

For Immediate Release

Tuesday, May 12, 2009

Grassley reforms in place at the Securities and Exchange Commission

WASHINGTON – Senator Chuck Grassley today said he was glad to get a report from Securities and Exchange Commission Chairman Mary L. Schapiro that reforms he recommended almost two years ago, after investigating claims that an SEC lawyer had been fired for protesting a decision to give special treatment to a Wall Street CEO, have been implemented by the SEC.

Grassley said that investors and the marketplace should benefit from these changes, which standardize procedures, prioritize resources, increase transparency of external communications and internal recusals, establish guidelines for handling employee complaints and dismissals, protect whistleblowers and recognize the independence of the Inspector General for the SEC.

“The case that resulted in the 2007 report was a violation of the public trust by the agency that’s supposed to protect investors and maintain a fair market,” Grassley said. “The fact that the recommendations have been put in place, and most of it done before this year, is encouraging, even while it’s still hard to believe that no SEC official was ever held accountable for the misconduct in the Pequot Capital Management case.”

Grassley asked for a report on the status of the recommendations he made in August 2007, in a report issued with Senator Arlen Specter, during Senate debate last month regarding an amendment to give the SEC additional money for enforcement. A copy of the detailed accounting from the Chairman is posted with this news release at <http://grassley.senate.gov> and <http://finance.senate.gov>.

In the letter, which was delivered on Friday, Schapiro wrote, “I take very seriously the charge that I have been given to restore the SEC’s reputation and credibility as the investors’ watchdog. I also know that this can only occur if this organization is managed in such a way that employees are supported in the work that they do, are engaged toward a clear and common mission, and accept the need for greater transparency and accountability that is part of public service.”

The news release below describes the additional resources approved by the Senate for the SEC and the Inspector General of the SEC in anti-fraud legislation sponsored by Grassley that passed the Senate last month. The House recently passed the Senate bill with some amendments. The House version is now awaiting action by the full Senate. The August 2007 report by Grassley and Specter is posted at <http://finance.senate.gov>. Click on legislation, then scroll down Legislative Archives. Click there and go to the document dated August 3, 2007.

For Immediate Release

Thursday, April 23, 2009

Grassley works to protect investors and free market by strengthening SEC watchdog

Senator secures commitment from commissioner to respond to 2007 wrongdoing

WASHINGTON – Senator Chuck Grassley said the agreement he reached today with Senator Chuck Schumer of New York will give the Inspector General for the Securities and Exchange Commission (SEC) an additional \$1 million for each of the next two fiscal years to oversee the work of the agency charged with protecting investors, maintaining fair, orderly and efficient markets, and facilitating capital formation.

“The public deserves ongoing rigorous, independent oversight of the SEC,” Grassley said. “Congress has dropped the ball with SEC oversight, and even the former Inspector General failed in his important role. The good news is the current Inspector General for the SEC has demonstrated a commitment to policing the agency and identifying problems that have repercussions for every American. We ought to dedicate more resources to this effort, and especially if Congress is going to give the SEC itself more money.”

The new funding for the SEC Inspector General and the SEC is part of pending legislation sponsored by Grassley and Senator Patrick Leahy to fight fraud against the taxpayer-funded bailout of America’s financial system and to strengthen the federal False Claims Act, under which updates sponsored by Grassley in 1986 have recovered \$22 billion for the U.S. Treasury that would otherwise have been lost to fraud.

Grassley successfully made the case that some of the new resources Schumer sought for the SEC in this broad-based legislation should go to beef up the SEC’s watchdog, especially given recent failures by senior SEC enforcement officials, the SEC’s culture of deference to Wall Street and the agency’s failure to identify market abuses, including Bernard Madoff’s Ponzi scheme against investors.

In addition, Grassley won a commitment today from the SEC Chairman, Mary L. Shapiro, to report on complete implementation of recommendations made in August 2007 by Grassley and Senator Arlen Specter, based on their investigation which documented how an SEC lawyer was fired for protesting special treatment by the SEC of a Wall Street CEO.

“It’s pretty unbelievable that the SEC has refused to hold anyone accountable for the misconduct in this case, which was verified by two independent inquiries,” Grassley said. “I appreciate the new Commissioner’s commitment to taking action, and look forward to her reform on May 8.”

A copy of the April 23, 2009, letter from Shapiro to Grassley is posted with this news release at <http://grassley.senate.gov> and <http://finance.senate.gov>. A copy of the August 2007 report completed by Grassley and Specter, titled “The Firing of an SEC Attorney and the Investigation of Pequot Capital Management,” is posted at <http://finance.senate.gov/sitepages/leg/LEG%202007/Leg%20110%20080307%20SEC.pdf>.

Under the Grassley-Schumer agreement, the Inspector General would receive \$1 million in 2010 and 2011, or \$2 million total. The SEC would receive \$20 million in 2010 and 2011, or \$40 million total. The total cost of the amendment is \$42 million over two years.

The overall bill, the Fraud Enforcement and Recovery Act (S.386), is being debated by the Senate this week.