TESTIMONY OF SUZANNE SHEAN

HOUSE FINANCIAL SERVICES SUBCOMMITTEE ON CAPITAL MARKETS AND GOVERNMENT SPONSORED ENTERPRISES HEARING:

"A LEGISLATIVE PROPOSAL TO AMEND THE SECURITIES INVESTOR PROTECTION ACT"

NOVEMBER 21, 2013

I would like to thank Chairman Scott Garrett and Ranking Member Carolyn Maloney for holding this hearing today and allowing me to speak about my experience as a victim of the Stanford Financial Group Ponzi scheme. I would also like to thank you from the bottom of my heart for giving victims like me hope for recovering our stolen retirement savings by introducing "The Restoring Main Street Investor Protection and Confidence Act." Thank you also to all of the subcommittee members here who have already joined this desperately needed bill.

My name is Suzanne Shean, and I am 64 years of age. I live in Carriere, Mississippi. Allen Stanford and the SIPC-member broker dealer Stanford Group Company took more than my life savings of $250,000 invested just 18 months before the SEC took the Stanford Group of Companies into Receivership in February 2009. He took from me what money can't buy. He took my husband's life, my soul mate, my daughter's "Daddy," my grandchildren's "Grandad," and the life we had together.

When the news of the Stanford scandal broke, I had just had surgery and was undergoing radiation treatments for breast cancer. My sweet husband, Michael, sheltered me from the news for months until I was better.

Michael had also had cancer—colon cancer—and underwent surgery in March 2008. The doctor said they were able to remove all of the cancer and there was no need for chemo or radiation.

But being a victim of a Ponzi scheme is like cancer itself. The stress eats away at you. For some, that happens slowly. For Michael, it only took about six months.

His cancer returned with a vengeance and quickly spread throughout his body. The burden of losing our life savings was too much for him, especially when he carried that burden alone for so long to protect me while I was sick. He died on April 29, 2011, at the age of 66.

Before Michael died, he worried so much about me and my future alone without our savings. My greatest hope was that he would be comforted with the knowledge that SIPC would make things right for us before he died. That didn't happen, and that devastation still weighs heavily on my heart.

I only saw my husband cry three times in our 43 years together—tears of joy at the birth of our daughter in 1969; tears of helplessness when neighbors had to help me pick him up after he fell a few weeks before he died; and tears of anguish when he asked me to forgive him for liquidating our IRA stock market portfolios to invest in "safer" IRA CDs from Stanford International Bank with Stanford Group Company (SGC.) He was inconsolable, but it was not HIS fault the safety net created to protect investors like us had failed to do so.

Our whole lives together, Michael and I worked so hard to put money away so we could retire one day, and enjoy our "Golden Years." For him to die thinking that it was all in vain is an abomination of the very soul of our society.

We were U.S. taxpayers, and we trusted the government to do its part to keep our money safe. Discovering that the SEC *knew* Stanford Group Company was involved in a Ponzi scheme for more than a decade *before* we invested with them added insult to injury. The double-whammy of SIPC announcing it had absolved itself of protecting us was just inconceivable.

I am now forced to work two jobs to keep my home. As a working widow under 66 years of age, I am not entitled to my husband's Social Security checks because my salary exceeds $17,000 a year. I should be enjoying my grandchildren and the fruits of my labor from these past 64 years. Instead, retirement is not an option now that that our entire IRA is gone. What will happen to me when I can no longer work? The one percent recovered by the Stanford Receiver after almost five years will just about cover a house note and my trip here to DC.... but that is another scandal we aren't here to discuss today...

Michael and I were very conservative investors, and we entrusted Stanford Group Company, or "SGC," a registered broker dealer and SIPC member, to invest our IRA funds safely. The Stanford International Bank CDs were sold by SGC as "Reg. D Securities" and were supposed to only be offered to "accredited investors." Like so many other Stanford victims, we did not meet the "accredited investor" criteria—but we didn't know anything about these requirements at the time. Nonetheless, our IRA was rolled over to Stanford Trust Company in Baton Rouge, Louisiana, in order for SGC to "purchase" the Stanford International Bank CDs they told were the "safest investment possible" for our IRAs. We were told because we had an IRA, that Stanford Trust in Louisiana would hold custody of our investments. We felt comfortable with this investment because every aspect it was being managed in the U.S. and regulated by our government.

But what we didn't know DID hurt us. We had no idea that Stanford Trust Company was created by SGC as a way to tap into a whole new source of money to feed the Ponzi scheme—hundreds of millions of dollars of innocent investors' IRA funds. The Stanford Trust Company was a subsidiary company of the brokerage firm, and was created as a state-regulated entity solely to evade oversight by the federal government. The Louisiana Attorney General's office later explained that SGC employees operated the Trust Company, and even served as its Board of Directors (*see attached affidavit of Scott Bailey*). In short, SGC held custody of our CDs, and our savings *never* left the U.S., and never went to purchase securities of any kind.

We were shocked when we found out that SIPC announced we didn't qualify for protection because we weren't "customers" of SGC because it supposedly didn't hold custody of the fictitious Stanford International Bank CDs. But we had a customer contract with SGC, not Stanford International Bank in Antigua. We didn't send our money to Antigua like SIPC has told Congress, the Courts and the public. We also never dealt with a single employee of Stanford International Bank. We received monthly statements from Stanford Trust Company, operated and governed by SGC employees in Baton Rouge, Louisiana, and our account numbers, ST**SGC-**40917 and ST**SGC**-40912 even indicated we were SGC customers. The custodian of our IRAs was—for all intents and purposes—Stanford Group Company.

What SIPC was telling us seemed like hyper-technical legalese designed solely to avoid covering our losses despite other similar SIPC cases in which investors *were* protected. SIPC has behaved as if it is a private insurance company with government immunity—and they've gotten away with it so far—at the expense of thousands of victims just like me.

When the SEC Commissioners finally voted to overturn SIPC's position about our status as "customers," SIPC launched an all-out war against us with an anti-Stanford victim PR campaign, labeling us as "foreign bank clients" as if we had sought out a tax haven to hide our IRAs. They even launched a new website called The Stanford Antiguan Bank Fraud, loaded with misleading information and the words "foreign," "offshore," and "Antigua" multiple times on every page--somewhat like the SIPC logo was slapped on everything in SGC's offices and the all of Stanford's marketing materials. It was so surreal to see this entity created by Congress to protect investors going to such extreme lengths to invalidate the SEC's analysis as they prepared for a protracted legal battle that has lasted more than two years now. The expense of their litigation against the SEC has probably cost SIPC millions of dollars when those funds should be going to protect investors—not fight the federal government.

Here we are--innocent investors who used a SIPC-member broker to purchase securities that, come to find out, didn't even exist, and SIPC is treating us as their enemy! The CDs were an imaginary investment vehicle designed to take money from Stanford's right hand—Stanford Group Company—and steal it with his left—Stanford International Bank. In short, we have been victimized again—first by the SEC for not stopping Stanford Group Company when they were aware of misappropriation of customer funds and other fraudulent activity; then by Allen Stanford himself, who stole our savings; and then a third time by SIPC—because they have told us Allen Stanford stole our money "the wrong way."

Chairman Garrett, Ranking Member Maloney and the honorable members of the subcommittee, I beg you to please close these loopholes in the law that SIPC has manipulated in order to protect its member firms rather than investors. People like me desperately need the provisions of H.R. 3482 to protect us so we can have our lives back. I will never be able to have my Michael back, but I know his soul would rest in peace if he knew I was taken care of. That means the world to me, and I want that for him as much as I do for myself.

Thank you for your time and your attention. It has been my honor to share my story here today.