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Congress of the United States

House of Representatives

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August 12, 2010

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Mary L. Schapiro

Chairman - Securities and Exchange Commission

100 F Street, NE

Washington, DC 20549-0100

Dear Chairman Schapiro:

I am writing to raise an issue of serious concern to me and the thousands of military servicemembers I represent in Southern Arizona.

An upcoming investigative report by *Bloomberg Markets* and verified by NPR in a report on July 28, 2010 indicates that Prudential Securities, through its Alliance Account program, is reaping windfall profits from the Servicemembers' Group Life Insurance benefits of deceased servicemembers by paying out interest amounts often far below the market interest rate.

While we all understand the difficulties faced by a family that has recently suffered the loss of a loved one and the desire to protect those individuals and their SGLI benefits, I am troubled by what seems to be an insurance company whom our servicemembers and the Department of Veterans Affairs trust with this responsibility, using their Securities arm to take advantage of death benefit funds being held in order to draw disproportionate profits that are not passed on to the families of our fallen warriors.

According to a recently distributed VA fact sheet, Prudential was authorized in 1999 to utilize the Alliance Account program for holding and managing funds. What remain unclear are the rights of the beneficiaries and the responsibilities of the insurance provider. It is important that the handling of these accounts be investigated to establish whether Prudential's business practices are fully compliant with both the intent and content of their authority under VA regulations and U.S. Code. This will provide servicemembers and beneficiaries with clarity on their benefit and Congress with the information necessary to conduct adequate oversight of the company and the VA as they administer this program.

I urge you to immediately investigate Prudential's business practices regarding the management of SGLI benefits and provide my staff with a full analysis of your findings.

I look forward to your reply. Please feel free to contact me directly or my Senior Legislative Assistant for Military Affairs, Ryan McKeon, at 202.225.2542 or by email at ryan.mckeon@mail.house.gov should there be any questions or should you need any additional information about my request. Thank you for your time and continued service to our nation.

Sincerely,

A handwritten signature in blue ink, appearing to read "Gabrielle Giffords". The signature is fluid and cursive, with a large initial "G".

Gabrielle Giffords
Member of Congress