

Public companies will be required to publish diversity data annually in their proxy statements, based on voluntary self-identification, on the racial, ethnic, and gender composition of their board of directors, the nominees for the board of directors, and executive officers. Similarly, companies will publish data on those who voluntarily self-identified as veterans. Public companies will also have disclosure requirements on the adoption of any board policy, plan, or strategy to promote diversity.

The bill directs the Director of the Office of Minority and Women Inclusion of the SEC to publish, every 3 years, best practices for compliance with the disclosure requirements of this bill, including Federal solicitation of public comments. The bill also directs the Office of Minority and Women Inclusion to establish an advisory council, which includes issuers and investors, to advise on these best practices.

This is a simple, effective, and impactful bill that, through transparency and reporting, informs markets, investors, and employees about the status of diversity and inclusion across corporate America.

This bill has earned support that is very broad, from civil rights groups, such as the NAACP and the National Urban League, as well as from the Chamber of Commerce, the Council of Institutional Investors, and LPL Financial, the Nation's largest independent broker-dealer.

It is rare for a bill to have such broad support from civil rights groups, corporate America, and the investment community, but this broad support is evidence of the urgency and common-sense nature of this legislation. This bill will also gain the support of many of our Republican colleagues across the aisle, both in the committee and here on the floor.

Mr. Speaker, I ask, therefore, that all Members vote in support of this bill.

Mrs. WAGNER. Mr. Speaker, I reserve the balance of my time.

Mr. GREEN of Texas. Mr. Speaker, I yield 3 minutes to the gentlewoman from New York (Mrs. CAROLYN B. MALONEY), the chair of the Subcommittee on Investor Protection, Entrepreneurship, and Capital Markets.

Mrs. CAROLYN B. MALONEY of New York. Mr. Speaker, I thank the gentleman for leading and for yielding me the time.

Mr. Speaker, I rise in strong support of H.R. 5084, and I thank my good friend and colleague, Congressman MEEKS, for his tremendous leadership on this bill. We have been working together on it for a long time, and I am proud to be an original cosponsor.

I also thank Chairwoman WATERS for her longtime leadership on these issues and for working with me and Mr. MEEKS on this bill.

The bill is very simple, but the goal is extremely important: increasing diversity in corporate leadership.

One of the key pieces of this, I believe, is getting more women and minorities in corporate leadership positions. Leaders set the tone, and they set the priorities.

I asked the GAO to study this issue in 2015. They found that women were badly underrepresented on corporate boards. They also found that, if the current trends continue, it would take more than 40 years for women to reach parity with men on corporate boards. Clearly, something needs to change.

Let's be clear. Increasing diversity in corporate leadership is not just a social issue; it is good business, too. Study after study has shown that companies with greater gender, racial, and ethnic diversity on their boards perform better financially.

This bill would help investors accomplish this by requiring public companies to report the gender, racial, and ethnic composition of their boards in their annual reports.

The bill would also establish a diversity advisory group at the SEC, which would study strategies to increase gender, racial, and ethnic diversity on corporate boards, because the truth is that making meaningful progress on corporate diversity is going to require a range of different policies in addition to the improved disclosures in this bill.

□ 1730

I want to be sure to thank Ranking Member MCHENRY and my good friend and colleague ANN WAGNER for their strong support. Their leadership on the other side of the aisle has been instrumental in getting bipartisan support for this very important bill that has wide support across the community.

I urge my colleagues to support this bill.

Mrs. WAGNER. Mr. Speaker, I urge all my colleagues to support H.R. 5084, the Improving Corporate Governance Through Diversity Act of 2019.

I yield back the balance of my time.

Mr. GREEN of Texas. Mr. Speaker, I, too, encourage my colleagues to please support this important piece of legislation. It will make meaningful change.

I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Texas (Mr. GREEN) that the House suspend the rules and pass the bill, H.R. 5084.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds being in the affirmative, the ayes have it.

Mr. GREEN of Texas. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this motion will be postponed.

