

# SEC FOLLIES

## JULY 2005

The Securities and Exchange Commission has been the theoretical guardian of the financial markets for decades. One of the jobs that SEC undertakes is the collection of financial records for publicly traded companies. For the first time ever the SEC disclosed its own financial records and ironically they read like a penny stock.

The Government Accountability Office has found out that the SEC books are a mess. Not to mention the fact that their computer system was left vulnerable to attacks by hackers. Sensitive information about corporations and the SEC itself was left completely out in the open.

After the audit of the SEC's books the GAO came up with a litany of problems: Misstatements of financial information, no documentation of who recorded it and no opening balances which is an Enron/WorldCom offense. There is no formal structure or discipline in operating procedures; financial details on balances and transactions were often unavailable or too difficult to retrieve. In another **Watchdog on Wall Street** "*See I Told You So Moment*" the GAO found a complete lack of internal controls particularly on safeguarding of assets. In other words, where is the cash the SEC has collected as penalties and disgorgement from individuals it has prosecuted?

Where did the money go...Champagne, Amtrak, the big dig, spinning wheel rims, steak dinners, P-Ditty tickets? We have seen fines being passed around like parking tickets from a NYC meter maid with a quota. It is time to show the public where the money has gone.