal career?

I wanted to be a psychologist for the longest time. Even as a little kid, I was reading Psychology Today magazine. I was interested in why people did things, what made them tick, and if they had problems, how I could help. I attended the University of Michigan, which is one of the best places in the world to study psychology. I was in the Honors Psychology program, and just before I took my GREs to get my PhD, I had second thoughts about whether I wanted to invest six more years to earn a PhD, compared with three years to earn a law degree.

I thought to myself, “I do love studying psychology, but I have doubts whether I would like to actually practice as a psychologist. Literally overnight I decided, “Well...law fits the bill, I can still help people with their problems in a different way. It's only three years, and I'm interested in it.” So I got my law degree from Boston University Law School and my LLM from New York University Law School.

### Why did you start your career as a District Attorney in the Bronx?

I did an internship in the Quincy Massachusetts DA's office when I was in law school and loved it. So I applied to the Bronx DA's office for my first job out of law school. Working in a big city, giving back to the community, helping people out, it had everything I wanted in a job. I was on my feet, learning from the first day, involved in important matters.

I worked as a prosecutor for seven years, and did exciting work on several notable cases. I also met my husband there, who was a Bronx DA as well. We both were taking night classes at NYU to get our Masters of Law degree. We'd leave the Bronx courthouse at the end of the day, drive down to NYU, take the classes, and then sometimes go out to dinner afterwards. It was a good life. I eventually left to join the New York Stock Exchange's Enforcement Department.

## What was your career path during your 19+ year tenure at the NYSE?

I started as a trial attorney, as you might guess, based on my seven years in the DA's office. At the Exchange, I tried a lot of cases; a lot of suitability matters where brokers would buy securities for their customers that weren't appropriate. It was a perfect job for someone who had been a DA, because I was still prosecuting, just different kinds of violations. Over my years there, I rose through the ranks, first becoming a director, where I oversaw a group of attorneys and investigators, and then was appointed department head, in charge of several groups of attorneys and investigators, as well the Preliminary Investigations Unit. They're a group of investigators who monitor incoming complaints and reportings. I was promoted to vice president and then to senior vice president in the Enforcement Division.

## You were at the World Trade Center on 9-11 during the terrorist attack.

It is emotional to me even today. I arrived at the World Trade Center just as the first plane hit the 1 World Trade building. I stood there staring up at everything that was going on. At the time, I supervised about 60 people in the Enforcement Division and we all worked in the 2 World Trade building. I needed to make a plan of what to do, and decided to go to my office in 2 World Trade through the Liberty Street entrance, which was still open.

As I was going into the building, a colleague was coming out and said,

"You don't have to go in. Everyone knows they need to leave." At that exact moment the second plane hit my building right there where I was standing. Then panic ensued, and we ran to the New York Stock Exchange building on Broad Street. That day, I spent a great deal of time cataloging where everybody was from the Enforcement Division, to ensure they were safe. Thankfully, all the Exchange employees made it out, but we so sadly lost someone who had left the Exchange a year before and went to work at a brokerage firm in the World Trade Center.

## What's your perspective on the NASD / NYSE merger?

In 2007, when the NASD and the Exchange's member regulation, enforcement and arbitration operations were combined to create FINRA, I was chosen to work with my counterpart – NASD's senior vice president of enforcement – to create the enforcement department for FINRA. This was a hugely rewarding assignment, and I ended up with a similar position as chief counsel in the enforcement division at FINRA, which I held for 10 years.

The combination was a positive step for the industry. Brokerage firms were clamoring for years because there was a duplication of regulation. For example, the Exchange would go into a brokerage firm and produce its findings. Then the NASD would go into the same brokerage firm, do a similar exam and come up with some of the same findings, and maybe some different findings. Then both organizations would bring enforcement proceedings on the similar issues; it was expensive for the firms and didn't make any sense.

Some people were concerned there might be competition between the Exchange and the NASD. That really wasn't a problem. We worked pretty well together. But the combined regulator eliminated a lot of duplication. It made sense to have one rule book, and one main regulator. FINRA continues to be an effective and efficient way to regulate the securities industry.

## Do attorneys join regulatory agencies to make their resumes more attractive for jobs in private practice?

I found the opposite to be true. The attorneys I worked with took those jobs because they wanted the opportunity to do interesting work and make important decisions. FINRA's mission is investor protection and market integrity, and I found that the people who work there believe in that mission.

Over the course of my career at the Exchange and FINRA, I was exposed to a broad range of experiences, from the JOBS Act and funding portals, cybersecurity, cryptocurrency, market trading abuses, complex products, and insider trading to money laundering. You name it, I did it.

## What's the most rewarding experience during your long tenure as a regulator?

I can think of 20 examples, but one that comes to mind happened early in

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my career at the Exchange. There was a fraudster who was sending his investors fake bank account statements that lead them to believe they were earning a lot of money. Instead, he was siphoning off their money for himself, or moving money around to pay an investor who might want to buy a home with a million dollars that they thought they had earned. The scam blew up when one elderly investor in her 80s, who had heard that firms were starting to put accounts online, requested that service. The fraudster warned the investor that it would not be safe to do this, but she insisted. At that point, the broker panicked and absconded, and left a message for his firm letting them know what he had done.

