July 11, 2014

President Barack Obama
The White House
1600 Pennsylvania Ave., NW
Washington, DC 20500

Dear Mr. President:

One of the great things about our country is that we are free to invest our money in virtually any way we'd like. Of course, nothing is foolproof, but over the years we have implemented protections to give investors peace of mind and confidence to invest and grow their money, often times for a comfortable retirement.

When Congress passed the Securities Investor Protection Act (SIPA) in 1970, which created the Securities Investor Protection Corporation (SIPC), it mandated SIPC's Board of Directors provide unbiased governance that represents the public's interests. The Board was structured this way to avoid SIPC's inherent conflict of interest between protecting its member firms' financial interests and protecting investors. It was not set up to pick and choose which investors to protect based on cost. Unfortunately, lately, SIPC operates with more concern towards its bottom line, and it has been more concerned with protecting its Wall Street member companies than protecting investors.

As you are aware, the SIPC Board has four slots that are either expired or unfilled that require advice and consent of the United States Senate, and additionally both the Chair and Vice Chair slots are unfilled. We urge you use this opportunity to remake the current culture at SIPC by filling these positions with nominees with a demonstrated track record for protecting investors. We need people who can join the SIPC Board with a commitment and a fresh prospective on all of SIPC's current operations and a willingness to shake up the status quo inside of SIPC. It is also tremendously important that you designate a strong advocate for investors to the vacant position of Chairman rather than follow a reoccurring tradition of nominating an industry representative who seems to only answer to Wall Street. It is not acceptable to continue to allow a fox to guard the hen house given the tremendous breakdown of investor protection at SIPC. If you make these pro-investor nominations, we will work with you to ensure swift and timely confirmation of all outstanding SIPC related nominations.

Congress has given SIPC incredible responsibility for protecting investors, and for that reason, it's vitally important and appropriate that you nominate a pro-investor Chairman who can help change the subversive culture that has choked the investor protection mandate out of SIPC.

On June 15, 2011, following a massive Ponzi scheme that affected investors across the country, the SEC, by a unanimous vote of the Commissioners, determined that Stanford Group Company (SGC) customers were in need of protection under the Securities Investor Protection

Act of 1970 and ordered SIPC to discharge its obligations by initiating a liquidation of SGC allowing customers to have a judicial review of their claims.

In November 2011, the SIPC Board of Directors—with the advice of SIPC's President and General Counsel and the Securities Industry and Financial Markets Association (SIFMA)—voted not to comply with the SEC's directive. That was a real blow to all of the Stanford Ponzi scheme victims who lost $7.2 billion, some of whom lost their entire life savings. As a result of the Board's decision, the SEC filed an unprecedented Enforcement Action against SIPC. SEC vs SIPC is currently pending a decision by the Circuit Court of Appeals for the District of Columbia. To date, SIPC has spent $3.3 million dollars fighting the Securities and Exchange Commission in court but not one cent from SIPC has gone to the victims.

After the SEC's determination, SIPC ran up $200,000 of charges in June and July of last summer in reviewing the court appointed receiver's documents – a cost that will be ultimately be paid for with the very minimal money that authorities have been able to recover for the Stanford victims. When asked about these charges, SIPC claimed these exorbitant charges were research into a settlement offer to the victims. That is egregious abuse of the trust and authority vested in SIPC, because an official settlement offer never materialized.

This year alone, acting SIPC Chair Sharon Bowen has twice refused to reconvene the SIPC Board to consider a critical opinion issued on July 30, 2012 by the U.S. District Court for the Northern District of Texas. This Court has been charged over the past 5 years with overseeing the receivership proceedings for Stanford International Bank (SIB), SGC and the various other entities that made up Allen Stanford's fraudulent network that perpetuated his massive Ponzi scheme. SIPC has refused to even consider the new documentation of facts because the evidence undermines SIPC's arguments that there are no customers of SGC in need of protection. The receivership court determined that the corporate distinctions between SIB and SGC could not be observed because they were established for purpose of stealing from investors, and that doing so would elevate form over substance and serve an injustice to Stanford's victims. In other words, customer funds intended to purchase Stanford International Bank (SIB) CDs never went to Antigua. SGC was a front for Stanford's scheme and the victims' money was stolen either directly or indirectly from a SIPC-backed company. These findings completely invalidate SIPC's arguments against protecting Stanford investors. Additionally, the Court ruling further validates the SEC's June 2011 determination of SIPC coverage for Stanford victims.

If there is one common theme linking Stanford and the investors in the Bernie Madoff Ponzi scheme, it's the way SIPC fought investors every step of the way and has absolutely refused to protect the victims of fraud. For more than five years, the Stanford victims have been fighting just to have their day in court, and SIPC has stood in the way. Unfortunately, SIPC- the very entity that was created to protect these investors - has engaged in years of protracted litigation against the SEC in order to avoid a review of individual investor's claims in the District Court for the Northern District of Texas that has already invalidated SIPC's arguments against protecting Stanford victims.

Ponzi scheme victims, whether they're Stanford victims or Madoff victims, should be first in line for protection, but SIPC has reiterated time and again that it is prioritizing its Wall

Street members over the victims. We urge you to seize this opportunity to remake the culture of SIPC by nominating Board members with a history of protecting investors. A bold move like this will give a fresh perspective to SIPC and help restore investor confidence.

Sincerely,

David Vitter
United States Senate

Thad Cochran
United States Senate

Roger Wicker
United States Senate

John Boozman
United States Senate

Saxby Chambliss
United States Senate

Marco Rubio
United States Senate

Johnny Isakson
United States Senate

Mary Landrieu
United States Senate