

**National Archives: SEC wrongfully destroyed records**  
**Bernama**  
**August 18, 2011**

WASHINGTON (Aug 18, 2011): The US Securities and Exchange Commission (SEC) violated federal rules when it destroyed investigative records over a 17-year period, the agency that safeguards federal documents said on Thursday.

"The SEC did not have the authority to dispose of them per the Federal Records Act," the National Archives said in a statement to the press.

The National Archives added that the SEC has since mended its ways, although it still has lingering concerns that "the SEC has been slow" in creating record schedules to determine how long the data must be retained on file.

The findings by the National Archives come after Darcy Flynn, a 13-year-veteran of the SEC, decided to blow the whistle after learning the SEC had destroyed over 9,000 "matters under inquiry," or MUIs. MUIs are preliminary documents the SEC compiles when it receives evidence of possible securities violations.

In a letter Flynn sent to Senator Charles Grassley, he claimed the SEC destroyed files on important, high-profile cases, including Bernard Madoff, Goldman Sachs Group Inc, trading in American International Group Inc credit-default swaps, alleged frauds at Wells Fargo & Co and Bank of America Corp and insider-trading probes at Deutsche Bank AG, Lehman Brothers and hedge fund SAC Capital.

Grassley sent a letter to SEC chairman Mary Schapiro on Wednesday asking questions about the document destruction.

Separately, SEC Inspector General H. David Kotz said his office has also been probing the document destruction and plans to issue the findings of his investigation by the end of September.

"We maintain records of our inquiries and they are available to investigators across the agency," SEC spokesman John Nester said in a statement. "As NARA (National Archives and Records Administration) notes, it works with federal agencies on a regular basis to resolve allegations and we are committed to that process." – Reuters

The Sun Daily  
Copyright © 2011 Sun Media Corporation Sdn. Bhd.  
Source: <http://www.thesundaily.my/news/116702>