#### INVESTOR PROTECTION AND CAPITAL MARKETS FAIRNESS ACT

Mr. GREEN of Texas. Mr. Speaker, I move to suspend the rules and pass the

bill (H.R. 4344) to amend the Securities Exchange Act of 1934 to allow the Securities and Exchange Commission to seek and Federal courts to grant disgorgement of unjust enrichment, and for other purposes, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 4344

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "Investor Protection and Capital Markets Fairness Act".

#### SEC. 2. ADDITIONAL RELIEF.

(a) IN GENERAL.—Section 21(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78u(d)) is amended by adding at the end the following:

“(7) ADDITIONAL RELIEF.—

“(A) IN GENERAL.—In any action or proceeding brought or instituted by the Commission under any provision of the securities laws, the Commission may seek, and any Federal court may grant the following additional relief:

“(i) Disgorgement in the amount of any unjust enrichment obtained as a result of the act or practice with respect to which the Commission is bringing such an action or proceeding.

“(ii) Injunctions, including officer and director bars.

“(B) RULE OF CONSTRUCTION.—Additional relief sought under this paragraph may not be construed to be a civil fine, penalty, or forfeiture subject to chapter 163 of part VI of title 28, United States Code.

“(C) STATUTE OF LIMITATIONS.—A Federal court may not issue relief under this paragraph if the action or proceeding brought or instituted by the Commission was commenced more than 14 years after the alleged violation.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to any actions or proceedings pending or commenced on or after the date of the enactment of this section.

(c) REPORT.—

(1) IN GENERAL.—Not later than 10 years after the date of the enactment of this Act, the Securities Exchange Commission shall submit to Congress data about each enforcement action brought by the Commission in the 10 years following the date of the enactment of this Act.

(2) CONTENTS.—In submitting data pursuant to paragraph (1), the Commission shall—

(A) with regard to each enforcement action—

(i) categorize the type of enforcement action;

(ii) categorize the type of issuer involved in the enforcement action;

(iii) identify the approximate duration of the misconduct that gave rise to the enforcement action; and

(iv) identify the approximate duration of the investigation; and

(B) identify the 10 enforcement actions with the longest durations of misconduct that gave rise to enforcement actions.

#### SEC. 3. DETERMINATION OF BUDGETARY EFFECTS.

The budgetary effects of this Act, for the purpose of complying with the Statutory Pay-As-You-Go Act of 2010, shall be determined by reference to the latest statement titled "Budgetary Effects of PAYGO Legislation" for this Act, submitted for printing in the Congressional Record by the Chairman of the House Budget Committee, provided that such statement has been submitted prior to the vote on passage.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Texas (Mr. GREEN) and the gentleman from Missouri (Mrs. WAGNER) each will control 20 minutes.

The Chair recognizes the gentleman from Texas.

## GENERAL LEAVE

Mr. GREEN of Texas. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on this legislation and to insert extraneous material thereon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. GREEN of Texas. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in strong support of H.R. 4344.

I would like to start by commending my colleagues, Representatives MCADAMS and HUIZENGA, for crafting this bipartisan solution to a problem that, in just 2 years, has cost investors approximately \$1.1 billion.

In 2017, the Supreme Court, in *Kokesh v. SEC*, held that the authority of the Securities and Exchange Commission, SEC, to recover for investors the wrongful gains of securities law violators, known as disgorgement, is effectively a penalty. As a result, the SEC's authority to obtain disgorgement is time limited by the general Federal statute of limitations for penalties so that the SEC must bring its case within 5 years of the violation.

This ruling was a boon to white-collar criminals like Bernie Madoff and Allen Stanford, who are now able to defraud investors for a decade and keep their profits.

Even worse, the SEC is currently in litigation before the Supreme Court over whether it even has the authority to obtain disgorgement for investors.

I am pleased that H.R. 4344 would ensure that the SEC has the tools it needs to hold bad actors accountable and to return funds to harmed investors by clarifying that the SEC does indeed have disgorgement authority, and its authority reasonably extends to 14 years following the date of violation. This longer time limit would ensure that the SEC has enough time to detect and sue the Bernie Madoffs of the world.

