



Klein Attends Hearing on Madoff Scandal, Calls for Reform

Washington, D.C. – Congressman Ron Klein (FL-22) today attended a hearing of the House Financial Services Committee to address the Bernard Madoff scandal and the need for regulatory reform. Klein delivered an opening statement highlighting the impact of Madoff's scheme on South Florida, noting that "if there's anything that we have learned from the Madoff scandal and this year of a global economic crisis, it is that we need smarter regulation and greater oversight."

The full text of Klein's statement can be found below.

As Prepared for Delivery

Opening Statement of Congressman Ron Klein
Hearing of the House Financial Services Committee: Assessing the Madoff Ponzi and the Need for Regulatory Reform
January 5, 2009

Thank you, Mr. Chairman, for holding this important hearing.

Mr. Madoff's Ponzi scheme, thought to be the largest securities fraud in modern history, has defrauded hundreds of people, including many in my Congressional district. Retirees and community leaders, charities and family foundations fell prey to Mr. Madoff's plans.

I represent Palm Beach and Broward Counties. Madoff spent much of his time in Palm Beach, FL, and used his social connections to find his next victim.

Individual investors were not the only ones to lose their savings. Charities in South Florida had to close their doors because they lost everything. The Picower Foundation, one of the United States' leading educational philanthropies and the benefactor behind science and after school programming in the Palm Beach County School District, is now closed. The Gift of Life Bone Marrow Foundation in Boca Raton announced that they will not be able to register new bone marrow donors next year.

The question is not who lost what. The question is why?

There were several indicators that should have been red flags to the SEC. Why didn't the SEC follow up on these? The SEC has admitted that it received credible allegations that Madoff's operation was a fraud at least nine years ago. Why didn't the SEC uncover the scam then?

If there's anything that we have learned from the Madoff scandal and this year of a global economic crisis, it is that we need smarter regulation and greater oversight. This does not mean that the government will be checking up on every move of every investor. This means that someone like Madoff will not be able to get away with 50 billion dollars ever again.

Finally, there is a human question: How much money can Bernie Madoff's victims expect to recover? The couple from Boynton Beach who lost their retirement savings to Madoff and now have only enough money to live for two more months. How much can they expect?

In these scary times, our government must be able to protect people from predators like Mr. Madoff and we must hold them responsible to the fullest extent of the law.

Thank you again, Mr. Chairman.

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