



**STATE OF VERMONT**

**Department of Banking, Insurance, Securities & Health Care Administration (BISHCA)**

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**Paulette J. Thabault, Commissioner**

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**Lessons from the Madoff Scandal: How Good Investors Can Avoid Bad Characters**  
*Tips from Vermont Securities Regulators*

**Montpelier, Vermont** – Untold numbers of investors lost upward of \$50 billion after Bernard Madoff’s New York money management firm recently tumbled like a house of cards. In the wake of that still-unfolding scandal, the Vermont Department of Banking, Insurance, Securities, and Health Card Administration (BISHCA), with the North American Securities Administrators Association (NASAA), have some advice to help investors steer clear of fraud and abuse by providers of investment services. "I am confident that a vast majority of the financial services professionals in Vermont are people of high integrity," said BISHCA Commissioner Paulette Thabault, "but one thing this case bears out is that a bad apple can turn up where you may least expect it, even in the most respectable financial circles. You simply can't rely on external impressions -- such as a person's income, education, or the trappings of professional success -- as any assurance of integrity or legitimate dealings."

More people are taking charge of their own investment portfolios than ever, while at the same time, fraud is becoming ever more sophisticated. Said Commissioner Thabault, "Know that as an investor, you have the resources of the Vermont Securities Division to help you investigate the seller of an investment product or service." There are also simple measures you can take yourself that will help you steer clear of unscrupulous investment advisers, broker dealers, or others in the investment field. Commissioner Thabault recommends the following:

- Most outright abuse and fraud is committed by sellers outside the legitimate market. Therefore, always check out the product seller or investment service provider thoroughly. *Here are two ways to investigate:*  
Call the toll free number (in-state) for the Securities Division (1-877-550-3907) to find out if an individual or an employing firm is duly registered, and if there are any disciplinary actions of record. Vermont investors can also utilize the Securities Division website at [www.vermontsecurities.info](http://www.vermontsecurities.info) to perform many kinds of registration and background checks themselves, at no charge.
- Make sure the investment opportunity is registered for sale in the state you live in.
- Always stay in charge of your money.

- Insist on a full explanation of investment recommendations and don't invest in something you don't understand.
- Keep notes about conversations and meetings.
- Visit the Securities Division Investor Protection website at [www.vermontinvestorprotection.info](http://www.vermontinvestorprotection.info) for more information and resources on this topic.
- If you are a consumer or industry group, you can contact the Securities Division to request a presentation about securities related issues and law.

The Securities Division also reviews consumer complaints, conducts examinations, and investigates individuals and firms for compliance with Vermont and federal securities laws.

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