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**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION**

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IN THE MATTER OF DETERMINING  
Whether there has been a violation  
of the Securities Act of Washington by:

BERNARD L. MADOFF; BERNARD L.  
MADOFF INVESTMENT SECURITIES  
LLC,

Respondents.

S-08-429-08-TO01

SUMMARY ORDER SUSPENDING  
SECURITIES SALESPERSON AND BROKER-  
DEALER REGISTRATION AND NOTICE OF  
INTENT TO REVOKE REGISTRATION

THE STATE OF WASHINGTON TO:

Bernard L. Madoff (CRD #316687)  
Bernard L. Madoff Investment Securities LLC  
(CRD #2625)

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**STATEMENT OF CHARGES**

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondent Bernard L. Madoff has engaged in dishonest and unethical practices in the securities business while employed as a registered securities salesperson for Bernard L. Madoff Investment Securities LLC, and that those practices justify the suspension and/or revocation of Bernard L. Madoff's securities salesperson registration pursuant to RCW 21.20.110(1)(g). In addition, the Securities Administrator has reason to believe that Bernard L. Madoff Investment Securities LLC failed to supervise its registered securities salesperson Bernard L. Madoff which is grounds for the suspension and/or revocation of its broker-dealer registration pursuant to RCW 21.20.110(1)(j). The Securities Administrator further has reason to believe that Bernard L. Madoff Investment Securities LLC is insolvent which is grounds for the suspension and/or revocation of its broker-dealer registration pursuant to RCW 21.20.110(1)(h).

SUMMARY ORDER SUSPENDING  
SECURITIES SALESPERSON AND BROKER-  
DEALER REGISTRATION AND NOTICE OF  
INTENT TO REVOKE REGISTRATION

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DEPARTMENT OF FINANCIAL INSTITUTIONS  
Securities Division  
PO Box 9033  
Olympia, WA 98507-9033  
360-902-8760

1 The Securities Administrator finds that delay in suspending and/or revoking Respondents registrations  
2 would be hazardous to the public interest and is necessary or appropriate for the protection of investors and  
3 that a Summary Order should be entered immediately. The Securities Administrator finds as follows:  
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## 5 **TENTATIVE FINDINGS OF FACT**

### 6 Respondents

7 1. Bernard L. Madoff (“Madoff”) is an individual and resident of New York. Since 1960, Madoff  
8 has been sole member and principal of Bernard L. Madoff Investment Securities LLC, a broker-dealer  
9 and investment adviser. Madoff has been registered as a securities salesperson with the Washington  
10 State Securities Division from June 11, 1997 to present.

11 2. Bernard L. Madoff Investment Securities LLC (“Madoff Investment Securities”) is a broker-dealer  
12 and investment adviser based in New York, New York. Madoff Investment Securities has been registered  
13 with the U.S. Securities and Exchange Commission as a broker-dealer since 1960, and as an investment  
14 adviser since 2006. Madoff Investment Securities has been registered as a broker-dealer with the  
15 Washington State Securities Division from January 15, 1997 to present.  
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### 17 Nature of the Conduct

18 3. Madoff and Madoff Investment Securities provided investment advisory services to select  
19 customers, including charities, banks, hedge funds, and individuals. The accounts invested under Madoff’s  
20 management purportedly received an average return of 1% per month for more than fifteen years. At least  
21 \$17.1 billion was invested with Madoff.

22 4. By early December 2008, Madoff had requests for redemptions from his investment advisory  
23 clients which totaled \$7 billion.

1 5. On or about December 10, 2008, Madoff informed high-ranking employees at Madoff Investment  
2 Securities that the advisory business was a “big lie” and he had been running a “giant ponzi scheme.” In a  
3 ponzi scheme, earlier investors are repaid with funds received from newer investors, rather than being  
4 repaid with actual profits or investment returns. Madoff told the high-ranking employees that the  
5 investment advisory business had been insolvent for years and he estimated there had been \$50 billion in  
6 losses. He informed the employees that he had \$200 to \$300 million left with which he intended to make  
7 payments to selected friends, family, and employees prior to turning himself into authorities.