Mr. Speaker, I reserve the balance of my time.

Mrs. WAGNER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would like to recognize the gentleman from Utah (Mr. MCADAMS) and the ranking member of the Investor Protection, Entrepreneurship, and Capital Markets Subcommittee, Mr. HUIZENGA, for their diligent efforts on this bipartisan bill.

This bill is the result of the Supreme Court's *Kokesh* decision, which restricted the SEC's disgorgement authority to 5 years.

SEC Chairman Jay Clayton almost never advocates for Congress to legislate on a particular issue; however, the issue before us today is the exception, as Chairman Clayton has expressed concern that a 5-year statute of limitations allows bad actors to hold on to their ill-gotten gains obtained outside of that 5-year window.

As Chairman Clayton has pointed out: Many long-running frauds go longer and, in some cases, well longer than 5 years; and it is just plain wrong to allow a fraudster to keep money made from their fraud simply because he or she was good at concealing the wrongful behavior.

Today's bill is responsive to Chairman Clayton's concerns in a thoughtful and balanced way. Statutes of limitations are important procedural protections intended to strike the balance between ensuring wrongdoers are not rewarded for bad behavior and protecting shareholders, who are ultimately responsible for paying large penalties for violations they did not commit in the event of an SEC judgment.

I know there is concern that the 14-year statute of limitations in the bill is too long. I share concerns that the SEC could be slow to bring a case when certainty and swiftness should be the priority when pursuing enforcement actions. However, the reality is this: A 14-year statute of limitations is a reasonable first attempt to strike the appropriate balance in the disgorgement context.

I say "first attempt" because the bill also requires the SEC to report to Congress with data on cases where the SEC has sought disgorgement. These reports will be useful in allowing Congress to evaluate the effectiveness of the statute of limitations and fine-tune it, if appropriate.

This bipartisan bill carefully balances the benefits of statutes of limitations with the downside of fraudsters potentially holding on to significant amounts of their gains.

Again, I thank the gentlemen from Utah and Michigan for their thoughtful draft bipartisan legislation, which I support, and I urge all my colleagues to join me in supporting this common-sense bill.

Mr. Speaker, I reserve the balance of my time.

Mr. GREEN of Texas. Mr. Speaker, I yield 5 minutes to the gentleman from Utah (Mr. MCADAMS), the sponsor of the legislation.

Mr. MCADAMS. Mr. Speaker, I rise in support of H.R. 4344, the Investor Protection and Capital Markets Fairness Act, bipartisan legislation that I introduced with my friend from Michigan, Congressman HUIZENGA, the ranking member of the Investor Protection, Entrepreneurship, and Capital Markets Subcommittee.

I also want to recognize my friend Representative CAROLYN MALONEY for her work on this bill as well.

Utah is frequently discussed as one of the top States for fraud and Ponzi

schemes. A *Deseret News* article earlier this year noted that Utah ranked sixth in most number of Ponzi schemes from 2008–2018, despite being only 31st in population.

In that decade alone, Utah investors lost over \$1.5 billion to Ponzi schemes, or \$502 per person, plus an additional \$500 million in other types of fraud: \$2 billion, overall, taken from hard-working Utahns; \$2 billion that won't be there for retirement, that won't be there to pass along to our children and to our grandchildren.

As a result of a couple of recent court cases, that problem may become much worse, leaving Utahns less protected, and leaving fraudsters empowered.

Mr. Speaker, Charles Kokesh opened a firm that provided investment advice to business development companies. Over the course of roughly 14 years, Charles Kokesh misappropriated tens of millions of dollars from these companies, funding a lavish lifestyle for himself and, in the process, defrauding the investors out of millions of dollars.

Mr. Kokesh was found guilty of misappropriating these investors' funds, and the district court ordered Mr. Kokesh to pay a civil penalty, as well as disgorgement, totaling roughly \$35 million.

The facts of this case are not in dispute, but what comes next has upset the delicate balance that keeps our markets fair and keeps our investors protected.

