

I would like to first thank Chairman Kanjorski, Ranking Member Garrett and the Representatives that consist of the Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises.

My name is Gregory Lancette. I am currently the Business Manager of Plumbers and Steamfitters Local 267 in Syracuse, NY. I also serve as Chairman of Local 267's Jointly Administered Multi-Employer Trust Funds. I have served in these capacities since 2005. Local 267 is a chartered local union of the United Association of Plumbers, Steamfitters, Sprinklerfitters and HVAC Service Technicians of the United States and Canada. I am here today on behalf of not only my 1,115 pension participants and their families, but I also stand here today as President of the Central and Northern New York building and Construction Trades Council representing nearly 16,000 pensioners and their families from other unions in Central New York.

I would like to discuss the direct relationship between S.I.P.C and Bernard Madoff's Ponzi scheme.

Plumbers and Steamfitters Local 267, at the time of Madoff's arrest, had a market value approximately 34 million dollars invested with Madoff's direct brokerage. Also, Local 267 had 6.5 million dollars invested with Beacon and Associates. Beacon is a fund consisting of a "basket of investments", which was comprised of up to 40% of total assets invested in Madoff.

Under the current formula of SIPC Reimbursement, Local 267 will receive \$500,000 for the Madoff direct account. The reimbursement for the Beacon account will only be \$900, due to the fact that the amount of Local 267's portion consisted of only 1.8% of Beacon's total assets. To summarize, Local 267's pension lost almost 37 million dollars and is expected to recover \$500,900 from S.I.P.C.

I must take a moment to reiterate that the only reason I am here today is the fact that we had money invested with Bernard Madoff. Mr. Madoff has stolen billions of dollars and the S.E.C failed to recognize this criminal behavior, even after several investigations. Representatives Maffei and Ellison have introduced an Amendment that I believe will be a significant step in the right direction addressing pension funds that were victimized by this criminal act.

The proposed Amendment consists of:

- Extending SIDA coverage to individual investors in ERISA plans up to \$500,000 per investor;
- Prohibiting any claw back of principal or interest from an investor without proof that the investor did not have a legitimate expectation that the assets belonged to him or her; and
- Requiring the Securities Investment Protection Corporation (SIPC) to make advances based on the customer's statement balance up to \$500,000 per customer within 60 days of a customer filing a claim

The reasoning behind the proposed amendment regarding S.I.P.C treating each pensioner as an individual investor is that pension funds would be made closer to whole to compare what is currently being paid back to pension plans in Central New York. Currently, if all 30 funds receive the \$500,000

benefit, a total of 15 million dollars will be paid to these funds, compared to nearly 350 million dollars in losses.

To further illustrate: Local 267's pension loss was nearly 37 million dollars. That equates to approximately \$33,183 per participant. I can state with certainty that allowing individual pensioners to be considered as individual investors, would severely lessen the burden of being victimized by Bernard Madoff's actions

The portion of the Amendment that would require SIPC to reimburse within 60 days would benefit all plans in many ways. This would be accomplished by either returning assets to invest, or to pay benefit to retired members.

Numerous pension and health funds that were affected by the acts of Bernard Madoff are facing insolvency. The Securities Exchange Commission was not able to identify the fraud that took place in a timely manner; which resulted in much more significant losses as the criminal act progressed.

The Pension Protection Act of 2006 requires pension funds to amortize debt in a 15 year period. I would ask for consideration of relaxation of the PPA, allowing a pension plan to amortize the Madoff related losses at a 30 year rate would help ensure stability. The plans could recover naturally, instead of the Plans solvency being jeopardized, which may result in the plan being turned over to the Pension Benefit Guarantee Corp.

In summary:

I strongly urge consideration for multiple investor groups or participants in multi employer ERISA plans to be considered as individual investors, and that SIPC be funded to operate and reimburse in this manner. I also strongly urge that pension plans be given a thirty or forty year amortization period based on the current market value at the time of Madoff's arrest.

Thank you for your time and consideration.