

**COMMONWEALTH OF MASSACHUSETTS
OFFICE OF THE SECRETARY OF THE COMMONWEALTH
SECURITIES DIVISION
ONE ASHBURTON PLACE, 17th FLOOR
BOSTON, MASSACHUSETTS 02108**

IN THE MATTER OF:)

COHMAD SECURITIES CORPORATION,)

RESPONDENT.)

ADMINISTRATIVE COMPLAINT
AND EX PARTE MOTION FOR
AN ORDER SUMMARILY
SUSPENDING REGISTRATION
AS A BROKER-DEALER
DOCKET NO. 2009-0015

2009 FEB 11 AM 9:15

SECRETARY OF
THE COMMONWEALTH

I. PRELIMINARY STATEMENT

The Enforcement Section of the Massachusetts Securities Division of the Office of the Secretary of the Commonwealth (respectively, the “Enforcement Section” and the “Division”) files this complaint (the “Complaint”) in order to commence an adjudicatory proceeding against Cohmad Securities Corporation (“Respondent” or “Cohmad”) for violating M.G.L. c. 110A, the Massachusetts Uniform Securities Act (the “Act”), and 950 CMR 10.00 *et seq.* (the “Regulations”). This Complaint is based on a broad-based refusal by Cohmad to provide information to the Division regarding (a) Cohmad’s and its registered representative Robert Martin Jaffe’s securities activities in The Commonwealth of Massachusetts, (b) the intertwined relationship between Cohmad and Bernard L. Madoff Investment Securities LLC (“Madoff Investments”) and (c) referrals of clients by Cohmad’s registered representatives to Madoff Investments and Cohmad’s apparent role in the transfer of moneys from Madoff Investments to Cohmad personnel.

The Enforcement Section seeks an order (a) requiring Cohmad to permanently cease and desist from committing any further violations of the Act and Regulations, (b) requiring Cohmad to provide an accounting of all Massachusetts investors Cohmad or its registered representatives (or other agents) referred to Madoff Investments and all fees earned in connection therewith, (c) summarily suspending Cohmad's registration with the Division, (d) revoking Cohmad's registration with the Division, (e) requiring Cohmad to pay an administrative fine in an amount and upon such terms and conditions as a Hearing Officer may determine, and (f) taking any other action that a Hearing Officer may deem appropriate in the public interest and necessary for the protection of Massachusetts investors.

II. SUMMARY

On December 10, 2008, Bernard L. Madoff ("Madoff") turned himself in to federal authorities and confessed that he had been conducting a Ponzi-scheme and that his firm's liabilities were estimated at \$50 billion. Subsequently, the Division received a number of calls from Madoff victims. Certain victims identified Robert Jaffe ("Jaffe") and Cohmad as the conduits through which they invested with Madoff. The Division subsequently sent subpoenas requiring the production of documents to Cohmad and subpoenas requiring the testimony of Jaffe, Marcia Cohn, Maurice Cohn and certain other Cohmad personnel.

Cohmad produced certain documents, yet refused to respond to most of the interrogatories propounded by the Division and refused to produce many categories of documents that had been subpoenaed. The extent of Cohmad's refusal to respond to interrogatories and provide documents is set forth in detail in Section VII(C) below.

The limited documents produced by Cohmad, as well as information on FINRA's Central Registration Depository ("CRD") system, evidence a deeply intertwined relationship between Cohmad and Bernard L. Madoff Investment Securities LLC ("Madoff Investments"). In Cohmad's CRD filing, Bernard Madoff is listed as a Director of Cohmad and as an owner of between 10 and 25 percent of the equity of Cohmad. Peter Madoff (who is listed as the Director of Trading and Chief Compliance Officer of Madoff Investments) is listed as a Director of Cohmad and as an owner of between 5 and 10 percent of the equity of Cohmad. (The third director is Milton Cohn, Maurice Cohn's brother.) Cohmad shared office space with Madoff Investments and submitted, every month for at least the last 8 years, monthly billing statement to Madoff Investments for rent, the electric bill, market data and exchange fees, a telephone lease, telephone long-distance telephone service, certain employee benefits and miscellaneous expenses.

