

United States Senate Committee on  
**AGRICULTURE  
NUTRITION  
& FORESTRY**

**Opening Statement of Chairwoman Debbie Stabenow (D-Mich)**

**Investigative Hearing on the MF Global Bankruptcy**

**December 13, 2011**

*As prepared for delivery*

Good morning, and thank you all for being here. The Senate Committee on Agriculture, Nutrition, and Forestry will now come to order.

Before this Committee today are just a few of the former customers of MF Global, which at the time of its bankruptcy had 38,000 customer accounts.

In the days preceding the collapse, it became apparent that MF Global would no longer survive as a company.

While companies often make bad decisions and fail, no one expected the violation of one of the foundational principles of the futures markets: the protection of customer money. On Monday, October 31, at 2:30 in the morning, MF Global revealed that an estimated \$900 million in customer money had gone missing - unaccounted for. MF Global filed for bankruptcy a few hours later.

Now we are here left with more questions than answers. The customers are here still waiting to get their money back. The executives and the former CEO of MF Global are here to tell us what they know. And the regulators are here to tell us where they are in the process of getting that money back and what they should do in the future to better oversee the financial management of customer funds.

The Agriculture Committee oversees the futures and swaps markets in part because those markets are critically important for the successful functioning of America's agriculture economy. Nearly 16 million people have jobs because of agriculture in this country. And in this difficult economy, agriculture has been one of the few bright spots. We want to keep it that way.

Situations like what happened at MF Global threaten that success. Our farmers and ranchers have lost trust in the system. They believed that there were safeguards in place to protect their money in exactly this situation.

A fundamental principle of futures trading is that customer money must always be kept separate from the firm's money.

It's estimated that as much as \$1.2 billion in customer money is missing. I know that every member of this Committee, and certainly the customers who are here today, would like to know what happened to that money. It's now been a month a half since the firm collapsed and customer money is still nowhere to be found. This isn't the Dark Ages. MF Global didn't keep their books with feather quills and dusty ledgers. The rules about keeping customer money segregated are pretty straightforward. That it's been over a month, and teams of lawyers and forensic accountants still can't figure out what happened, raises very troubling questions.

So I am very eager to hear from the executives, as well as the Trustee and the front-line regulators, about what happened.

This hearing is about three things: getting the customer's money back, holding anyone engaged in wrongdoing accountable, and ensuring that proper customer protections are in place so that something like this doesn't happen again.

The customers here today, and the thousands of others across the country whose money is missing, deserve answers.

And I hope we can get some of those answers at this hearing today.