Congress of the United States
Washington, DC 20515

July 11, 2014

President Barack Obama
The White House
1600 Pennsylvania Ave., NW
Washington, DC 20500

Dear Mr. President:

Americans from across the country have long benefited from the freedom to invest their hard earned money as they wish. Unfortunately from time to time, some have tried to manipulate the system to exploit American investors, which is why protections have been put into place to give investors the peace of mind to invest and grow their monies to build for a secure retirement.

In 1970, when Congress passed the Securities Investor Protection Act (SIPA), the Securities Investor Protection Corporation (SIPC) was established with the expressed goal of having the SIPC's Board of Directors provide unbiased governance in the interest of the public. The boards' objective was to circumvent SIPC's intrinsic conflict of interest of protecting its Wall Street member firms and prioritize victimized investors. SIPA was not intended to pick winners and losers based on cost. SIPC has recently fallen woefully short of this goal and instead has focused on protecting the bottom line of their Wall Street member companies rather than protecting victims of fraud.

In November 2011, the SIPC Board of Directors voted to not comply with the U.S. Securities and Exchange Commission's (SEC) directive under the guidance of SIPC's President General Counsel and the Securities Industry and Financial Markets Association (SIFMA). This was crippling news to the many Americans that were victims of the $7.2 billion[1] Stanford Ponzi scheme that robbed many people of their entire life savings. This resulted in an unprecedented Enforcement Action against SIPC by the SEC. Thus far, SIPC has spent $3.3 million defending itself in the Circuit Court of Appeals for the District of Columbia court in SEC vs SIPC; all while victims of the Stanford Ponzi scheme await much needed relief.

As you know, the SIPC Board currently has four open slots, including both Chair and Vice Chair, which are either unfilled or expired. We encourage you to take this opportunity to advance nominees that prioritize protecting investors over the bottom line of Wall Street. The victims of the Stanford Ponzi scheme cannot afford to continue with the status quo. New perspectives are required in the SIPC to protect the interests of these victims moving forward.

Victims of the Stanford scheme have been paid a meager $30 million[2] to cover their extensive losses. That number pales in comparison to the $7.2 billion[3] Stanford owes to the thousands of victims he scammed. In addition to the massive amounts of money SIPC is withholding from the investors, court-appointed professionals have taken advantage of the situation at hand. Attorneys, accountants and investigators have been paid $64.2 million[4] of the victims' money for case preparation and research fees to supposedly help retrieve their investment money, and the court receivership team itself cost an

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[1] Reuters., "Supreme Court Rebuffs Ponzi Scheme Appeals," *The New York Post*, June 30, 2014, http://nypost.com/2014/06/30/supreme-court-rebuffs-ponzi-scheme-appeals/
[2] Bill Lodge., "Those searching for Stanford dollars get twice as much as victims," *The Advocate*, June 28, 2014, http://theadvocate.com/news/business/9495513-123/theyre-fighting-over-our-money
[3] Ibid
[4] Ibid

additional $54.7 million[5]. These professionals have been paid nearly four times the compensation amount victims received thus far. Ponzi scheme victims have only obtained a mere 0.5% of what they lost. To make matters worse, Ralph Janvey, the court-appointed receiver for this case, is asking for an additional $5.8 million[6] to pay his receivership team.

The fact that there is more money being paid to professionals dealing with this case than there are to victims is unacceptable. Such a disregard for the victims and loss of their hard-earned money is not only a disgrace to the victims themselves, but a strong deterrent to future investors in our capital markets. The Securities Investor Protection Corporation needs to fulfill its purpose of protecting investors from frauds like Allen Stanford.

The SIPC has time and time again put Wall Street bottom lines over protecting investment victims. We urge you to take this opportunity to nominate Board members with a history of protecting investors. This decisive action is needed to restore the public's faith in SIPC and restore American confidence in investing for their future.

Sincerely,

Bill Cassidy, M.D.
U.S. House of Representatives

Ted Deutch
U.S. House of Representatives

Allyson Y. Schwartz
U.S. House of Representatives

Charles Boustany, Jr., M.D.
U.S. House of Representatives

John Duncan
U.S. House of Representatives

Dennis A. Ross
U.S. House of Representatives

Tim Griffin
U.S. House of Representatives

Matt Cartwright
U.S. House of Representatives

Lois Frankel
U.S. House of Representatives

Patrick E. Murphy
U.S. House of Representatives

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[5] Ibid
[6] Ibid