In addition, over the last eight years, Madoff Investments made monthly payments to Cohmad which appear to have totaled in excess of \$67 million.¹ In different documents, those payments were referred to as being paid in connection with "professional services", "brokerage services" or "fees for account supervision". They appear to have been based on the amount of assets that clients referred by Cohmad's registered representatives had under management with Madoff Investments. Those payments represented in excess of 84 percent of Cohmad's total income over the last eight years. Cohmad would keep a portion of those payments for itself and then distribute the majority of the money to its registered representatives based on the amount of money under management those registered representatives had steered to Madoff Investments.

¹ The Division only asked for information from January 1, 2000 to December 15, 2008. The Division does not know what payments were made from Madoff Investments to Cohmad before January 1, 2000.

The \$67 million figure does not include commissions paid by Madoff Investments to Jaffe, as evidence of those commissions was one of the categories of information not provided by Cohmad. When asked about those commissions in his testimony, Jaffe invoked his Fifth Amendment rights and refused to answer the questions.

The payments from Madoff Investments to Cohmad included approximately \$526,000 in payments for Sonya Kohn, a European banker who referred clients to Madoff Investments. Kohn is not listed in the CRD as an employee of Cohmad and was not registered in any capacity with Cohmad. Nonetheless, payments from Madoff to her were filtered through Cohmad and represented a portion of the income it stated in its financial statements.

In order to better understand Cohmad's securities activities in Massachusetts, the relationship between Cohmad and Madoff Investments and reasons for the substantial payments from Madoff Investments to Cohmad, the Division sought to take the testimony of Robert Jaffe, the head of Cohmad's former Boston office, Marcia Cohn, who is the President, Chief Operating Officer and purported Chief Compliance Officer of Cohmad and who signed the monthly requests for payments that Cohmad sent to Madoff Investments, and Maurice Cohn, who founded Cohmad along with Madoff and is listed on CRD as Cohmad's Chairman and Chief Executive Officer. The Division also sent a subpoena to Cohmad, directing it to designate the person most knowledgeable about these relationships and payments and to make that person available to testify. Specifically, the Division sought to determine whether the businesses and finances of Cohmad and Madoff Investments were so intertwined that they could be viewed as a common enterprise, and not as separate entities, for purposes of imputing liability and obtaining investor relief.

In order to avoid giving testimony to the Division, Jaffe engaged in a series of delay tactics that involved, in the following order: requesting additional time due to initial counsel's vacation schedule, requesting additional time due to switching of counsel, requesting additional time due to purported medical reasons, requesting additional time due to another anticipated switch in counsel, requesting (again) additional time due to medical reasons, requesting (again) additional time due to switch in counsel, and finally (after all of the other excuses had apparently run their course) challenging that the subpoena was unconstitutional. Jaffe's multitudinous and often conflicting excuses delved deeply into the realm of the absurd. At one point, Jaffe's counsel argued that the Division was rushing Jaffe to testify and thereby not allowing counsel sufficient time to prepare for the testimony. In the same breath, Jaffe's counsel argued that the Division's "patience" with Mr. Jaffe showed that this matter was not really that urgent and could be delayed. Ultimately, on January 23, 2009 Jaffe was ordered by the Suffolk County Superior Court to testify before the Division. On February 4, 2009, Jaffe arrived at the offices of the Division, but invoked his rights under the Fifth Amendment of the United States Constitution and Article XII of the Massachusetts Declaration of Rights and declined to answer any questions regarding his business, Cohmad's business or his connection to Madoff Investments. Specifically, in response to all substantive questions, Jaffe stated:

On the advice of counsel, I respectfully decline to answer the question and invoke my rights and privileges under Article Twelve of the Constitution of the Commonwealth of Massachusetts and the Fifth Amendment of the Constitution of the United States of America.