In 2017, the Supreme Court ruled that the SEC's disgorgement authority, the ability of the SEC to seek repayment of a defendant's ill-gotten gains, that that authority is subject to a 5-year statute of limitations. The Supreme Court further hinted, in an obscure footnote, that the SEC may not be able to seek disgorgement of ill-gotten gains at all.

What did this Supreme Court ruling mean for Charles Kokesh? In the end, he was only ordered to pay \$5 million in disgorged profits, keeping roughly \$30 million for himself: \$30 million that he was able to keep that he attained through nefarious means, \$30 million in profits from illegal activity, but, most importantly, \$30 million that won't find its way back to the investor victims.

He keeps \$30 million and he loses \$5 million—not a bad decade's work for a fraudster.

And what did the Supreme Court decision mean for the SEC? The SEC estimates that, in the 2 years since the *Kokesh* decision, they have had to forgo over \$1.1 billion in disgorged funds. That is over \$1 billion of ill-gotten gains that bad actors can now keep that don't get returned to investors.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. GREEN of Texas. Mr. Speaker, I yield the gentleman from Utah an additional 1 minute.

Mr. MCADAMS. In addition to the over \$1.1 billion in forgone funds, the SEC is increasingly spending time and

staff resources fighting new legal challenges from bad actors claiming that the SEC shouldn't be able to seek disgorgement at all.

SEC Chairman Jay Clayton, nominated for that position by President Donald Trump, has lamented the impact of the *Kokesh* decision on the SEC's ability to appropriately protect harmed investors and the amount of losses they aren't able to recover for these investors. As he told me at a recent hearing: "You shouldn't reward somebody for concealing a fraud for a long time."

In a letter to the House, he also said that the SEC's disgorgement authority is "particularly important in circumstances where retail investors have been the victims of long-running, well-conceived frauds, including Ponzi schemes. For these victims, an action by the SEC seeking disgorgement may be the only practical means of recourse."

And now to pivot back to that footnote in the *Kokesh* decision, that footnote said that the SEC may not have the authority to seek disgorgement at all—within or outside that 5-year statute of limitations. And just this past month, the Supreme Court granted cert on a challenge to that very question. So, within the next year, the Supreme Court will hear arguments and possibly decide to remove any disgorgement action from the SEC, absent further action from Congress.

The SPEAKER pro tempore. The time of the gentleman has again expired.

Mr. GREEN of Texas. Mr. Speaker, I yield the gentleman from Utah an additional 30 seconds.

Mr. MCADAMS. That would be catastrophic for the ability to protect investors and to keep our capital markets fair, which is where this legislation kicks in and why I think it is so necessary.

This legislation would reverse the *Kokesh* decision, specifically authorize disgorgement as a remedy that the SEC can seek, and give the SEC up to 14 years to seek disgorgement of ill-gotten gains. So, in essence, this legislation seeks to fix the *Kokesh* decision and would address the recent case the Supreme Court agreed to hear about whether the SEC has disgorgement authority at all.

Chairman Clayton says: "H.R. 4344 will ensure that sophisticated fraudsters who carry out some of the most harmful frauds, including Ponzi schemes that can defraud investors for long periods of time before being uncovered, cannot keep their victims' money."

Further, he says: "H.R. 4344 is an important response to real harm suffered by innocent victims."

The SPEAKER pro tempore. The time of the gentleman has again expired.

Mr. GREEN of Texas. Mr. Speaker, I yield the gentleman from Utah an additional 10 seconds.

Mr. MCADAMS. Our capital markets are the envy of the world, but they don't work to the extent that investors have faith that bad actors can't profit off wrongdoing.

I urge support for H.R. 4344.

Mrs. WAGNER. Mr. Speaker, I yield such time as he may consume to the gentleman from Michigan (Mr. HUIZENGA), the ranking member of the Investor Protection, Entrepreneurship, and Capital Markets Subcommittee.

Mr. HUIZENGA. Mr. Speaker, I rise today in support of H.R. 4344, the Investor Protection and Capital Markets Fairness Act.

