

MEMORANDUM

TO: Reporters and Editors
FR: Jill Kozeny, 202-224-1308
for U.S. Senator Chuck Grassley
RE: SEC IG report on Madoff
DA: Wednesday, September 2, 2009

Senator Chuck Grassley today issued a comment regarding a new report of the Inspector General for the Securities and Exchange Commission about the regulator's handling of information about Bernard Madoff before his arrest last year.

Senator Grassley's comment:

“This report details a half-dozen serious complaints provided to the SEC, citing dozens of red flags since 1992. The SEC's utter failure to follow-up aggressively on detailed and specific information about Madoff's fraud is further evidence of a culture of deference toward the Wall Street elite at the SEC. Until that culture is transformed, the SEC will not be the tough cop-on-the-beat that the public needs.”

A copy of the new report is posted with this memo at <http://finance.senate.gov> and <http://grassley.senate.gov>. Senator Grassley asked the Inspector General in December to focus on how the massive frauds went on despite SEC regulatory and investigative activity regarding Mr. Madoff. The text of Grassley's letter of request is at the bottom of this memo.

Senator Grassley has conducted oversight of the Securities and Exchange Commission and sought reforms to better protect the free marketplace. In 2007, Grassley and Senator Arlen Specter issued an extensive report about the SEC's failure to aggressively pursue insider trading allegations involving a major Wall Street hedge fund and the head of one of the country's five largest investment banks. That report is posted at <http://finance.senate.gov>. To find it, click on legislation, go to the 2007 legislative archive, and scroll back to the document dated August 3, 2007. It is titled “The Firing of an SEC Attorney and The Investigation of Pequot Capital Management.”

Request for information:

For Immediate Release
Wednesday, December 17, 2008

Grassley seeks regular updates on Madoff review by SEC watchdog

WASHINGTON --- Senator Chuck Grassley has asked the Inspector General for the Securities and Exchange Commission to report on the scope and methodology of his comprehensive review of the way the SEC handled matters involving Bernard Madoff and for regular updates on the progress of the review.

Grassley made his request in a letter sent today to Inspector General David Kotz. The text is below.

December 17, 2008

The Honorable David Kotz
Inspector General
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-2736

Dear Inspector General Kotz:

I understand that you have been asked by Chairman Cox to conduct a comprehensive review of the SEC's handling of matters relating to Bernard L. Madoff. I am extremely interested in learning how the massive frauds being described in the press could have been perpetrated despite SEC regulatory and investigative activity regarding Mr. Madoff. Accordingly, please provide my staff with the following:

- (1) an initial briefing on the scope and methodology of your planned inquiry;
- (2) regular updates on its progress; and
- (3) a copy of your final report(s) as soon as possible.

Sincerely,

Charles E. Grassley
Ranking Member
Committee on Finance