Marcia Cohn's refusal to testify was less elaborate. She refused to appear before a date that was more than two weeks later than her scheduled appearance, with the pretext

that counsel needed that much time to prepare for her testimony. When the Division asked, in exchange for such a lengthy extension of time, for a letter from counsel stating that she would actually come in on the extended date barring exigent circumstances, counsel declined and she failed to appear for her testimony. Subsequently, her counsel provided the Division with a letter stating (more than three weeks after the subpoena was served) that she wanted to contest “the Secretary[‘s] . . . jurisdiction over Ms. Cohn” and also that they wished to “seek additional relief from the court on substantive grounds”. The Division requested that her counsel explain the substantive and jurisdictional grounds for challenging the subpoena. Specifically, the Division posed the question:

Please explain your rationale for taking the position that the Secretary lacks jurisdiction over Ms. Cohn, who (a) has for many years been the President and Chief Compliance Officer of a Massachusetts-registered broker-dealer, (b) signed off on, as a supervisor or as Chief Compliance Officer, most of Robert Jaffe’s account-opening documents for Massachusetts customers over the last ten years, and (c) on January 2, 2009 signed and caused to be submitted to the Division a verification of Cohmad’s response to the Subpoena duces tecum dated December 15, 2008[.]

Cohn’s counsel declined to provide an explanation.

Counsel for Maurice Cohn also sent a letter alleging similarly vague jurisdictional and substantive challenges to the subpoena issued to him, and Mr. Cohn, like his daughter, refused to appear for his scheduled testimony. Cohmad also refused to produce anybody in response to the subpoena directing it to designate and make available for testimony the person most knowledgeable about the relationship between Madoff and Cohmad. Finally, Alvin Delaire, Jr., another registered representative of Cohmad who had received substantial moneys from Madoff Investments, was subpoenaed to give testimony on February 10, 2009 but did not appear for his testimony.

In addition to the refusal of Cohmad's President, Chief Operating Officer and Chief Compliance Officer (Marcia Cohn) and Chairman and Chief Executive Officer (Maurice Cohn), and Cohmad itself, to testify with respect to Cohmad's activities in Massachusetts, and its Vice President's (Jaffe's) declining to answer questions, there were gaping holes in Cohmad's document production. For example, Cohmad's initial production in response to subpoenas issued by the Division on December 15, 2008 and December 22, 2008 contained no responses to the interrogatories requested and lacked many basic documents that had been requested (as described in detail below). Despite the fact that it was clearly incomplete, Marcia Cohn certified that the response was complete and accurate. The language of her certification was follows:

This response to the Subpoena dated December 15, 2008, including without limitation responses to interrogatories and production of the requested documents, was prepared and assembled under my personal supervision from the records of Cohmad Securities Corporation in accordance with the instructions and definitions set forth in such Subpoena and is complete and correct to the best of my knowledge and belief. To the best of my knowledge and belief, the documents produced in response to such Subpoena (a) are authentic, genuine and what they purport to be and (b) accurately reflect those documents as they appeared in Cohmad Securities Corporation records on the date of the Subpoena. No documents have been added or removed from the records of Cohmad Securities Corporation in connection with the preparation and assembly of this response other than documents which may have been removed in connection with the assertion of a privilege. . . .

The Division sought to question Ms. Cohn about her patently inaccurate verification but she refused to testify. Subsequently, Cohmad produced certain documents while refusing to produce others, as described in Section VII(C) below.

Cohmad also refused to respond to much of a subpoena the Division issued on January 16, 2009. For example, Cohmad refused to answer most of the interrogatories contained in the January 16 subpoena. As one example, when asked: "Describe all due

diligence undertaken, at any time since January 1, 2000, by Cohmad with respect to Bernard L. Madoff Investment Securities LLC or any other entity or fund owned or controlled in substantial part by Bernard L. Madoff”, Cohmad responded as follows:

Cohmad objects to Interrogatory No. 4 because the interrogatories fail to define the term “due diligence” and without legal basis suggests that Cohmad had an obligation to conduct due diligence with respect to Bernard L. Madoff Investment Securities LLC or any other entity or fund owned or controlled in substantial part by Bernard L. Madoff.

