

**Subject:** GalleryWatch.com

**Date:** Thursday, December 18, 2008 at 7:48:11 AM Central Standard Time

**From:**

December 17, 2008

The Honorable Barney Frank  
Chairman  
Committee on Financial Services  
U.S. House of Representatives  
2129 Rayburn House Office Building  
Washington, DC 20515

Dear Chairman Frank:

Last week's startling revelations about the alleged \$50 billion "giant Ponzi scheme" orchestrated by Bernard Madoff, a prominent member of the securities industry for more than 45 years, exposes serious shortcomings in securities regulation and oversight that require the Committee's immediate attention.

The Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority (FINRA) were reportedly unaware of Mr. Madoff's deceptions, which only came to light after Mr. Madoff revealed the scheme to two of his senior employees last week. This episode raises serious questions about the SEC's ability to fulfill its mission to protect investors and abide by its motto to be the "investor's advocate," and prompts concerns about the capabilities of self-regulatory organizations to supplement government oversight. Every day brings more news of the devastating impact of this alleged fraud on charities, private foundations, banks, broker-dealers and government entities as well as individual and corporate investors.

Accordingly, I am writing to request that the Committee hold hearings, as soon as practicable in the 111th Congress, to thoroughly investigate Mr. Madoff's conduct and the broader implications for securities market oversight and enforcement. These hearings should specifically examine the adequacy of the SEC's and FINRA's examination programs, as well as the compliance program at Mr. Madoff's firm, and should include testimony from Mr. Madoff, the SEC, FINRA, the Securities Investor Protection Corporation, Mr. Madoff's accounting firm and his victims.

Thank you for the consideration of my request.

Sincerely,

Spencer Bachus

Ranking Member