

**Testimony of Jeannene Langford**

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**The Honorable House Subcommittee on Capital Markets, Insurance, and  
Government Sponsored Enterprises**

Thank you for holding these hearings and looking into the SEC's complicity with Bernard L. Madoff Investments. My name is Jeannene Langford and I live in San Rafael California. As one of the more than 16,000 victims of the Bernard L. Madoff ponzi scheme, I am grateful to have the opportunity to come here today to present how this financially devastating scandal destroyed my quality of life. It has shattered my trust in my government's ability to serve and protect us. My hope is that Congress will choose to recognize and protect ALL indirect investors such as myself who were victimized by this scandal. We need your help NOW.

I have worked for 30 years starting as a Visual Designer and now work as an Art and Design Consultant in the Stationery and Craft industries. The past 17 have been as a single parent working to provide for my daughter and myself. The training I've pursued to advance as a professional designer and artist along with the commitment to raising my daughter have been my priorities. In areas where I have little expertise, I recognized the necessity to rely on hiring a specialist. Personal investment was one of those areas but I knew there were systems such as the SEC in place to protect me. I looked to Investment groups, read books on investing and talked with friends in order to educate myself. From my research, there was no reason to believe that this investment was not a viable place to put the majority of my life savings. Looking back I had no way of knowing the partnership where I placed my money was invested with Madoff.

The money I had invested with Madoff represented 30 years of my life savings. This was my retirement, a down payment for a house, investment for the business I was starting, and it was money for my daughter's education. In short it was the foundation for my future. I do not have another 30 years to earn this money again. If the SEC had done its job I would have my savings and I would not be looking at working the rest of my life just to get by.

I was shocked when I found out my money was gone, but I was even more shocked and outraged to find out that the very governing body that sanctioned this business did not protect me. I need help in understanding how the SEC could ignore expert testimony, be lax in its investigations, be influenced by the aura of Madoff, and not carry out its duties.

I find it both tragic and ironic that the interpretation of the language by the SIPC leaves out indirect investors who in many cases are the people most in need of protection; hard working people like myself who were not wealthy and who are now struggling to keep up because their lifetime of hard earned savings, or their pension has been stolen. These are the very investors for whom the SIPC insurance protection is most important.

Congress needs to take action to restore confidence for all future investors. I understand a simple change to the definition of the word "customer" in the SIPA to include indirect investors would ensure that the SIPC symbol would protect both indirect and direct investors in the financial markets and begin to restore a sense of trust. If nothing is changed, the current situation would be similar to having a catastrophic landslide, and the government came in to assist those on one side of the street but not the other. As I sit here today in this chamber I cannot believe this is the intent of this Committee, or of Congress.

I am here today asking this Committee to take action to help all Madoff victims, especially the indirect investors who have found themselves to be victims of this fraud.

Though I appreciate extending the SIPC coverage through the Maffei/Ellison amendment to investors in ERISA plans, this does not go far enough. All of us who invested through family partnerships, trusts, hedge funds, feeder funds, and pension plans that did not place their funds directly, are victims of this crime. All of us who invested are also victims of the SEC's inability to find the fraud. Unlike the "direct investors," who stand to recover up to \$500,000 from the SIPC, we as "Indirect Investors" at the present time are ineligible for the same SIPC relief. We all are victims of the same crime and we all need to be granted equal protection.

On the SEC's website under "What We Do" reads "The mission of the U.S. Securities and Exchange Commission is to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation." I urge you to rectify this current disparity of protection by carrying out the mission you set forth.

Sincerely,

Jeannene Langford