No substantive response was provided to this interrogatory. Similarly, the Division asked Cohmad to describe, for each investor it or its personnel referred to Madoff Investments, the monitoring of those investments that Cohmad or Cohmad personnel had undertaken.

In response, Cohmad stated:

Cohmad objects to Interrogatory No. 8 because the interrogatories fail to define the term “monitoring” and without legal basis suggests that Cohmad Personnel had an obligation to monitor a referral’s investment with Bernard L. Madoff Investment Securities LLC or any other entity or fund owned or controlled in substantial part by Bernard L. Madoff.

Cohmad did not provide a substantive response to this interrogatory and similarly failed to respond to most of the Division’s interrogatories. Cohmad declined to provide documents in response to many document requests, including requests for emails of Cohmad’s principals and registered representatives, requests for documents evidencing due diligence conducted by Cohmad into Madoff Investments and correspondence relating to referrals of Massachusetts residents to Madoff Investments.

Cohmad’s woefully incomplete document production and refusal to respond to most of the Division’s interrogatories, coupled with Marcia Cohn’s false certification (on behalf of Cohmad) of the completeness and accuracy of a clearly incomplete subpoena response, combined with Maurice Cohn’s, Marcia Cohn’s, and Cohmad’s refusal to

testify with the Division, and Jaffe's declining to answer questions, demonstrates a broad-based refusal to explain and answer for Cohmad's actions in The Commonwealth of Massachusetts. A firm that after engaging in the securities business in Massachusetts for many years categorically refuses to discuss its actions with regulators has no right to continue to engage in the securities business in The Commonwealth of Massachusetts. Cohmad's deliberate and thinly veiled efforts to thwart the Division's lawful investigation of potential violations of the Act constitute grounds to immediately remove it from any securities business in the Commonwealth.

III. JURISDICTION AND AUTHORITY

1. The Massachusetts Securities Division is a Division of the Office of the Secretary of the Commonwealth with jurisdiction over matters relating to securities as provided for by the Act. The Act authorizes the Division to regulate: 1) offers and/or sales of securities; 2) those individuals and businesses offering and/or selling securities within the Commonwealth; and 3) those individuals and businesses transacting business as broker-dealers and investment advisers within the Commonwealth.

2. The Division brings this action pursuant to the enforcement authority conferred upon it by Section 407A of the Act and M.G.L. c. 30A, wherein the Division has the authority to conduct an adjudicatory proceeding to enforce the provisions of the Act and all regulations and rules promulgated thereunder.

3. This proceeding is brought in accordance with Sections 203, 204, 404 and 407A of the Act and its Regulations. Specifically, the acts and practices constituting violations of the Act occurred in the Commonwealth of Massachusetts.

4. The Division specifically reserves the right to amend this Complaint and/or bring additional administrative complaints to reflect information developed during the current ongoing investigation.

IV. RESPONDENT

5. Cohmad Securities Corporation (“Cohmad”) is a registered broker-dealer, registered with Massachusetts, with a Central Registration Depository (“CRD”) number of 16307.

V. OTHER INVOLVED AND RELATED PARTIES

6. Marcia Beth Cohn (“Marcia Cohn”) is a natural person, registered as an agent of Cohmad, with a CRD number of 1049032. Marcia Cohn, according to the CRD, is a direct owner of Cohmad and serves in the position of President, Chief Operating officer, and Chief Compliance Officer of Cohmad. Marcia Cohn is not registered in Massachusetts.

7. Robert Martin Jaffe (“Jaffe”) is a natural person, registered in Massachusetts as an agent of Cohmad, with a CRD number of 256838. Jaffe, according to the CRD, is a direct owner of Cohmad and serves in the position of Vice President of Cohmad.