In June of 2017, as has been discussed, the Supreme Court ruled unanimously in the *Kokesh v. Securities and Exchange Commission* that the SEC's disgorgement remedy constitutes a penalty, and, as a result, the Supreme Court found that the SEC's disgorgement authority—in other words, their ability to go collect those dollars—was subject to a 5-year statute of limitations.

That may be how the law is currently reads. That is why we are here today to try to change that.

As a result of the *Kokesh* case, the Supreme Court decision has significantly limited the SEC's ability to obtain disgorgement in certain long-running frauds.

□ 1745

According to the most recent SEC enforcement division's annual report, it is estimated that due to this *Kokesh* ruling, the SEC is forced to forgo more than \$1.1 billion in ill-gotten gains from wrongdoers at the expense of Main Street investors.

H.R. 4344 would grant the SEC the authority to seek and for Federal courts to grant disgorgement within 14 years. Additionally, the bill would further clarify that disgorgement may not be construed as a civil fine, penalty, or forfeiture. Lastly, the bill requires the SEC to submit a report to Congress on the length of certain fraud actions that they have encountered, including the 10 longest-running frauds that led to Commission action.

So ideally, I would like to see a shorter statute of limitations. There was discussion about matching it with some other Federal statutes, but I also recognize that many securities frauds are complex and take significant time to uncover and investigate. For example, in this particular case, Charles *Kokesh*, over the course of nearly 14 years, quietly committed well-concealed and elaborate fraud by misappropriating nearly \$35 million. And to add insult to injury, because of the Supreme Court decision, *Kokesh* was allowed, the fraudster was allowed to keep nearly \$30 million of what he stole from small-dollar Main Street investors. I don't think any of us can look at that and feel good about that current situation.

This bipartisan bill attempts to strike a delicate balance by ensuring

that the SEC has the necessary resources and tools to go after bad actors and to make sure that these sophisticated fraudsters may not keep any of the money that they have stolen from everyday investors like teachers and military service personnel, the elderly, and religious-affiliated groups.

SEC Chairman, Jay Clayton stated, "H.R. 4344 is an important response to real harms suffered by innocent victims of the worst types of securities frauds. These are frauds that undermine the public confidence in our markets that the 4,400 women and men of the SEC strive to preserve every day."

I would like to thank my colleague, the gentleman from Utah (Mr. MCADAMS), for closely working with me on this important issue to help protect millions of Main Street investors. H.R. 4344 provides the SEC with the necessary tools to ensure sophisticated criminals who defraud everyday investors for long periods of time that they are prevented from keeping their victims' money.

So I urge all of my colleagues to vote in favor of this overwhelmingly bipartisan investor protection legislation.

Mrs. WAGNER. Mr. Speaker, I reserve the balance of my time.

Mr. GREEN of Texas. Mr. Speaker, I submit for the RECORD a letter on this legislation from the Chair of the SEC, Mr. Clayton.

UNITED STATES SECURITIES AND  
EXCHANGE COMMISSION,

Washington, DC, November 17, 2019.

Re H.R. 4344, the Investor Protection and Capital Markets Fairness Act.

Hon. NANCY PELOSI,  
Speaker, House of Representatives,  
Washington, DC.

Hon. KEVIN MCCARTHY,  
Republican Leader, House of Representatives,  
Washington, DC.

DEAR SPEAKER PELOSI AND LEADER MCCARTHY, I write concerning the importance to our investors and our markets of the Securities and Exchange Commission's (SEC or Commission) authority to seek disgorgement of unjust enrichment from those who have violated the federal securities laws. This authority is particularly important in circumstances where retail investors have been the victims of long-running, well-concealed frauds, including Ponzi schemes. For these victims, an action by the SEC seeking disgorgement may be the only practical means of recourse.

The recent Supreme Court decision in *Kokesh v. SEC*, 137 S. Ct. 1635 (2017), significantly limited the SEC's authority to seek disgorgement. In *Kokesh*, the Supreme Court found our use of the disgorgement remedy operated as a penalty, which subjected that remedy to a five-year statute of limitations from the date of the misconduct. As a result, our ability to address well-concealed frauds has been significantly restricted, including in situations where our Main Street investors need us most. More recently, the SEC's ability to seek disgorgement in *any* district court action has been questioned.

