

SIPC INSURANCE

**WOULD YOU ENTRUST YOUR
LIFE SAVINGS TO THIS MAN?**



Stephen Harbeck, President, SIPC

HARBECK DENIES THAT SIPC IS INSURANCE



- “SIPC is not now and never was a FDIC-like insurance entity.”

February 24, 2010

<http://dealbook.blogs.nytimes.com/2010/02/24/madoff-investors-sue-sipc-head-over-claims/>

Harbeck’s response to suit filed by Madoff victims

THE PRESIDENT OF THE UNITED STATES THINKS IT IS INSURANCE



- “Just as the Federal Deposit Insurance Corporation protects the user of banking services from the danger of bank failure, so will the Securities Investor Protection Corporation protect the user of investment services from the danger of brokerage firm failure.”

President Nixon upon signing SIPA into law - December 30, 1970

FINRA THINKS IT IS INSURANCE



- “SIPC is a non-profit organization created in 1970 under the Securities Investor Protection Act (SIPA) that provides limited insurance to investors on their brokerage accounts if their brokerage firm becomes insolvent.”

THE SEC THINKS IT IS INSURANCE



- In its 1970 annual report, the SEC described SIPA's purpose as to "provide insurance for customer accounts."

http://www.sec.gov/about/annual_report/1970.pdf (at 3).

THE 10th CIRCUIT THINKS IT IS INSURANCE



- Not unlike the Federal Deposit Insurance Corporation (FDIC), **“SIPC insures investors who deposit cash or securities with a broker against the risk of broker insolvency.”**

Ahammed v. Secs. Investor Prot. Corp. (In re Primeline Secs. Corp.), 295 F.3d 1100, 1106 (10th Cir. 2002)



ONLY
STEPHEN HARBECK DENIES THAT
IT IS INSURANCE

IS THAT BECAUSE HE HEADS THE
AGENCY THAT IS SUPPOSED TO
PAY THE INSURANCE?



**IS CONGRESS GOING TO LET
WALL STREET GET AWAY
WITH THIS?**
