



State of Wisconsin
Department of Financial Institutions

Scott Walker, **Governor**

Peter Bildsten, **Secretary**

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A Simple Phone Call Can Avoid Investor Fraud and Scams

*“Call 1-800-472-4325 Before You Invest
—Especially if it Sounds Too Good to Be True”*

(Madison) Secretary Peter Bildsten said today that Wisconsin’s Department of Financial Institutions (DFI) is pleased to join securities regulators around the nation in observing 100 years of protecting investors. He cautioned, however, that challenging economic times prompt scam artists to get more creative and urged potential investors to take extra precautions to avoid becoming their victims.

“If it sounds too good to be true, it probably is,” said Secretary Bildsten. “As Wisconsin’s securities regulator, DFI is proud to build on the century-old foundation of stopping fraud and protecting Wisconsin investors. So, during these times, check *before* you invest. See if the security and agent are registered. A simple phone call could save thousands of your hard-earned dollars.”

The nation’s first state securities law was adopted in 1911. Wisconsin soon followed suit, establishing its first blue sky law in 1913 when a regulatory agency was formed as part of the Railroad Commission. In 1939, the Wisconsin legislature created a separate office, the Securities Commissioner’s Office. In 1970, the state adopted its own version of the Uniform Securities Act.

“The act makes it unlawful for any person to offer or sell securities in this state unless it is registered under this chapter or the security or transaction is exempted,” said Patricia Struck, Administrator of DFI’s Division of Securities.

In 2009, state securities regulators collectively sentenced con artists to 1,786 years in jail, ordered more than \$4.7 billion returned to defrauded investors and led more than 1,800 investor education presentations in communities nationwide. Ms. Struck said high-profile enforcement actions make national headlines, such as the settlements state securities regulators reached with Wall Street firms to return \$61 billion to those who invested in auction rate securities—the largest return of funds to investors in history.

“Much of our work for Wisconsin investors, however, takes place without a lot of fanfare,” explained Ms. Struck. “We focus on protecting ‘mom and pop’ investors, especially those who lack the expertise, experience and resources to protect their own interests.”

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In addition to enforcing securities laws in Wisconsin, DFI also registers firms and investment professionals doing business in the state, and examines the stockbrokers and investment advisers the public relies upon to meet its financial goals. As a result, state securities regulators remain the best and most convenient resource for investors to turn to for help when they have concerns about what appears to be an investment “opportunity.”

“We also want to hear from you if you suspect that you are the victim of securities fraud,” said Ms. Struck. “A complaint can help our investigators identify and stop emerging frauds, prevent harm to other investors and pursue all available options to recover stolen funds and penalize the scammer.”

She agreed that the best time to get in touch with DFI is *before* investing one’s money because it is the best way to learn if a prospective investment is properly registered for sale in Wisconsin and if the promoters have the appropriate registrations and clean disciplinary and criminal histories.

In addition to enforcement and registration, DFI is committed to investor education. When invited, members of DFI’s Securities Division travel the state to make investor education presentations to a variety of community groups, including schools, professional associations and senior centers.

Ms. Struck pointed out that almost everyone is an investor—from the parent saving for a child’s college education to the late-career professional looking to retire. She noted that for 100 years regulators have helped ensure a level playing field and a fair deal for all. She added that much has changed in the last century and reforms are taking shape at the national level to give new authority to state securities regulators to address the challenges facing 21st century investors.

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