8. Maurice Jay (Sonny) Cohn (“Maurice Cohn”) is a natural person, registered as an agent of Cohmad, with a CRD number of 1313085. Maurice Cohn, according to the CRD, is a direct owner of Cohmad and serves as the Chairman and Chief Executive Officer of Cohmad. Maurice Cohn is not registered in Massachusetts.

9. Stanley Mervin Berman (“Berman”) is a natural person, formerly registered as an agent of Cohmad, with a CRD number of 1376787.

10. Alvin James Delaire, Jr. (“Delaire”) is a natural person, registered as an agent of Cohmad, with a CRD number of 1480468.
11. Jonathan Barney Greenberg (“Greenberg”) is a natural person, formerly registered in Massachusetts as an agent of Cohmad, with a CRD number of 850655.
12. Cyril David Jalon (“Jalon”) is a natural person, registered as an agent of Cohmad, with a CRD number of 256951.
13. Morton David Kurzrok (“Kurzrok”) is a natural person, registered in Massachusetts as an agent of Cohmad, with a CRD number of 1054934.
14. Linda Schoenheimer McCurdy (“Schoenheimer”) is a natural person, registered as an agent of Cohmad, with a CRD number of 2991967.
15. Richard George Spring (“Spring”) is a natural person, registered as an agent of Cohmad, with a CRD number of 432604.
16. Rosalie Buccellato (“Buccellato”) is a natural person, registered as an agent of Cohmad, with a CRD number of 848124. Buccellato, according to the CRD, is a direct owner of Cohmad and serves as a principal.

VI. PRIOR CONSENT ORDER ENTERED INTO BY COHMAD

17. On November 7, 1989, Cohmad filed an application with the Division for broker-dealer registration in Massachusetts. See Exhibit 1.
18. During the Division’s review of Cohmad’s application, the Division learned that Cohmad had engaged in certain securities transactions with the residents of Massachusetts, which transactions it could only have entered into if it had been registered in Massachusetts as a broker-dealer.

19. Cohmad's actions of transacting business with Massachusetts clients without having been registered with the Division violated section 201 of the Act.

20. The Division had statutory grounds to file an administrative action or deny Cohmad's application. However, Cohmad voluntarily submitted to undertakings and representations.

21. On January 26, 1990, Maurice Cohn signed an "Undertakings and Consent to Entry of Order" ("Consent Order") on behalf of Cohmad Securities Corporation. In the Consent Order, Cohmad submitted to the Division, Cohmad voluntarily submitted undertakings and representations which included the following:

d. It has and will maintain and/or adopt policies and procedures reasonably and appropriately designed to supervise its agents and ensure compliance with the requirements of Section 201 of the Act;

e. It will amend its compliance manual to include the following language:

Brokers are reminded that before they may handle a transaction with a customer, they must be registered as an agent of Cohmad in the state where the customer is located, and Cohmad must be registered as a broker-dealer in that state. Cohmad recently has registered as a broker-dealer in Massachusetts; please note, however, that the individual broker must assure that that broker is registered in Massachusetts as well before an order is executed. Any inquiries should be directed to Maurice Cohn, who, as compliance officer, is responsible for Cohmad's compliance with the Blue Sky laws.

f. It will comply with the statutes and regulations relating to the transactions of business in securities in Massachusetts, specifically Section 201 of the Act.

See Exhibit 1.

22. As set forth below, Maurice Cohn, who signed the consent order on behalf of Cohmad, violated it (unbeknownst to the Division) within two years of Cohmad's

having entered into it, by soliciting a client in Massachusetts for Madoff Investment without having been registered in Massachusetts (as required by Section 201 of the Act.)

23. Documents produced by Cohmad indicate that Maurice Cohn referred a number of Massachusetts investors to Madoff Investments, and appeared to have received a finders fee for such referrals, despite not being registered--in violation of Section 201 and the consent order that he signed on behalf of Cohmad.

