

Recollections of Stuart J. Kaswell
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I had the unusual experience of interviewing Dennis Levine at the Federal Prison in Lewisburg, Pennsylvania. As is well-known, Levine pled guilty to four felony charges and disgorged \$11.6 million. He served approximately two years in prison for his crimes. Levine's activities are well-documented and I won't try to review them in this piece. Instead, I want to record the experience of meeting with him.

I was the Republican securities counsel to the House Committee on Energy and Commerce from 1986 until 1990, just at the time that the insider trading scandals broke. The Energy and Commerce Committee had primary jurisdiction over the federal securities laws. (In later years the House moved most of that jurisdiction to what had been the House Banking Committee, and renamed the committee as the House Financial Services Committee.) Those also were the years when the Democrat party was the majority party and had been in the majority for decades. The majority party generally controls the agenda in Congress, but there was bi-partisan concern about the problem of insider trading. Congress ultimately passed the Insider Trading and Securities Fraud Enforcement Act of 1988 as a result of the scandals on a strong, bi-partisan basis. (I wrote an article about it in the *Business Lawyer*, which was subsequently republished in an another ABA collection.)

John D. Dingell (D-MI) was the Chairman of the Full Committee, and also chaired the Subcommittee on Oversight and Investigations ("O&I"). Chairman Dingell used that Subcommittee with great skill to identify issues and to lay the predicate for legislation. The Ranking Republican was Norman F. Lent (NY) and he also served as the Ranking Republican on the O&I Subcommittee. Edward J. Markey (D-Mass.) was the Chairman of the Subcommittee on Telecommunications and Finance, the subcommittee with legislative jurisdiction. The Ranking Republican Member was Matthew J. Rinaldo (NJ). The Democrats had separate Full Committee and Subcommittee staffs; but the Republicans (as the minority party) chose to pool their resources and create a unified Republican staff. As a consequence, Republican counsel would serve more than one subcommittee, depending on the issue. Although I spent more of my time on legislative issues, I also helped staff O&I issues when they involved securities or investment issues. My colleague, Russell Smith, was a more senior Republican counsel and had primary staff responsibility for the O&I Subcommittee.

In the spring of 1987, Russell advised me that the Majority O&I staff had arranged for us to interview Levine in prison, to see if we could learn anything to help the Committee as it grappled with insider trading issues. The Majority and Minority staffs would interview Levine together.

Russell and I drove up to Lewisburg the night before the interview. (The Democrat staffers traveled separately.) The next morning, I remember driving through the beautiful rolling hills of Pennsylvania when the prison came into view. The prison

looked like something out of a 1930s movie – huge stone walls, towers, and barbed wire. We later learned that the walled facility was a high security part of the prison. There also were low security barracks-type buildings “outside the wall.”

Our first stop was to meet with the director (or administrator) of the prison. I don’t remember the exact term, but his title was definitely not “warden.” The corrections officials directed us through a set of electronically controlled gates in a court yard. As we walked through the area, loudspeakers identified us, saying something like “visitors from the U.S. House of Representatives.” I was glad that there would be no confusion as to who we were, but I also concluded that everyone in the prison would know we were there.

Of course, when we met with the director, he knew that we were coming and why. He made every effort to accommodate our requests – we needed a conference room to interview Levine for several hours. He arranged for that.

The prison housed Levine in the low security barracks but I don’t believe we ever went in them. Instead we met Levine inside the high security facility in a conference room. The building was made of stone each, one of which was about the size of a refrigerator turned on its side. The conference room had the same stone interior – there was no plaster or other covering over these enormous stones. The walls appeared impenetrable.

The corrections officials brought Levine to us. Levine was not wearing either a striped suit or an orange jump suit. As I recall, he wore standard issue shirt and slacks with a pair of fancy running shoes. He introduced himself with a smile – “hi I’m Dennis Levine,” as if we were meeting at an ordinary place. Levine looked like his newspaper pictures, only better. During the interview he said he’d lost weight and was getting into better physical shape. He was not wearing any shackles or restraints during our meeting.

Levine did not choose to have his counsel present at the meeting. After nearly twenty years, I cannot remember many of the specifics of our questions, but we had him take us through the specifics of his insider trading activities. We tried to gather as much information as we could about what Levine had done in as much detail as possible. After several hours, we left Levine and returned to meet with the director of the prison. The director wanted to know if Levine thought he was in danger or was at risk from other inmates. We had no indication that Levine felt himself in jeopardy. The director could have segregated Levine from other inmates for his protection, but it would have meant a very lonely existence for him. We thanked the director for his hospitality and left.

After spending time with Levine, it was easy to see why he had charmed people – he knew how to be pleasant and to engage people. Levine said he realized he needed to set limits for himself as part of his effort to change the behavior that had landed him in jail. But despite his charm, the interview left me feeling troubled, knowing that he had been convicted of serious crimes.

Levine agreed to testify before the O&I Subcommittee at a closed-door hearing. The hearing would occur a week or two later. He thought the corrections officials might release him and let him go to his home in New York, pick up a suit, and fly down to Washington DC on the shuttle. The corrections officials had different ideas. They transported him to a jail in the Washington DC area and then brought him to Capitol Hill the next day.

Corrections officials brought Levine to the Rayburn Office building and I remember saying hello to him again. Levine described the jail where he'd been held overnight as terribly unpleasant. Chairman Markey asked Levine to meet with him privately before addressing the O&I Subcommittee. Chairman Markey invited me to sit in with his staff in his office for the meeting. I don't remember many of the details, but I believe Levine discussed his activities with Chairman Markey.

The Subcommittee then convened a closed-door hearing in the Rayburn building. Although he retold aspects of his story, he was much less specific in his descriptions than he had been at the meeting at the prison. I don't believe that Levine had counsel present at the hearing (although I'm not certain), but I recall hearing that he had consulted with counsel between the interview and the hearing. After the hearing ended, corrections officials returned Levine to prison and I never saw him again.

I don't think I will ever forget the experience of meeting Dennis Levine – one of the biggest figures in the insider trading scandals of the 1980s, eclipsed only by people like Ivan Boesky. I also will never forget the experience of visiting a federal prison. Even though we did not see anything that was inappropriate or improper, I always cringe when I hear the term “country club prison.” What I saw that day was hardly a country club.