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6TH DISTRICT, LOUISIANA

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SUBCOMMITTEE ON HEALTH

SUBCOMMITTEE ON  
ENVIRONMENT AND ECONOMY

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COMMERCE, MANUFACTURING AND TRADE



# Congress of the United States

House of Representatives

Washington, DC 20515

July 12, 2012

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The Honorable Mary Schapiro  
Chairwoman, Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549-1090

Dear Chairwoman Schapiro,

I write to respectfully request that the Securities & Exchange Commission (SEC) file an appeal with the U.S. Court of Appeals, District of Columbia Circuit, seeking to overturn the July 3, 2012 ruling by U.S. District Court Judge Robert L. Wilkins in the matter of *SEC v. Securities Investor Protection Corporation (SIPC)*, Civil Action No. 11-mc-678.

As you know, this case involves the matter of restitution for the victims of the former Stanford Financial Group under the Securities Investor Protection Act (SIPA) of 1972. In July of 2011, in its capacity as the regulator of SIPC, the SEC ordered a liquidation and payment under SIPA to certain affected customers of the former Stanford companies. SIPC however, refused to comply with the SEC's order, which led to the court proceedings and ultimately, the decision rendered by Judge Wilkins denying SIPA coverage for the Stanford victims.

In the Sixth Congressional District of Louisiana and throughout the country, financial restitution under SIPA represents the last hope for many of Stanford's victims to regain that which was taken from them more than three years ago. All I ask on behalf of these American citizens is for the SEC to honor the commitment they made back in July of 2011 by continuing to pursue all legal avenues which could result in the determination by the SEC that Stanford's victims are entitled to SIPC coverage.

As the United States Representative for the area perhaps hardest hit by this tragedy, I have been confronted almost daily since my service began in 2009 with the heartbreaking stories and tragic outcomes that have befallen my constituents affected by Stanford. Enclosed with this letter is a message sent to me by one of those Louisiana citizens, Jean Ann Mayhall, who speaks both of the devastating impact of this ruling and offers a number of compelling arguments for the SEC to consider as you to decide whether to pursue an appeal. Ms. Mayhall's words undoubtedly represent the hopes of thousands of Stanford victims who will quite literally see any chance for substantial recovery lost if the SEC declines to pursue further action, and I hope you will strongly consider those views during your deliberative process.

Once again, I ask you to continue to pursue the course of action that began when the SEC declared, rightfully, that many of the Stanford victims are entitled to coverage from SIPC by filing to appeal the ruling by Judge Wilkins. If I can provide any assistance or support to you or the SEC, please contact me at 202-225-3901. Thank you.

Sincerely,



Bill Cassidy  
Member of Congress

**From:** Jean Anne Mayhall  
**Sent:** Wednesday, July 11, 2012 11:14 AM  
**Subject:** HUMBLE OPINION: To Stanford Victims and Supporters

Hi to all,

Many of you have sent emails, called or left messages about Judge Wilkin's ruling in favor of SIPC over the SEC. You are asking if it is over - is there anything we can do? At the risk of giving false hope, here are my personal thoughts (only) and what I personally hope to see happen.

The spirit and the intent of the Congressional mandate given to SIPC, was not honored in our case.

Yes, we were handed a gut wrenching blow by Judge Wilkins. Yes, if this ruling stands, a new precedent has been set allowing SIPC to tweak its mission statement depending upon its agenda de jour, and how much money it has in its coffers. Additionally it gives license to steal to any unscrupulous SIPC member firm to do whatever it takes to sell customers anything it wants; promising protection that is NOT there. More chaos in the making.

All of this belies a system that was set up by our Congress to help, not further harm, those who have been injured by the grotesque failure of a member of this nation's financial system - a SIPC member brokerage firm, just like the Stanford Group Company.

Apparently our money was stolen in the wrong way, making us unqualified for protection. Our Ponzi schemer set up a bank that shared the name of his brokerage firm. He then stole customer cash so the money could be used to operate his brokerage firm and to pay his brokers. This scheme enabled SIPC, in a sly interpretation of the word, to declassify us as 'customers' of the Stanford Group Company in order to escape complying with the SEC order. Further, SIPC and its lobbyist teammates, using power plays, websites and spin, set about a year-long expensive campaign to force their position.

As any victim knows, as our Congressional supporters know, as any lawyer close to this knows, we were not only customers of SIPC-member Stanford Goup Company, but the only way to buy the securities (CD's) offered by that SIPC member, was through our Stanford broker.

Thus, the SEC determined "based on the totality of facts and circumstances of this case, that SIPC member Stanford Group Company failed to meet its obligations to customers." The SEC further stated that "by depositing money with Stanford International Bank, investors were effectively depositing money with the Stanford Group Company." And concluded that customers with accounts "at SGC who purchased SIBL CD's through SGC should be deemed to have deposited cash with SGC for purposes of SIPA (SIPC) coverage. Doing otherwise on the facts of this case would elevate form over substance by honoring a corporate structure designed by Stanford in order to perpetrate an egregious fraud."

With that and much more evidence, Judge Wilkins chose form over substance in a narrow interpretation of the facts he had before him. Judge Wilkins has given his opinion. We must respect it. It does not, however, mean that we give up. In the end, there are law abiding, tax paying citizens and families who have been permanently harmed. Another judge - Judge Hittner in Texas - who listened to weeks of testimony of fact and read statements from hundreds of victims, applied his opinion in the strongest of possible prison terms to the man who was at the helm of this Ponzi scheme.

It is my very humble opinion that if Judge Wilkin's ruling is allowed to stand, the victims and their families will have been sentenced along with the criminal.

**I hope that the SEC will appeal this decision. With vigor, with authority, and with a platform based upon all aspects of this case, including the facts and the law.**

To do less puts all citizens who still trust the United States financial system at risk, and at the mercy of the ever-growing interpretive power of SIPC.

Have a nice day,

Jean Anne Mayhall