

**Statement of Congresswoman Sue Kelly
Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises
Hearing: “H.R. 2179, the Securities Fraud Deterrence and Investor Restitution Act of 2003”
June 5, 2003**

Thank you, Chairman Baker, for holding this hearing on important legislation that will send a clear message to all Americans that securities fraud offenders will be caught quickly, punished severely, and their ill-gotten profits will be stripped away and returned to injured investors.

Over the last two years, our country has experienced monumental and extraordinary events that have changed the nature of our work in Washington and shaped our agenda in this Committee. No one could have predicted the terrorist attacks on September 11th, or the collapse of several major corporations.

With the passage of unprecedented legislation addressing terrorism reinsurance, anti-money laundering and corporate responsibility, I am pleased to be able say that this Committee stepped up to these challenges. But as the economy begins to recover and our country continues a war to rid the world of terror, it is even more important that Congress take action to help rebuild our economy and to address eroding investor confidence. We must continue to ensure that U.S. investors – now over half of all American families – have the backing and oversight they need to return to the securities market with full faith and hope for prosperous futures.

That’s why I have joined Chairmen Oxley and Baker in introducing H.R. 2179, The Securities Fraud Deterrence and Investor Restitution Act. The legislation will strengthen the SEC’s ability to pursue securities law violators, increase enforcement and efficiency, and ensure investors are able to recoup losses resulting from fraud.

People need to know that there is fairness in the marketplace. Assets must be found and returned to the rightful owners – the American people who lost their retirement, tuition for their children or savings for a first home. By preventing criminals from sheltering millions of dollars in assets and enhancing the SEC’s ability to trace money and relationships, the legislation will enable injured investors to recover more of their lost money. To further maximize restitution, the SEC will also be given enhanced authority to impose civil penalties, while other penalties for securities fraud have been increased significantly.

Defrauded investors have suffered enough, and any retrieved money solely belongs to them. Giving this money to States or other entities would only add insult to injury. A key provision of the legislation that I strongly support is Section 8, which requires that all fines and disgorgements are distributed back to harmed investors through the SEC Fair Funds process – and not to the States or other entities.

I would like to thank the witnesses for appearing before the Committee. I look forward to continuing to work with you to restore investor confidence and ensure the highest level of integrity, transparency and accountability in the market.