VII. FACTS AND ALLEGATIONS

A. Calls Received by the Division Indicating that Maurice Cohn and Jaffe Solicited Massachusetts Investors for Madoff Investments

24. On December 10, 2008, Bernard L. Madoff ("Madoff") turned himself in to federal authorities and confessed that he had been conducting a Ponzi-scheme and that his firm's liabilities were estimated at \$50 billion.

25. The Division received a number of calls from investors who had lost money that they had invested with Madoff Investments.

26. Most of the victims indicated that it was their understanding that one needed a contact, connection or conduit to be afforded the opportunity to invest with Madoff Investments.

27. Certain victims identified Robert Jaffe and Cohmad as the conduits through which they had invested through Madoff.

28. One of the victims told the Division that Jaffe said that investing with Madoff was a great investment and that he has his children's trust funds invested with Madoff.

29. According to these victims, Jaffe arranged for Madoff Investments personnel to send Madoff Investment account opening documents directly to the client.

30. A document produced by Cohmad evidences Jaffe serving as a conduit for a Massachusetts investor to invest in Madoff Investments. See Exhibit 2.²

31. Upon information and belief, Jaffe received referral fees for referrals of a number of investors to Madoff Investments.

32. One investor indicated that Maurice Cohn of Cohmad was the person who solicited his investment in Madoff.

33. The documents submitted to the Division by that investor, evidencing Mr. Cohn's solicitation of this investor, are attached hereto as Exhibit 3.

B. Interrelationship Between Madoff and Cohmad and Suspicious Payments the Division Seeks to Investigate

34. After having received a number of calls from Madoff victims, the Division subpoenaed documents from Cohmad.

35. The document production was incomplete in many respects, as discussed in Section VII(C) below.

36. The limited documents that actually were produced to the Division evidence connections between the two firms that were so pervasive that they acted in many respects as interconnected arms of the same enterprise.

37. For example, Cohmad shared office space with Madoff Investments and submitted a monthly billing statement to Madoff Investments for rent, the electric bill, market data and exchange fees, a telephone lease, telephone long-distance telephone service, certain employee benefits and miscellaneous expenses such as shipping. An example of Cohmad's monthly billing statement to Madoff Investments is attached as Exhibit 4.

² Names and other private information with respect to investors has been redacted in order to preserve confidentiality.

38. Such monthly billing statements were sent from Cohmad to Madoff for each month for at least the last eight years.

39. On this point, Cohmad's interrogatory response as follows:

Interrogatory No.2. Describe in detail the relationship between Bernard L. Madoff Investment Securities (or any other entity owned or controlled in substantial part by Bernard L. Madoff) and Cohmad, including all business transacted between the two entities or their personnel and all compensation, commissions or other remuneration earned, directly or indirectly, in connection with such business.

Response. Cohmad and Cohmad Personnel received compensation from Bernard L. Madoff Investment Securities LLC ("BMIS") for the referral of investors who opened accounts with BMIS. Cohmad also subleased office space from BMIS at 885 Third Avenue, New York, paying monthly rent to BMIS in exchange for Cohmad's occupancy. Cohmad also paid BMIS for certain business incidentals, such as electricity, telephone and technical services. BMIS's trading operations also executed certain trades of securities through Cohmad. BMIS also administered a Flexible Spending Account for Cohmad personnel. Certain BMIS-related individuals maintained Cohmad brokerage accounts, including Elaine Solomon, Joann Crupi and Ruth Madoff. Bernard Madoff kept a Madoff Family Foundation Account with Cohmad. Finally, Cohmad distributed monthly dividends to Cohmad equity owners, including Bernard Madoff who is an approximate 15 % shareholder and Peter Madoff who is an approximate 9 percent shareholder.

40. In Cohmad's CRD filing, Bernard Madoff is listed as a Director of Cohmad and as an owner of between 10 and 25 percent of the equity of Cohmad.

