

**The Honorable Mike Rogers of Michigan
Subcommittee on Oversight and Investigations
House Committee on Financial Services
February 26, 2002**

Opening Statement

“Retirement Protection: Fighting fraud in the sale of death”

First, I would like to thank Chairwoman Kelly for turning the Committee’s attention to an industry that appears to be in need of heightened scrutiny. Second, I would like to welcome a fellow Michigander, Mr. John Wayne Lazar, to the Committee. Mr. Lazar, I look forward to hearing testimony regarding your experiences with Liberte Capital and its effect on you and your family.

During my brief time on the Committee, fighting financial services fraud has been a top personal priority. In fact, this Committee and the entire House of Representatives has made fighting financial services fraud a priority through its support of H.R. 1408, the Financial Services Antifraud Network Act.

This legislation, which the House approved 392-4, on November 6, 2001, moves to create an antifraud network for information sharing among the nation’s more than 250 financial regulators about fraudulent actors in the financial services sector. Currently, bad actors can too easily escape regulators’ notice by moving from one state to another or from one industry to another.

A prime example of the need for the Financial Services Antifraud Network Act comes from today’s headlines. The Securities and Exchange Commission recently filed a new complaint in Texas against viatical fraud. The SEC’s complaint alleges nearly \$30 million in viatical fraud was perpetrated against more than 480 investors - most of whom were senior citizens. In fact, the accused viatical fraud artist previously had his securities license suspended for fraudulent acts. Because Texas regulates viaticals as an insurance product, had H.R. 1408 already been enacted into law, the Texas insurance regulators would have known of the previous securities license suspension and taken the appropriate steps to prevent the issuance of an insurance license that allowed the alleged viatical scheme to flourish.

Seamless information sharing to prevent financial fraud is the central focus of H.R. 1408. This legislation, which awaits Senate consideration, will help the financial regulators coordinate their antifraud efforts, particularly by coordinating computer protocols so that their systems can seamlessly communicate and share critical information.

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As a former special agent for the FBI, I know firsthand that criminals come in all shapes and sizes. My experiences in law enforcement regarding fraud artists will be consistent with the testimony we will hear today: That modern-day financial fraud artists most often prey upon unsuspecting senior citizens and fleece them out of their life savings or retirement nest eggs.

Again, I thank Chairwoman Kelly for holding this important hearing, and look forward to continued work with my colleagues to get the Financial Services Antifraud Network Act through Congress and onto President Bush's desk for signature into law.

Thank you.