

HR 1987

Ponzi Scheme Investor Protection Act of 2011

Congress: 112 (2011–2013, Ended)

Chamber: House

Policy Area: Finance and Financial Sector

Introduced: May 25, 2011

Current Status: Subcommittee Hearings Held.

Latest Action: Subcommittee Hearings Held. (Mar 7, 2012)

Official Text: <https://www.congress.gov/bill/112th-congress/house-bill/1987>

Sponsor

Name: Rep. Ackerman, Gary L. [D-NY-5]

Party: Democratic • **State:** NY • **Chamber:** House

Cosponsors (8 total)

Cosponsor	Party / State	Role	Date Joined
Rep. Deutch, Theodore E. [D-FL-19]	D · FL		Jun 1, 2011
Rep. Speier, Jackie [D-CA-12]	D · CA		Jun 1, 2011
Rep. Andrews, Robert E. [D-NJ-1]	D · NJ		Jun 13, 2011
Rep. Rothman, Steven R. [D-NJ-9]	D · NJ		Jun 13, 2011
Rep. McCarthy, Carolyn [D-NY-4]	D · NY		Jun 14, 2011
Rep. Hastings, Alcee L. [D-FL-23]	D · FL		Jun 24, 2011
Rep. Bishop, Timothy H. [D-NY-1]	D · NY		Aug 1, 2011
Rep. Schiff, Adam B. [D-CA-29]	D · CA		Sep 8, 2011

Committee Activity

Committee	Chamber	Activity	Date
Financial Services Committee	House	Hearings By (subcommittee)	Mar 7, 2012

Subjects & Policy Tags

Policy Area:

Finance and Financial Sector

Related Bills

No related bills are listed.

Ponzi Scheme Investor Protection Act of 2011 - Amends the Securities Investor Protection Act of 1970 with respect to the duties of a trustee appointed for a Securities and Exchange Commission (SEC)-registered broker or dealer undergoing liquidation.

Instructs the trustee to take specified actions if the trustee determines that the debtor is a Ponzi scheme.

Establishes procedures for an indirect Ponzi scheme investor to file a claim.

Instructs the trustee to: (1) coordinate with Ponzi scheme investors to ensure proper payments to indirect Ponzi scheme investors, and (2) take specified actions to pay indirect Ponzi scheme investors.

Prescribes the maximum aggregate amount of all cash and securities that may be awarded to each indirect Ponzi scheme investor.

Prohibits the trustee of a Ponzi scheme from seeking to recover money and profits from any Ponzi scheme investor unless such investor was either: (1) complicit in the Ponzi scheme, or (2) registered, or should have been registered, with the SEC as an an investment adviser, broker, dealer, or other person with a fiduciary duty to its customers or investors.

Requires the Securities Investor Protection Corporation (SIPC) to: (1) promulgate regulations to ensure that any required adjustment in the net equity of a Ponzi scheme investor is passed to the appropriate indirect Ponzi scheme investors, (2) advance to the trustee any moneys required to pay claims and implement this Act, and (3) promulgate regulations modifying SIPC Fund assessment levels to ensure they are adequate to cover the anticipated costs of implementing this Act.

Directs the court to award the amounts recommended by the SIPC if certain allowances are to be paid by the SIPC without reasonable expectation of recoupment and there is no difference between the amounts requested and the amounts recommended.

Requires SIPC to select an independent public accountant to perform an annual audit of the trustee of the debtor in a liquidation proceeding for which SIPC does not have a reasonable expectation of recoupment of the advances it made for the proceeding.

Actions Timeline

- **Mar 7, 2012:** Subcommittee Hearings Held.
- **Jul 19, 2011:** Referred to the Subcommittee on Capital Markets and Government Sponsored Enterprises.
- **May 25, 2011:** Introduced in House
- **May 25, 2011:** Referred to the House Committee on Financial Services.