With deference to your judgment regarding the appropriate length for the statute of limitations and other terms, I respectfully request that you act to ensure that we are able to seek disgorgement to the extent appropriate to protect our investors and our markets. Prompt congressional action also would remove the uncertainty regarding our

general authority to seek disgorgement in district court.

Fortunately, the U.S. House of Representative is considering H.R. 4344, the Investor Protection and Capital Markets Fairness Act, which would amend the Securities Exchange Act of 1934 to explicitly provide the Commission with authority to seek disgorgement of unjust enrichment in district courts. I greatly appreciate this bipartisan, bicameral work underway to address this important issue and welcome the opportunity to continue to work with Congress to ensure defrauded retail investors can get their investment dollars back while being true to the principles embedded in statutes of limitations.

#### IMPORTANCE OF DISGORGEMENT AS A REMEDY

The SEC's longstanding ability to obtain disgorgement of ill-gotten gains in federal district court is an important tool for our enforcement program and has allowed the agency to return billions of dollars to innocent investors victimized by perpetrators of fraud. For many—if not most—of these victims, disgorgement awards in SEC cases are the only practical way to recoup what was stolen from them. The Commission is committed to returning money to harmed investors promptly and has worked hard to improve the effectiveness of our distribution program over recent years. Since the beginning of Fiscal Year 2017, the hard work of the women and men of the SEC has led to the return of over \$3 billion to harmed investors.

#### IMPACT OF KOKESH ON MAIN STREET INVESTORS

Notwithstanding these successes, the Supreme Court's decision in *Kokesh* has impacted the SEC's ability to return funds fraudulently taken from Main Street investors. In *Kokesh*, the Supreme Court found our use of the disgorgement remedy operated as a penalty, which subjected the Commission's ability to seek disgorgement of ill-gotten gains to a five-year statute of limitations.

The *Kokesh* case itself highlights this problem in stark terms. Of the \$34.9 million that Charles Kokesh misappropriated, \$29.9 million fell outside of the 5-year statute of limitations. The SEC was unable to collect that \$29.9 million from him for distribution to his victims, who largely consisted of small-dollar Main Street investors.

Overall, since *Kokesh* was decided, at least \$1.1 billion in ill-gotten gains has been unavailable for possible distribution to harmed investors. Much of this is tied to losses by investors.

#### IMPORTANCE OF STATUTES OF LIMITATIONS

The SEC's authority to seek disgorgement should not be unbounded. I agree that statutes of limitations serve important functions in our legal system, and as a general matter, our remedial authority should be subject to reasonable limitations periods. However, as I look across the scope of misconduct we encounter, including most notably Ponzi schemes and affinity frauds, I believe a period longer than five years from the date of the misconduct is appropriate in various circumstances. This is especially the case in our private, retail markets where there are fewer causes of action and safeguards available compared to the public capital markets. Further, we often see fraudsters target certain categories of investors. These investors—notably teachers, military service personnel, the elderly, and religious-affiliated groups—need and deserve legal protection and the SEC's attention, particularly in the case of private, targeted frauds.

#### H.R. 4344, THE INVESTOR PROTECTION AND CAPITAL MARKETS FAIRNESS ACT

H.R. 4344 would address two important issues. First, the bill addresses the result of

the Supreme Court's ruling in *Kokesh* that SEC disgorgement claims are subject to a five-year statute of limitations. The Court's holding has had the anomalous effect of allowing the most "successful" perpetrators of fraud—those who prevent the discovery of their schemes for longer than the limitations period—to keep their ill-gotten gains. H.R. 4344 will ensure that sophisticated fraudsters who carry out some of the most harmful frauds, including Ponzi schemes that can defraud investors for long periods of time before being uncovered, cannot keep their victims' money.

