



Net Equity Message Points

- Congressional intent behind SIPA and its amendments of 1978, was to protect the small investor from theft and fraud.
- The BLMIS bankruptcy is a mistreatment of investors under a law created to protect them from exactly this type of abuse.
- Investors in SIPC-protected funds generally rely on their account statements for information. Madoff investors reasonably expected that they held the securities listed on their statements. The Trustee's method of valuation says investors shouldn't rely on statements, which is irrational.
 - A brokerage statement is not merely a document you glance at and throw away. It is a reflection of what an investor believes he or she owns. Dismissing the importance of that is putting an unfair burden on US investors to find information themselves.
 - The Trustee's unprecedented use of cash-in-cash out has shifted the burden of the broker-dealer failure from the brokerage industry to the consumer.
- Madoff victims are looking for nothing more than what SIPC promises, which is only a fraction of the total amount that appeared on statements.
- Reports that suggest Madoff investors want to be made whole are ludicrous. They simply want the limited SIPC protection they thought they had.
- SIPC was created to mimic what the FDIC does for banks. Madoff investors know that SIPC is not meant to insure against investment losses from normal market fluctuation.
- The Trustee has not allowed Madoff victims to examine the evidence he is using to determine when and how much cash was invested and when it was withdrawn.
- It is wrong to expect investors to simply agree with the Trustee's assessments and calculations without having a chance to examine how he arrived at it. Considering how dramatically the lives of victims will be altered by this ruling, victims should be able to examine the Trustee's records.
- When SIPC was created, investors were taking a leap of faith in leaving securities with brokers, leaving a more efficient system and saved the broker-dealer industry billions of dollars in back office costs.
- Meanwhile SIPC membership cost the broker-dealers virtually nothing from 1995-2008 (\$150 per year).
- The elderly who invested their savings with Madoff 15, 20, or even 30 years ago are suffering the most. A great number of the sick and elderly planned their lives around their Madoff investments and are literally wiped out financially.