

Statement of Senator Tim Johnson
Senate Committee on Banking, Housing and Urban Affairs
“Oversight of the SEC’s Failure to Identify the Bernard L. Madoff Ponzi Scheme and How to
Improve SEC Performance.”
September 10, 2009

Thank you Chairman Dodd for holding today’s hearing. Following the recent release of the SEC’s Inspector General’s “Investigation of Failure of the SEC to uncover Bernard Madoff’s Ponzi scheme,” I think it is crucial that this Committee continues its oversight role of the SEC. The report highlights the numerous mistakes the agency made, the red flags that were missed, and a too narrow examination focus that prevented the agency from taking a “big picture” look at the business Bernard Madoff was running. These grave mistakes call into question the job the SEC was doing, and more importantly cost some American investors their life savings.

I applaud Chairman Schapiro for the efforts she has made to reform how the SEC regulates markets and protect investors. It is the role of this Committee to help determine if the changes that were made are the right changes to prevent fraud, like that which was perpetrated by Bernard Madoff, from happening again. While massive cases like the Madoff ponzi scheme rightfully grab headlines, we must also focus on smaller fraudulent schemes which also hurt investors.

It is my goal to ensure that the SEC has the right tools and appropriate resources; that investors have access, information, and protection, and that industry participants have certainty and rules that allow them to compete fairly both at home and abroad. I look forward to hearing more from today’s witnesses, and I look forward to working with members of this Committee as we consider how to better regulate the securities industry and reassure investors that our markets are safe.