Second, some perpetrators of fraud have tried to keep their ill-gotten gains arguing that district courts lack the power to order disgorgement in any Commission action. The primary objective of disgorgement is to return circumstances to the pre-fraud status quo. The Supreme Court recently granted certiorari to address this question in *Liu v. SEC*, No. 18-1501. H.R. 4344 would confirm and ratify district courts' authority to do what they have been doing for decades—order violators to surrender the money they obtained by breaking the securities laws so that victims have a chance to be compensated.

H.R. 4344 is an important response to real harms suffered by innocent victims of the worst types of securities frauds. These are frauds that undermine the public confidence in our markets that the 4,400 women and men of the SEC strive to preserve every day.

Thank you for your continuing commitment to America's investors and our markets.

Very truly yours,

JAY CLAYTON,  
*Chairman.*

Mr. GREEN of Texas. Mr. Speaker, I yield 2 minutes to the gentlewoman from New York (Mrs. CAROLYN B. MALONEY), who happens to be the chairperson of the Subcommittee on Investor Protection, Entrepreneurship, and Capital Markets.

Mrs. CAROLYN B. MALONEY of New York. Mr. Speaker, I thank the gentleman for yielding and for his leadership on this issue and so many others.

I want to thank Mr. MCADAMS for all of his work on this crucial issue. I also want to thank Ranking Member HUIZENGA, who has been a leader on this issue for a long time. And I want to thank the chairwoman and the ranking member for getting this bipartisan deal done.

Proper enforcement of the securities laws helps maintain investor confidence in our markets. Investors need to know that if a bad actor is caught, and the SEC proves that the bad actor committed fraud, then the investors will get their money back.

Unfortunately, the 2017 Supreme Court decision in *Kokesh* versus SEC significantly damaged the SEC's ability to return funds to harmed investors, by holding that SEC claims for disgorgement of ill-gotten profits are subject to a 5-year statute of limitations. This means that for long-running frauds like Bernie Madoff's Ponzi scheme, the SEC would not be able to claw back all of the bad actor's profits.

The *Kokesh* decision has already cost investors about \$900 million in disgorgement of illegal profits according to the SEC.

Mr. MCADAMS' bill would fix this issue and would lengthen the statute of

limitations from 5 years to 14 years. This is only fair. So I strongly urge a "yes" vote on this bill that my colleagues on both sides of the aisle support, which will claw back bad actor's money and put money back in investors' pockets.

Mr. GREEN of Texas. I reserve the balance of my time.

Mrs. WAGNER. Mr. Speaker, I urge support of this bill, and I yield back the balance of my time.

Mr. GREEN of Texas. Mr. Speaker, I yield myself the balance of my time.

I, too, urge support of this bill, specifically because it would protect the SEC's longstanding authority to recover for investors the unjust enrichment from defendants and set a reasonable time limit to do so. I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Texas (Mr. GREEN) that the House suspend the rules and pass the bill, H.R. 4344, as amended.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds being in the affirmative, the ayes have it.

Mr. DAVIDSON of Ohio. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this motion will be postponed.

#### TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT OF 2019

Ms. WATERS. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4634) to reauthorize the Terrorism Risk Insurance Act of 2002, and for other purposes, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 4634

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "Terrorism Risk Insurance Program Reauthorization Act of 2019".

#### SEC. 2. 7-YEAR EXTENSION OF TERRORISM RISK INSURANCE PROGRAM.

(a) TERMINATION DATE.—Section 108(a) of the Terrorism Risk Insurance Act of 2002 (15 U.S.C. 6701 note) is amended by striking "2020" and inserting "2027".

(b) TIMING OF MANDATORY RECUPERMENT.—Section 103(e)(7)(E)(i) of the Terrorism Risk Insurance Act of 2002 (15 U.S.C. 6701 note) is amended—

(1) in subclause (I)—

(A) by striking "2017" and inserting "2022"; and

(B) by striking "2019" and inserting "2024";

(2) in subclause (II)—

(A) by striking "2018" and inserting "2023";

(B) by striking "2019" and inserting "2024"; and

(C) by striking "2024" and inserting "2029"; and

(3) in subclause (III)—

(A) by striking "2019" and inserting "2024"; and