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5TH DISTRICT, NEW JERSEY

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October 1, 2012

Angie Kogutt
Stanford Victims Coalition
820 S. McArthur Blvd.
Ste 195-194
Coppell, TX 75019

Ron Stein
Network for Investor Action and Protection
P.O. Box 2159
Halesite, NY 11743

Dear Ms. Kogutt and Mr. Stein:

I write to commend you for your dogged pursuit of justice for Stanford and Madoff victims over the past several years and for joining forces to help reform our Nation's investor protection regime. I, too, am disappointed in the performance of many of the institutions charged with mitigating the impact of financial fraud, and continue to marvel at their capacity to act contrary to the interest of the innocent victims of financial fraud.

The NIAP's substantive guidance and counsel in the original formulation of the provisions of H.R.757 has been invaluable to our joint efforts, as has the grassroots support and encouragement of NIAP's members. Creating this alliance with the Stanford Victims Group, whose members have been similarly victimized by regulatory failure and the SIPC's indifference, adds important new energy and broadened support to our cause. I am enthusiastic about this alliance and hope that it will give new focus and reinvigorated commitment from the members of both groups.

The essential facts underlying both the Stanford and Madoff frauds are identical. In both cases the fraud was conducted through registered broker/dealers bearing SIPC and FINRA logos; customer funds were stolen rather than invested as promised; account values were regularly reported on statements which served as the basis for taxes paid to the government; and both frauds were enabled by egregious failures in oversight both by the SEC and FINRA. Unfortunately in each case, it appears when looking at SIPC's actions that it has put its own financial interests above those of victimized investors. While we cannot hope to "legislate" fraudsters out of business, it is clear that Congress must act to reaffirm its support for and abiding interest in protecting innocent investors.

I thank you both for your support of H.R. 757 this Congress and reaffirm my commitment to enacting legislation to shore up our investor protection regime. With your continued support it is

my expectation that we can enact legislation that will mitigate the effects of crimes like those perpetrated by Madoff and Stanford, and as important, those fraudsters who will inevitably follow in their footsteps. As you know, H.R. 757 would eliminate the threat of claw back against innocent investors, reaffirm the primacy of customer statements when valuing SIPC protection, and enhance the SEC's authority to determine when a SIPA liquidation is appropriate. There may be additional proposals that merit consideration as part of a package but one thing is clear: the status quo has failed innocent investors.

I am dedicated to working in a bi-partisan effort with my colleagues and your organizations in the 113th Congress to pass legislation. I plan to revise and strengthen legislation that would be reintroduced at the end of this session, likely after the election, to serve as a clear marker of where we should focus our attention in the 113th Congress. In addition, I will reach out to interested Senators urging introduction of a companion Senate bill. Next year, I look forward to holding hearings where investors, experts and regulators can bring forward ideas and help educate Members of Congress on the shortcomings of our investor protection regime. I look forward to working with you as these hearings come together and hope that you will continue to encourage your membership to tell their stories to their home state legislators.

I am confident that our cause is just and I am determined to see it through. Thank you for all you have done for victims of investment fraud and all you will do in the future.

Sincerely,

A handwritten signature in cursive script that reads "Scott Garrett". The signature is written in black ink and is positioned above the printed name.

Scott Garrett
Member of Congress