



U.S. CONGRESSMAN
SCOTT GARRETT
PRESS RELEASE



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Garrett Re-Introduces Legislation to Protect Investors Defrauded by Bernie Madoff

WASHINGTON, DC – Rep. Scott Garrett (R-NJ), Chairman of the House Financial Services Subcommittee on Capital Markets and Government-Sponsored Enterprises, today introduced the Equitable Treatment of Investors Act, which would reaffirm and clarify key protections for ordinary investors that were put in place when Congress passed and amended the Securities Investor Protection Act (SIPA). In particular, the bill aims to properly shield innocent individual investors who have already been defrauded and financially devastated by Bernie Madoff from further “clawbacks” by the Securities Investor Protection Corporation (SIPC) Trustee. The Equitable Treatment of Investors Act was previously introduced by Garrett during the 111th Congress.

Garrett issued the following statement after re-introducing the bill in the House:

“When investors see the Securities Investor Protection Corporation (SIPC) seal of approval, they should have the utmost confidence in the account statements they receive. I do not believe these ordinary investors, who knew nothing about the fraud being perpetrated by Bernie Madoff, should be held to a higher standard than the federal government. After all, it was the Securities and Exchange Commission (SEC) that missed the Madoff fraud in the first place. Furthermore, the Internal Revenue Service (IRS) was happy to rely on these same statements to collect taxes from the reported profits.

“My bill clarifies that for the purposes of SIPC protection, customers of registered brokers are legally entitled to rely on their customer statements as evidence of what their broker owes them. Indeed, in a world where customers do not hold physical securities, it could not be any other way.

“I introduced this legislation because I am increasingly concerned that the Trustee in the Madoff case is ignoring the law and failing to provide prompt assistance to those who have been thrust into financial chaos. He is taking positions on a wide range of issues that are contrary to SIPA, the Bankruptcy Code, and federal and state laws that are intended to protect investors against bad acts on the part of their brokers. This legislation is intended to clarify Congressional intent in these areas.

“I fear that if the current law is not followed, no customer can ever have confidence in his or her dealings with a broker. That is contrary to the policy goal of encouraging investment, which is critical to the economic revival our country needs.”

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