

U.S. House of Representatives
Washington, DC 20515

December 6, 2022

The Honorable Gene Dodaro
Comptroller General of the United States
U.S. Government Accountability Office
441 G St. NW
Washington, D.C. 20548

Dear Mr. Dodaro:

I am writing to respectfully request that the Government Accountability Office (GAO) conduct an independent review of the SEC's failure to protect the investing public from the egregious mismanagement and malfeasance of FTX, which has brought billions of dollars in losses to about a million creditors and customers.

Chair Gary Gensler, by the logic of his own public pronouncements, is singularly responsible for the regulatory failures surrounding the collapse of FTX and its affiliate FTX US. Chair Gensler has said on countless occasions that there is no need for authorizing legislation from Congress: the SEC presently possesses the authority it needs to regulate crypto exchanges. If the SEC has the authority Mr. Gensler claims, why did he fail to uncover the largest crypto Ponzi scheme in US history? One cannot have it both ways, asserting authority while avoiding accountability. It is on Congress to pass laws, but once the necessary laws have been enacted, it is on the regulators to apply those laws to conduct investigations and protect the public. When it comes to FTX, Chair Gensler fundamentally failed as a regulator, and he has no one but himself to blame.

The SEC chose to dedicate scarce time and resources to investigating Kim Kardashian, rather than opaque crypto exchanges, leaving many to question whether the Commission is operating efficiently and apolitically and whether it has its priorities in the right place. The operating principle of the SEC must be protection for the investing public, rather than publicity for the political appointee in charge.

If the SEC had done the due diligence of thoroughly investigating the financials of FTX, there would have been a greater likelihood of exposing the crypto exchange for what it truly is: a house of cards built on monopoly money printed out of thin air.

Mr. Gensler's leadership has left the career staff at the SEC fundamentally demoralized to an extent rarely seen, with the SEC Inspector General reporting the highest attrition rate in a decade. To what extent has Mr. Gensler's demoralization of his own workforce crippled the Commission in the performance of its duty to protect investors? The public deserves an answer.

Given the magnitude of the regulatory failure surrounding the FTX saga, an independent review is both needed and warranted.

Thank you for your consideration.

Sincerely,



Ritchie Torres
Member of Congress