

\$ HOW BERNIE MAD(e) OFF WITH THE MONEY \$

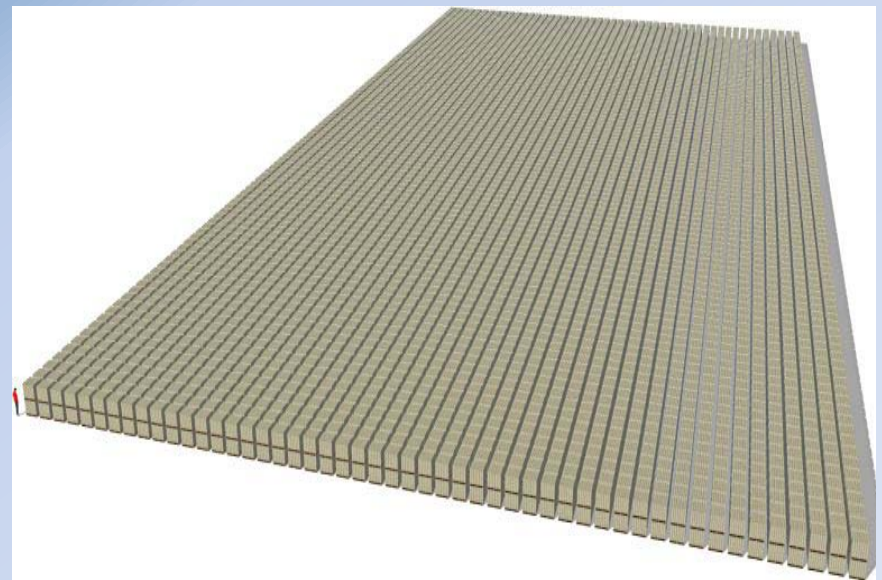
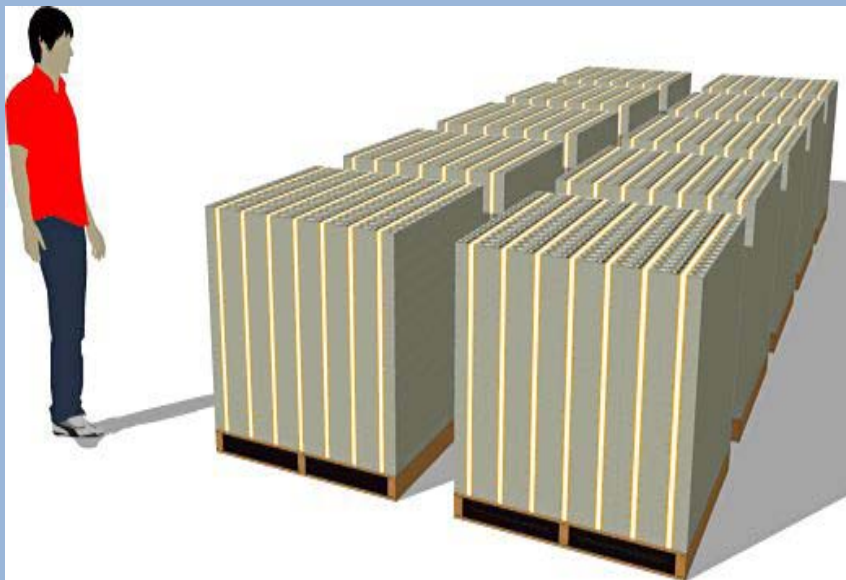


A Swing and a Miss by the S.E.C.

\$ HOW BERNIE MAD(e) OFF WITH THE MONEY \$

\$1 billion dollars

\$ 1 trillion dollars



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MAIN STREET MEETS WALL STREET



TED BENNA

\$ HOW BERNIE MAD(e) OFF WITH THE MONEY \$

- Security Market Values

- 1938 value of Securities \$58.3 Billion
- 1940 GDP \$101.4 Billion
- 2007 Value of Securities \$15.3 Trillion
- 2008 GDP \$14.3 Trillion

Source SEC Annual Report

- Share of U.S. Stocks held by direct owners

- 1950 90%
- 2004 30%

- The individual shareholder of the 1930's is a thing of the past. Individuals invest in Mutual Funds versus individual stocks of companies.

- » Wall Street Journal October 2005

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A TYPICAL FRAUD

BERNIE MADOFF

- REPUTATION @ NASDAQ STAR, TRUSTED
- WORKED ALONE
- NO ONE QUESTIONED WORK
- CONSISTENT RETURNS PERFORMANCE
- OLD CLIENTS WOWED NEW CLIENTS- NOT QUESTIONED
- 17TH FLOOR IN THE DARK AND A WORKAHOLIC
- COORDINATED AUDIT INFORMATION FOR S.E.C. AND ANSWERED THEIR QUESTIONS
- AUDITED BY A ONE MAN ACCOUNTING FIRM

BERNICE BOOKKEEPER

- LONG TIME TRUSTED EMPLOYEE
- WORKS ALONE
- WORK BEYOND REPROACH
- NEVER A PROBLEM WITH WORK
- OLD EMPLOYEES SWEAR BY HER TO NEW EMPLOYEES
- IN EARLY STAYS LATE AND WEEKENDS
- ALWAYS DEALS WITH THE OUTSIDE

\$ HOW BERNIE MAD(e) OFF WITH THE MONEY \$

- **The Exception Not The Rule**
 - 35,000 Investment Company Portfolio's
 - 12,000 Public Companies
 - 8,200 Investment Advisors
 - 7,200 Broker Dealers
 - 900 Transfer Agents
 - 500 Municipal Government Security Dealers
 - 13 Stock Exchanges
 - 1 Public Company Accounting Oversight Board
 - » 2004 SEC Annual Report

(Subject to S.E.C. Regulation and oversight)

\$ HOW BERNIE MAD(e) OFF WITH THE MONEY \$

- **THE S.E.C.**

- WORKLOAD- ENTITIES RESPONSIBLE FOR
- \$900 MILLION BUDGET
- 3,400 EMPLOYEES
- 14% STAFF TURNOVER
- SECURITIES LAW NOT FRAUD AUDITORS
- LIMITED BUSINESS EXPERIENCE

SOURCE: 2003 GAO Report on Pay
Parity

\$ HOW BERNIE MAD(e) OFF WITH THE MONEY \$

- **Your Investments versus Bernie**

- Checks made out to Bernie the Advisor not Brokerage
- No Computerized Statements with Activity
- One Man Auditing Firm for A Multi-Billion dollar Fund
- You Review Statements and ask Questions

SUMMARY

- **YOUR MONEY**
- **BE RESPONSIBLE**
- **BE INFORMED**
- **PAY ATTENTION**
- **ASK QUESTIONS**

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