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Congress of the United States
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COMMITTEE:
ENERGY AND COMMERCE
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JOINT ECONOMIC COMMITTEE
CONGRESSIONAL HEALTH CARE CAUCUS,
CHAIRMAN

August 26, 2009

Chairwoman Carolyn Maloney
Joint Economic Committee
433 Canon House Office Building
Washington, D.C. 20515

Ranking Member Kevin Brady
Joint Economic Committee
433 Canon House Office Building
Washington, D.C. 20515

Dear Chairwoman Maloney and Ranking Member Brady:

In the past few weeks, several lawsuits have arisen due to the tenuous situation regarding auction rate securities, a \$330 billion dollar market. Most prominently, last week, the Attorney General of New York Andrew Cuomo filed suit against Charles Schwab Corporation's brokerage business alleging it made misrepresentations about the liquidity and risks of auction-rate securities.

In my district alone, I have several constituents who are dealing with the aftermath of brokers and dealers who have manipulated consumers about auction rate securities, including Texas Instruments, Inc. Texas Instruments has sued Citigroup Inc., Morgan Stanley and Bank of New York Mellon Corp for selling it \$524 million in auction-rate securities which were allegedly as good as cash but turned out to be nearly impossible to sell.

Last September, the House Financial Services Committee held a hearing on auction rate securities. Over a year has passed and the situation has not gotten any better. In fact, the Securities and Exchange Commission – alongside the Financial Industry Regulatory Authority (FINRA) – announced this past April a joint enforcement sweep of sales practices of auction rate securities. But the information we have received is not expository. What do we in fact know about the liquidity and credit risks of auction rate securities after these investigations?

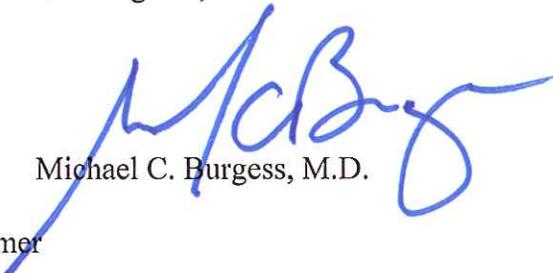
The Joint Economic Committee should hold a hearing on the results of these investigations. Over a year has passed since a hearing was held by the House Financial Services Committee, yet the difficulties in this market appear not to have changed. If it has, then we are entitled to some answers.

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Thank you for your time and consideration.

With regards,


Michael C. Burgess, M.D.

cc: U.S. Senator Charles Schumer
Vice Chairman

U.S. Senator Sam Brownback
Ranking Republican