

ALABAMA SECURITIES COMMISSION
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**Alabama Securities Director Testifies to the U.S. House of Representatives
Concerning 'Modernization' of SIPC**

MONTGOMERY, ALABAMA (September 23, 2010) Joseph P. Borg, Director of the Alabama Securities Commission, having been invited by the U.S. House of Representatives, Committee on Financial Services Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises in Washington D.C. testifies today on modernizing the Securities Investor Protection Corporation (SIPC).

He appears as a member of the SIPC Modernization Task Force and in his capacity as Director of the Alabama Securities Commission (ASC). ASC has administrative, civil and criminal authority under the Alabama Securities Act and is well known nationally for investigating Ponzi and pyramid schemes, illegal blind pools, fraudulent private placement offerings under Regulation D and other scams which have led to numerous enforcement cases and criminal prosecutions.

SIPC is a nonprofit corporation, established by Congress under the Securities Investor Protection Act of 1970 that protects the securities and cash in the customer accounts of member brokerage firms against the failure of those firms. All brokers registered with the Securities Exchange Commission and with national stock exchanges are required to be members of SIPC. When a brokerage firm is closed due to bankruptcy or other financial difficulties and customer assets are missing, SIPC steps in as quickly as possible and, within certain limits, works to return customers' cash, stock and other securities.

The Securities Investors Protection Corporation (SIPC) formed a "Modernization Task Force" after coming under scrutiny at a December 2009 hearing of the Capital Markets Subcommittee of the US Congress. A letter from Congressman Paul E. Kanjorski (D-PA), Chairman of the House Financial Services Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises urged SIPC to consider internal reforms, and requested that the task force look comprehensively at how best to protect investors. Borg outlines several major recommendations including raising protection from \$500,000.00 to \$1,000,000.00 for all covered investors, indexing coverage to inflation, restructuring investor education initiatives about SIPC protections, raising the level of the SIPC fund to \$10 billion and encouraging an international forum for cross-border disputes. Details of Borg's testimony before Congress and recommendation of changes to SIPC are attached.

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For more information contact Dan Lord, Education and Public Affairs Manager, 334-353-4858.

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