

COMINGS AND GOINGS AND DEALINGS AT THE SEC

Last Wednesday, Linda Thomsen was one of a handful of contemptuous SEC officials who appeared before Congress—and pretty much refused to answer any questions. That same day, new SEC head Mary Schapiro sent a very contrite letter to Paul Kajorski, admitting, "Today's hearing before your Subcommittee cannot have been satisfactory for you." Schapiro offered to meet at Kanjorski's earliest convenience so, "we can determine a course forward." On Friday, Schapiro got rid of rules that GOP hack Chris Cox and his predecessor had put into place that made it hard to impose financial penalties on companies.

Securities and Exchange Commission chairman Mary Schapiro announced Friday she would make it easier for SEC staff to launch formal investigations of corporations, and she overturned her predecessor's policy of requiring commission approval for levying financial penalties against public companies.

The latter move, in particular, represents a rebuke to her predecessor, Christopher Cox, and to former SEC commissioner Paul Atkins.

[snip]

Schapiro said the enforcement staff had told her the pilot program had "introduced significant delays into the process of bringing a corporate penalty case; discouraged staff from arguing for a penalty in a case that might deserve a penalty; and sometimes resulted in reductions in the size of penalties imposed."

Schapiro also said it was too difficult for enforcement staff to launch a formal investigation, which currently also requires permission from the SEC.

In undoubtedly related news, Linda Thomsen will announce her resignation today.

The U.S. Securities and Exchange Commission's top enforcement official, Linda Thomsen, is expected to resign on Monday, CNBC television said.

[snip]

The enforcement division has been heavily criticized for how it handled the Bernard Madoff case, in which the former financier is accused of defrauding investors of \$50 billion.

And in other, probably related news, the SEC has decided that Madoff will be held civilly, as well as criminally, liable for his deeds.

The Securities and Exchange Commission says it has agreed with Bernard Madoff on a deal that could eventually force the disgraced money manager to pay a civil fine and return money raised from investors.

The agency said Monday the agreement states that Madoff cannot contest allegations of civil fraud and that possible penalties will be decided "at a later time."

I look forward to seeing whether this civil fraud deal reflects the earlier contemptuous approach of Linda Thomsen, or whether it reflects the new responsive era of Mary Schapiro.