

**Senator Michael Bennet
Banking Committee Hearing**

**The Madoff Investment Securities Fraud: Regulatory and
Oversight Concerns and the Need for Reform
January 27, 2009**

Opening Statement

Thank you, Mr. Chairman. I would first like to offer my sincere gratitude to both you and the Ranking Member for your leadership of this Committee, and for the hospitality and kindness that you and your staffs have shown me as the newest member of the panel.

As I take my seat on this committee, I am aware that I do so at a crucial time in our history. Millions of Americans are out of work, struggling to keep a roof over their heads, and worried about how they're going to make ends meet. This committee will face head-on the challenge of responding to an economy in crisis. Though I know that the job will not be easy, I accept my position on this committee with eagerness, humility, and a deep sense of responsibility to the Coloradans I represent.

Today I join you on behalf of the many Coloradans affected by the Bernie Madoff investment scandal, including the Nurse-Family Partnership, a Denver-based non-profit organization that helps low-income families with children meet their healthcare needs. The organization lost a \$1 million contribution from a foundation that went under because of Madoff losses.

I also come on behalf of the Fire and Police Pension Association of Colorado, which was protected against losses only because time was on its side. For reasons unrelated to fraud concerns, last June the pension fund withdrew \$5 million from an account directly handled by Bernie Madoff. Had this transfer not taken place, the situation could have been dire for some of the men and women who serve and protect the people of Colorado.

There are certainly countless other Coloradans whose savings contribute to the unimaginable \$50 billion in losses related to Bernie Madoff's investment scheme.

It is crucial that we get to the bottom of what was clearly the utter failure of our regulatory system. I am confident that the witnesses we have here today, particularly those from the Securities and Exchange Commission, can shed some light on how this failure happened. I thank them all for being here. But getting answers is only the first step.

We need to repair a seriously broken regulatory system under which investigators have consistently lacked the resources and big-picture perspective necessary to keep an eye on the financial activities of increasingly large investment entities.

We also need to make sure that regulators foster proper relationships with the investors they oversee. We need to recruit and maintain a competent regulatory workforce at the SEC—a workforce that does not allow personal or social relationships to cloud its judgment.

Finally, we must ensure that the foundations, non-profits, individuals, and retirees who have lost money as a result of this fraud have some recourse. There's been discussion of how much loss the Securities Investor Protection Corporation (SIPC) can cover, and I gather that it's not much. I am interested to see if there are other ways to provide some relief to victims who are still reeling from their losses.

This committee will lead the charge of repairing a regulatory system that has slipped off its tracks. I am honored to be the committee's newest member, and I look forward to our important work in the months ahead.

Thank you.