8 6. On or about December 11, 2008, Madoff informed law enforcement officers that he had  
9 personally traded and lost money for investors, and that investors were repaid with money that “wasn’t  
10 there.” Madoff informed the officers that he was insolvent.

11 7. On December 11, 2008, Madoff was charged with securities fraud by the U.S. Attorney’s Office in  
12 the Southern District of New York. Madoff was subsequently arrested.

13 8. On December 15, 2008, a federal judge signed an order placing Madoff Investment Securities in  
14 receivership.  
15

16 **EMERGENCY**

17 9. The Securities Administrator finds that an emergency exists because Respondent Bernard L.  
18 Madoff knowingly and intentionally engaged in unethical practices by running a fraudulent investment  
19 scheme, and that such conduct presents an immediate danger to the safety and welfare of the investing  
20 public.  
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1 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

2 **CONCLUSIONS OF LAW**

3 1. Bernard L. Madoff, as described above, engaged in one or more dishonest or unethical  
4 practices in the securities business, as defined by WAC 460-22B-090, by running an insolvent  
5 investment advisory business in which he used a scheme or artifice to defraud investors out of billions of  
6 dollars. Such practice is an independent ground for the suspension or revocation of his securities  
7 salesperson and investment adviser representative registration pursuant to RCW 21.20.110(1)(g).

8 2. Bernard L. Madoff Investment Securities LLC failed to supervise its registered securities  
9 salesperson Bernard L. Madoff, who as described above, engaged in dishonest and unethical practices by  
10 running a fraudulent investment scheme for years through Bernard L. Madoff Investment Securities  
11 LLC's advisory business. Failure to supervise is an independent ground for the suspension or revocation  
12 of broker-dealer registration pursuant to RCW 21.20.110(1)(j).

13 3. Bernard L. Madoff Investment Securities LLC is insolvent and has been placed in receivership,  
14 which is an independent ground for the suspension or revocation of broker-dealer registration pursuant to  
15 RCW 21.20.110(1)(h).  
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17 **SUMMARY ORDER**

18 Based upon the foregoing and finding it in the public interest,

19 NOW, THEREFORE, IT IS HEREBY SUMMARILY ORDERED that the securities salesperson  
20 registration of Bernard L. Madoff, be, and hereby is, summarily suspended pending a final  
21 determination in this proceeding.  
22

1 IT IS FURTHER SUMMARILY ORDERED that the broker-dealer registration of Bernard L.  
2 Madoff Investment Securities LLC, be, and hereby is, summarily suspended pending a final  
3 determination in this proceeding. The registration suspension shall not be applicable when Bernard L.  
4 Madoff Investment Securities LLC is acting under the supervision and authority of the federal district  
5 court.

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7 **NOTICE OF INTENT TO REVOKE REGISTRATION**

8 Pursuant to RCW 21.20.110(1), and based upon the above Tentative Findings of Fact and  
9 Conclusions of Law, the Securities Administrator intends to order that the securities salesperson  
10 registration of the Respondent Bernard L. Madoff be revoked. The Securities Administration also  
11 intends to order that the broker-dealer registration of Bernard L. Madoff Investment Securities LLC be  
12 revoked.

13 **AUTHORITY AND PROCEDURE**

14 This Summary Order is entered pursuant to the provisions of RCW 21.20.110 and is subject to the  
15 provisions of RCW 21.20.120 and RCW 34.05. The Respondents, Bernard L. Madoff and Bernard L.  
16 Madoff Investment Securities LLC, may make a written request for a hearing as set forth in the NOTICE  
17 OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this order. If  
18 a Respondent does not request a hearing in this matter, the Securities Administrator intends to adopt the  
19 foregoing Tentative Findings of Fact and Conclusions of Law as final as to that Respondent, and as  
20 described above in the Notice of Intent to Revoke Registration, enter an order revoking that Respondent's  
21 registration.  
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DATED AND ENTERED this 30th day of December, 2008.

*Michael E. Stevenson*

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MICHAEL E. STEVENSON  
Securities Administrator

Approved by:

*Suzanne Sarason*

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SUZANNE SARASON  
Chief of Compliance & Examinations

Presented by:

*Jill M. Vallely*

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JILL VALLELY  
Enforcement Attorney