

House Republican Press Release

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REP. STRIPP PROPOSES INCREASING PENALTIES FOR SECURITIES FRAUD



HARTFORD- State Representative John Stripp, R-135th District has introduced a bill this legislative session to increase the penalty for certain types of securities fraud. The bill has received a public hearing by the General Assembly's Banks Committee.

Rep. Stripp, who is the lead Republican on the Banks Committee, put forward this proposal after recent cases of fraud involving Bernard Madoff. Madoff, the former fund manager who is accused of running a \$50 billion Ponzi scheme to defraud investors, some of who lost their life savings and others have been forced to delay retirement.

Stripp's proposal would increase the criminal penalty for securities fraud affecting 10 or more state residents that exceeds \$50 million in securities losses to a maximum fine of \$20,000 and imprisonment of up to 20 years. Currently, the maximum criminal penalty is \$10,000 fine and 10 years imprisonment.

"If pension funds lose money because of fraud, it has devastating effect on people," Stripp said. "That could leave people getting ready for retirement in a state of financial misery."

Stripp concluded, "Investors need to have confidence that they will not be defrauded. This bill creates a serious deterrent to stop this kind of malfeasances."