



## **Speech by SEC Staff: Statement at News Conference Announcing Virginia Financial and Securities Fraud Task Force**

*by*

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Thank you and good morning.

There are many discussions occurring throughout the nation and the world about how to prevent a repeat of the financial crisis. Those discussions involve improvements in supervision of financial institutions, market structure, corporate governance, regulatory oversight and risk management, among other things. These are all important topics worthy of significant debate.

We are here today because of a critical part of that debate — holding responsible those who violated the law during the financial crisis and deterring future misconduct through vigorous law enforcement efforts. To do that important job effectively, we have to recognize that financial fraud schemes can be sophisticated, difficult to detect, and span multiple jurisdictions.

We are the cops that walk the financial services beat. Like any cop, we need to know the neighborhood inside and out to do the job effectively.

In the financial services neighborhood, the transactions are complex, and can span multiple states and even nations. The products are intricate and evolve with increasing velocity, and the markets transact at breakneck speed. To police the neighborhood, we need the best tools available.

That's why the Task Force is so important.

I am pleased and proud to join Neil (MacBride — U.S. Attorney for the Eastern District of Virginia) and my colleagues from the CFTC, Virginia Attorney General's office, the FBI, the U.S. Postal Inspection Service, the IRS, and the Virginia State Corporation Commission.

With this Task Force, we will increase resources and expertise, have a full range of investigative techniques and a full range of penalties, including

prison time for wrongdoers at our disposal. The SEC lacks criminal authority, but as a former criminal prosecutor, I know the important deterrent value of imprisonment in white-collar and securities fraud cases. The Task Force fills this void by having prison terms available in the appropriate case where we can proceed both criminally and civilly.

The inclusion in the Task Force of local law enforcement agencies such as the Virginia Attorney General's Office and the Virginia State Securities Commission is also very important. These state agencies, and our federal law enforcement partners, serve as a kind of early warning signal – a kind of “canary in the coal mine” – as they are often the first to detect wrongdoing through investor complaints. That gives us all the ability to identify and stop fraud early and gives us a better chance to recover assets and return them to harmed investors.

In law enforcement, as often is true in life, the whole is greater than the sum of the parts.

The SEC has a long history of coordinating investigations and enforcement actions with different agencies. This Task Force will serve to solidify those relationships and provide new avenues for communication and collaboration.

I appreciate the leadership and commitment shown by Neil. This Task Force speaks to the high priority his office is placing on coordinating our efforts to effectively combat financial fraud. We very much look forward to working with the Eastern District of Virginia and our other partners.

Thank you.

*<http://www.sec.gov/news/speech/2010/spch052110rsk.htm>*