

INVESTIGATE BEFORE YOU INVEST

The Rhode Island Department of Business Regulation Offers Extensive Background Information on Stockbrokers and Investment Advisers

May 12, 2009—The Madoff Ponzi scheme and other high-profile breaches of trust by financial professionals are strong reminders of the need to check the background of financial professionals before you trust them with your money.

“Information is an investor’s best defense against investment fraud,” said Director A. Michael Marques. “The information you need to make an informed choice about who you entrust with your money is right at your fingertips. Our office should be your first call for detailed background information about your stockbroker or investment adviser. And the time to make that call is before you turn over any money.”

The Department of Business Regulation offers investors extensive employment, disciplinary and registration information about their stockbroker or investment adviser. As an investor, you can request a public report of background information on any stockbroker, brokerage firm, investment adviser and investment adviser firm licensed to do business in the state.

To receive background information about a stockbroker, call the Securities Division at (401) 462-9588 and ask for all materials from the Central Registration Depository (CRD) about that individual. For similar information about an investment adviser, ask for all materials from the Investment Adviser Registration Depository (IARD). These computerized national databases contain licensing and registration information on more than 650,000 stockbrokers and over 260,000 investment advisers. You can also receive information on their employment, examination and disciplinary histories, civil judgments, arbitration decisions, criminal convictions or indictments, bankruptcies, disciplinary actions, arbitration and civil proceedings.

“This information is easy to obtain, and state securities regulators want to help you to make informed decisions before you invest your hard-earned dollars,” Director Marques said. “While the vast majority of the stockbrokers, brokerage firms, investment advisers and investment adviser firms are honest and reputable, it pays to remember that just like many other professions, there are those individuals and firms who are not. If you suspect that something is wrong, the sooner you call us, the better. Your call also might help prevent others from being harmed by a fraudulent scheme.”