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United States Senate

COMMITTEE ON THE JUDICIARY

WASHINGTON, DC 20510-6275

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May 24, 2011

The Honorable Mary Schapiro
Chairman
U.S. Securities and Exchange Commission
Washington, DC 20549

Dear Chairman Schapiro:

One of Congress' most important jobs is to perform constitutionally designated oversight over the executive branch of government. Toward that end, I have had a longstanding interest in whether the Securities and Exchange Commission (SEC) is properly policing and regulating our financial markets on behalf of pension holders with investments in securities and other investors. In order to continue this oversight, I recently wrote to the Financial Industry Regulatory Authority (FINRA) seeking referrals from FINRA from January 1, 2000, to the present regarding SAC Capital, a firm that has been the subject of significant media coverage regarding allegations of insider trading.

While I am sensitive to the SEC's concerns about confirming or denying any ongoing investigations, Congress and the SEC seek information for fundamentally different purposes. As you know, Congress conducts fact-finding inquiries in order to shed light on problems and inform potential legislative solutions. The function of congressional investigations is not to establish whether any private firms have violated the law, but rather to examine particular facts and circumstances in order to assess how well the agencies created by Congress are executing the authorities granted to them. It helps us in Congress to ask questions in the context of specific cases rather than talk about general issues with the agency. Looking into specific examples is essential for Congress to understand how effectively the SEC pursues referrals such as these.

Therefore, in preparation for a briefing, please provide a written explanation as to: (1) how the SEC resolved each of these referrals, (2) how the number of referrals over this timeframe compares to similarly situated firms, (3) whether a Wells Notice was ever drafted with regard to SAC Capital related to any of these referrals or related to any other matter (if so, please provide a copy of any Draft or Final Wells Notice). Attached is a list of the referrals provided by FINRA, for your reference.

Thank you for your cooperation and attention in this matter. I would appreciate a response by June 7, 2011. To schedule this briefing, please contact Chris Lucas on my staff by May 27, 2011 at (202) 224-5225.

Sincerely,

A handwritten signature in blue ink that reads "Chuck Grassley". The signature is written in a cursive, flowing style.

Charles E. Grassley
Ranking Member
Committee on the Judiciary