Not only was it fascinating to prosecute the scammer and work with the victims, but I also assisted the US Attorney's office in building a case against him. My boss at the time, the head of enforcement at the Exchange, testified before Congress and I helped prepare his testimony and sat behind him during the televised session. It was an important case because it changed the rules of the industry regarding supervision.

## What prompted the decision to go into private practice?

I loved my career. If I had to do it all over again, I would do it exactly the same. After 7 years as a prosecutor, and 30 years as a regulator, I felt I had made a difference and it was everything that I wanted out of a career. But I had the desire to branch out and do something different.

I interviewed at several law firms, but chose Katten, which is a great firm

where the culture is very collaborative. Katten represents a vast number of brokerage firms and my regulatory experience is key to assisting these clients. At Katten, in addition to investigations, I advise broker-dealers and other clients on a broad range of matters, including anti-money-laundering, fraud, market manipulation, supervision, unauthorized trading, insider trading, rogue employees, cybersecurity and cryptocurrencies.

## What significant industry changes have you seen in the regulatory environment over the course of your career?

At one point, there were several bad actor brokerage firms on the street, whether it was boiler room firms, or firms that hurt customers to make more money. Regulators do a very good job of stamping out those firms. There will always be a rogue broker, but when regulators have them in their sights, they make it a priority to deal with the problem.

I think it's an exciting time to be in the industry, with so many new and different initiatives happening. In the cryptocurrency space, for example, there's a lot of moving parts. We don't know how it will be regulated, or what securities will be developed, so it's a challenging space to practice in now, but it represents a lot of opportunities as those issues are settled in the future. Cybersecurity and ESG are two other areas that will continue to expand. The S.E.C. recently introduced several initiatives that will undoubtedly reshape the industry.

## Do you have an opinion on NASSA's position that firms have not taken meaningful steps regarding Reg BI?

I do a lot of work in the Reg BI space, and I don't agree with that opinion. From my point of view, broker-dealers care deeply about doing right by their clients, and they are doing the best they can to recommend the best investments and get the best order flow for their customers. Reg BI is front and center in their thinking.

## What are the most important messages that firms should pay attention to in the recent FINRA and SEC priority letters?

It continues to be about crypto-currency, cybersecurity, privacy, anti-money laundering, supervision, complex products, payment for order flow, and best execution; as well as housekeeping issues such as supervision of business communication and keeping accurate records.

## You've earned a lot of recognitions in your career. Is there one that's most meaningful?

The Woman of the Year recognition, granted to me by the YWCA, was important. It was for managing my staff after the 9-11 attack, and for making sure everybody was safe mentally as

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well as physically, after being displaced for a long time. That's also meaningful because there were so many incredibly talented and wonderful women who were honored at the same time, and because my mom and dad attended the ceremony.

## Is there something in your life that continues to influence your worldview?

That's an easy question for me: it's my husband and children. They're great people. They've got great hearts, and a lot of integrity. We influence each other every day to do the right thing, and bring each other much happiness and pride.

## Any other family details?

My husband started his legal career at the law firm Wachtel Lipton, was a Bronx DA for around 18 years, went into private practice for a while, then served in the Westchester DA's office for another 10 years or so. Then he finished his career as a professor at Pace Law School.

My son just finished law school at night at Fordham. He's worked for the last 10 years at the New York Stock Exchange as an analyst manager, and will be starting as an associate at Wilmer Cutler. He's married to a wonderful woman with a great job at the Metropolitan Museum of Art. My daughter just finished her second year of law school at Fordham. She's interested in general corporate law, but has expertise in intellectual property and privacy law from when

she worked at Regeneron and before she went to law school at Time Inc., Food & Wine, and at a startup.

## Any career advice for a young woman who is interested in a legal career, or any career?

Whatever profession you're interested in, whether it's law, music, entertainment, fashion, real estate, criminal justice, finance, or cryptocurrency, just go for it! If you choose a legal career, it will involve a lot of work and long hours, but you will be surrounded and supported by others who are just as passionate as you are. Exercise your good judgment, intelligence, creativity and integrity, and you can do whatever you set out to accomplish.

## Susan Light Biography

Sue Light has more than 30 years of experience as a senior leader and regulatory officer inside both the New York Stock Exchange (NYSE) and the Financial Industry Regulatory Authority (FINRA). In her current role as a Partner at Katten Muchin Rosenman LLP, she represents large and small broker-dealers, as well as hedge funds, investment banks and other financial services providers. She helps clients understand the

regulatory landscape, design procedures to avoid regulatory problems and resolve investigations and enforcement actions.

She is a frequent speaker on regulatory and compliance topics for broker-dealer and securities conferences, and also advises several professional journals on securities industry topics.

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