

**STATE OF ALABAMA  
ALABAMA SECURITIES COMMISSION**

IN THE MATTER OF

BERNARD L. MADOFF INVESTMENT  
SECURITIES LLC  
BERNARD LAWRENCE MADOFF

RESPONDENTS

ADMINISTRATIVE ORDER

NO. OS-2008-0038

**ORDER OF SUSPENSION**

The Alabama Securities Commission ("Commission"), having authority to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, Code of Alabama 1975, the Alabama Securities Act, upon due consideration of the subject matter hereof, has determined as follows:

**RESPONDENTS**

1. BERNARD L. MADOFF INVESTMENT SECURITIES LLC, ("BMIS"), CRD#2625, is represented to be a registered broker dealer in the State of Alabama effective March 25, 1997, with a business address of 885 Third Avenue, New York, New York, 10022. BMIS is further represented to be a federally registered Investment Advisor.

2. BERNARD LAWRENCE MADOFF, ("MADOFF"), CRD#316687, is represented to be the Sole Member, Principal and control person of the broker dealer business of BMIS and a registered broker dealer agent in the State of Alabama effective July 8, 1997, with a business address of 885 Third Avenue, New York, New York 10022. Commission records reflect that MADOFF is the Sole Member, Principal and control person of the Investment Advisor business of BMIS.

**STATEMENT OF FACTS**

3. On March 25, 1997, BMIS was registered as a broker dealer in the State of

Alabama. Commission records reflect that BMIS registered with the United States Securities and Exchange Commission ("SEC") as an investment advisor on September 12, 2006 and notice filed in the State of New York on September 12, 2006. Commission records reflect that BMIS has not notice filed or registered as an Investment Advisor in the State of Alabama.

4. On December 12, 2008, the Commission received notice via the Central Registration Depository ("CRD") maintained by Financial Industry Regulatory Authority ("FINRA") that the SEC filed a temporary and preliminary injunction against MADOFF in the United States District Court for the Southern District of New York, Civil Action No. 08 CIV 10791. The injunction alleges that MADOFF and his Investment Advisor firm violated the Investment Advisors Act of 1940 and the Securities Exchange Act of 1934 by knowingly or recklessly, through the use of the mails or instrumentality of interstate commerce, while acting as an Investment Adviser employed or are about to employ devices, schemes and artifices to defraud investors or have engaged or are engaging in practices or courses of business which operates as a fraud or deceit upon any investors. Allegations further state that MADOFF and his firm have been conducting a Ponzi-scheme through the investment adviser services of his firm. A copy of the Court Order was received by the Commission staff on December 17, 2008, and reflects that the assets of BMIS have been frozen.

### **CONCLUSIONS OF LAW**

5. Pursuant to Code of Alabama, 1975, Section 8-6-17, it is unlawful for any person, in connection with the offer, sale or purchase of any security, directly or indirectly, to (a)(1) employ any device, scheme or artifice to defraud; (a)(2) make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, or (a)(3) engage in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person. CRD records reflect that BMIS and MADOFF have been enjoined by the SEC for engaging in transactions, practices or courses of business which have operated and will operate as a fraud and deceit upon investors.

6. Pursuant to Code of Alabama, 1975, Section 8-6-3, (j)(4), the Securities Commission may by order deny, suspend or revoke any registration, or censor or bar any applicant or registrant or any office, director, partner or person occupying a similar status or performing similar functions for a registrant, from employment with a dealer or investment adviser, or restrict or limit a registrant as to any function or activity of the business for which registration is required in this state if the commission finds that the order is in the public interest and that the applicant or registrant or, in the case of a dealer or investment adviser, any partner, officer or director, any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the dealer or investment adviser is permanently or temporarily enjoined by any court of competent jurisdiction from engaging in or continuing any conduct or practice involving any aspect of the securities business or any felony. BMIS and MADOFF have been enjoined by the SEC for engaging in transactions, practices or courses of business which have operated and will operate as a fraud and deceit upon investors.

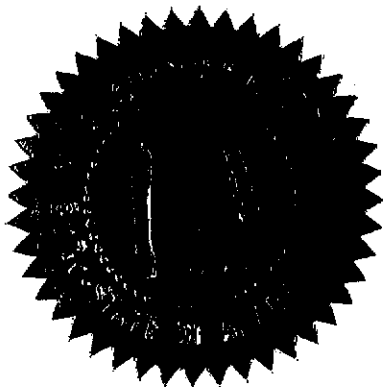
7. Pursuant to Code of Alabama, 1975, Section 8-6-3, (j)(7), the Securities Commission may by order deny, suspend or revoke any registration, or censor or bar any applicant or registrant or any office, director, partner or person occupying a similar status or performing similar functions for a registrant, from employment with a dealer or investment adviser, or restrict or limit a registrant as to any function or activity of the business for which registration is required in this state if the commission finds that the order is in the public interest and that the applicant or registrant or, in the case of a dealer or investment adviser, any partner, officer or director, any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the dealer or investment adviser has engaged in dishonest or unethical practices in the securities business. MADOFF, Sole Member of BMIS, has been enjoined by the SEC for engaging in transactions, practices or courses of business which have operated and will operate as a fraud and deceit upon investors.

This Order is appropriate in the public interest for the protection of investors and consistent with the purposes of the Alabama Securities Act.

**ACCORDINGLY, IT IS HEREBY ORDERED** that the registration of RESPONDENT BERNARD L. MADOFF INVESTMENT SECURITIES LLC as a securities broker dealer in


the State of Alabama, be SUSPENDED. If no response is received within 28 days from the issuance of this Order, the registration will be revoked.

Entered at Montgomery, Alabama this the 17<sup>th</sup> day of December, 2008.



ALABAMA SECURITIES COMMISSION  
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BY:



JOSEPH P. BORG  
Director