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House of Representatives
Commonwealth of Pennsylvania
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MEMORANDUM

TO: All House Members
FROM: Representative William F. Adolph, Jr.
Majority Appropriations Chairman
DATE: June 1, 2011
SUBJECT: Investment Schemes Legislation

During FY 2010, the United States Securities and Exchange Commission (SEC) filed 47 enforcement actions involving Ponzi schemes or Ponzi-like payments.

Further, according to the Pennsylvania Securities Commission, from January 2010 to Mid-May 2011, 63 summary orders were filed across the Commonwealth relating to unregistered securities which often maintain ponzi scheme like characteristics.

Not only have innocent victims lost millions of dollars in life savings, but they are additionally penalized by an inconsistency between Pennsylvania and federal tax law in the treatment of such losses. Pennsylvania does not allow these victims to receive a refund from the Commonwealth on fraudulent taxes paid.

In the near future, I plan to introduce legislation that will address and correct this inequity by allowing taxpayers to recoup taxes paid on over reported income due to fraudulent activities. My proposal has been drafted in cooperation with the Pennsylvania Institute of Certified Public Accountants.

If you are interested in joining me as a cosponsor please e-mail Carole Reddecliff at creddecl@pahousegop.com or Vicki Hoffman at vhoffman@pahousegop.com or by calling the office at 7-1248.

WFAjr/csr