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ECONOMY

White House wants 12 percent budget increase for SEC

By MARCY GORDON Associated Press

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WASHINGTON — President Barack Obama is seeking a 12 percent budget increase for the Securities and Exchange Commission, including \$382 million for more than 100 new enforcement staff to work on its burgeoning caseload targeting fraud and market manipulation.

The request to Congress Monday for nearly \$1.3 billion for the SEC in the budget year starting Oct. 1 would boost total staff to 4,190 from the current 3,800 at the traditionally low-profile agency, which was rocked by its failure to detect the massive 16-year fraud by money manager Bernard Madoff.

The request includes a 10.6 percent increase in enforcement attorneys and investigators, to 1,368.

The 12 percent budget boost for the SEC is notable because the administration's record \$3.8 trillion budget proposes spending cuts in programs outside of defense and homeland security in order to keep overall non-defense spending frozen for three years.

It was the first budget proposed for the agency under SEC Chairman Mary Schapiro, who assumed the post a year ago as the SEC was pummeled by criticism over its failure to uncover Madoff's multibillion-dollar Ponzi scheme despite numerous red flags and credible

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warnings.

Extensive restructuring

Schapiro has shaken up top management and revamped enforcement efforts. Officials say the enforcement division has undergone its most extensive restructuring in at least 30 years.

"If enacted, the president's request will do a great deal to help us keep pace with the continuing growth of the markets and provide necessary resources to support important regulatory initiatives in 2011," Schapiro said in a prepared statement.

Of the roughly \$1.3 billion requested for the SEC, \$24 million is tied to the enactment by Congress of an overhaul of financial regulation. The overhaul would give the SEC new oversight of hedge funds and derivatives, the complex instruments widely blamed for hastening the crisis in the fall of 2008.

The SEC has been straining under a load of investigations, prosecutions and corporate reviews, with more than 35,000 public companies, mutual funds, investment managers and other entities registered with an agency whose work force of 3,800 is smaller than it was five years ago, officials say.

The SEC derives its funding from fees that companies pay to register new stock but is subject to the congressional budget process.

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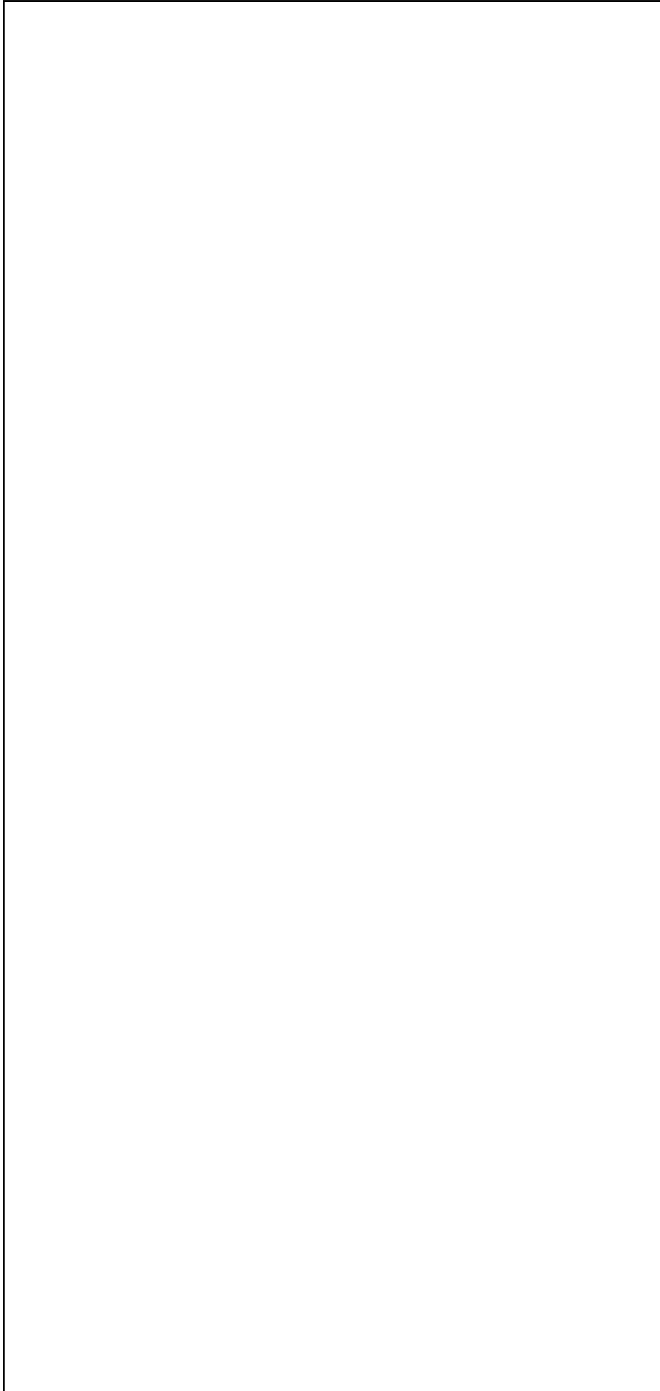
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