

Statement of Senator Tim Johnson
Committee on Banking, Housing and Urban Affairs
“The Madoff Investment Securities Fraud: Regulatory and Oversight Concerns and
the Need for Reform.”
January 27, 2009

Thank you, Mr. Chairman, for holding this hearing. It is unfortunate that we are here today to take a closer look at the fraud committed by Bernie Madoff—a clear example of a serious failure in our regulatory system. It could be months, or even years, before we fully understand what actually happened at Bernie L. Madoff Investment Securities L.L.C, but I am hopeful that the pending investigations will point to needed changes in the regulation, accounting, and auditing of securities firms, broker-dealers and investment advisors.

While Congress will use the next few weeks to craft a stimulus bill to try to stabilize our economy, it is this Committee that will be responsible for examining the regulatory system and working toward solutions to ensure that the crisis we are currently experiencing never happens again. I am optimistic that the new SEC Chairman, Ms. Schapiro will make appropriate reforms within her agency, and engage with Congress to make the needed legislative changes to our system of securities and investment regulation.