

RICHARD BLUMENTHAL
ATTORNEY GENERAL



55 Elm Street
P.O. Box 120
Hartford, CT 06141-0120

Office of The Attorney General
State of Connecticut

*TESTIMONY OF
ATTORNEY GENERAL RICHARD BLUMENTHAL
BEFORE THE BANKS COMMITTEE
FEBRUARY 17, 2009*

I appreciate the opportunity to support House Bill 5200, An Act Concerning Increased Penalties for Securities Fraud.

This legislation increases 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.

I suggest the legislature adopt even higher financial penalties for aggravated offenses.

The recent Madoff securities scam dramatizes the severe and substantial impact on people who trust an investment advisor with their hard earned funds. Too many individuals from Connecticut lost their pensions and life savings, some are even contemplating returning to work or delaying retirement.

Increasing the criminal penalties for large scale securities fraud makes the punishment more closely fit the crime. Our penal code consistently increases criminal fines and prison terms commensurate with the value of the victim's loss. For example, larceny in the fourth degree (stealing property worth more than \$500 but less than \$1,000) is punishable by a maximum fine of \$2,000 and imprisonment of up to 1 year. Larceny in the third degree (stealing property worth more than \$1,000 but less than \$5,000) is punishable by a maximum fine of \$5,000 and imprisonment of up to 5 years.

I urge the committee's favorable consideration of House Bill 5200.