

May 9, 2007

The Honorable Christopher Cox
Chairman, Securities and Exchange Commission
SEC Headquarters
100 F Street, NE
Washington, DC 20549

Commissioner Cox:

On behalf of the North American Securities Administrators Association (NASAA), the oldest international organization devoted to investor protection, I am writing to urge the Securities and Exchange Commission to take strong action in support of investors as the U.S. Supreme Court revisits the issue of “scheme liability.” A failure to do so would not only undermine investor confidence in the markets, but would also serve to encourage participation by banks in illegal activity in the future.

The unfortunate circumstances surrounding the collapse of Enron have made Americans all too familiar with the financial tragedies that can result from fraudulent actions by large corporations. Enron employees and hundreds of thousands of individual investors in this country have lost much, and in some cases nearly all, of their life savings due to the actions of Enron leaders and the banks with which they were working. We cannot allow large corporations to conspire with large banks in order to prey on individual investors in this manner.

In the coming weeks, NASAA will be filing its own amicus brief in *Stoneridge Investment Partners v. Scientific-Atlanta* (U.S. 06-43, March 26, 2007), emphasizing to the Court the critical importance of upholding “scheme liability” and interpreting the statute as it was intended, so that no entity can directly and purposefully engage in activity designed to defraud investors. We sincerely hope the SEC will be true to its mission to “protect investors” and “maintain fair, orderly, and efficient markets” by doing the same.

Thank you for your consideration.

Respectfully,

Joseph P. Borg
President
North American Securities Administrators Association