41. In Cohmad's CRD filing, Peter Madoff (who is listed as the Director of Trading and Chief Compliance Officer of Madoff Investments) is listed as a Director of Cohmad and as an owner of between 5 and 10 percent of the equity of Cohmad.

42. The limited documents produced by Cohmad indicate that from January 3, 2007 to December 2, 2008 Cohmad received approximately \$7,046,678.96 from Madoff Investments.

43. Specifically, those documents evidence receipt of the following payments:

<u>Date of Payment</u>	<u>Amount of Payment</u>
12/2/2008	\$214,722.03
11/3/2008	\$214,722.03
10/1/2008	\$214,722.03
9/3/2008	\$214,722.03
8/1/2008	\$214,722.03
7/1/2008	\$214,722.03
6/2/2008	\$214,722.03
5/1/2008	\$214,722.03
4/1/2008	\$563,267.63
2/4/2008	\$111,183.73
1/2/2008	\$111,183.73
12/3/2007	\$111,183.73
11/2/2007	\$196,853.97
10/1/2007	\$463,715.22
9/4/2007	\$463,715.22
8/1/2007	\$629,715.72
7/27/2007	\$175,000.00
7/2/2007	\$330,382.72
6/1/2007	\$173,281.97
4/2/2007	\$425,585.99
3/1/2007	\$524,611.03
2/2/2007	\$524,611.03
1/3/2007	\$524,611.03
Total	\$7,046,678.96

See Composite Exhibit 5.³

44. Additional documents produced by Cohmad evidence that from July 1, 2001 through December 2, 2008 Cohmad submitted requests for payment of “professional services” totaling in excess of \$52 million from Madoff Investments.

³ Checks evidencing earlier payments were within the ambit of the Division’s subpoenas, but were not produced by Cohmad.

45. Specifically, Cohmad requested the following payments from Madoff

Investments:

**Payment Requests for Professional
Services Rendered**

Date of Payment	Amount of Payment
12/1/2008	\$214,722.03
1/1/2008	\$214,722.03
10/1/2008	\$214,722.03
9/1/2008	\$214,722.03
8/1/2008	\$214,722.03
7/1/2008	\$214,722.03
6/2/2008	\$214,722.03
5/1/2008	\$214,722.03
4/1/2008	\$563,267.63
3/1/2008	\$111,183.73
2/1/2008	\$111,183.73
1/2/2008	\$111,183.73
12/20/2007	\$40,000.00
12/1/2007	\$111,183.73
11/1/2007	\$196,853.97
10/1/2007	\$463,715.22
9/1/2007	\$463,715.72
7/1/2007	\$330,382.72
8/1/2007	\$330,382.72
6/1/2007	\$330,382.72
4/2/2007	\$425,585.99
3/1/2007	\$524,611.03
2/1/2007	\$524,611.03
1/2/2007	\$524,611.03
12/1/2006	\$524,611.03
11/2/2006	\$524,611.03
10/2/2006	\$524,611.03
9/1/2006	\$524,611.03
8/1/2006	\$524,611.03
7/3/2006	\$524,611.03
6/1/2006	\$524,611.03
5/1/2006	\$524,611.03
3/1/2006	\$531,150.17
2/1/2006	\$531,150.17
1/2/2006	\$531,150.17
12/1/2005	\$581,150.17
11/1/2005	\$581,150.17
10/3/2005	\$581,150.17
9/1/2005	\$581,150.17
8/1/2005	\$581,150.17
7/1/2005	\$604,914.24

6/1/2005	\$581,150.17
5/2/2005	\$581,150.17
4/1/2005	\$922,734.20
3/1/2005	\$548,092.82
2/1/2005	\$548,092.82
1/3/2005	\$548,092.82
12/1/2004	\$548,092.82
11/1/2004	\$548,092.82
10/1/2004	\$548,092.82
9/1/2004	\$548,092.82
8/2/2004	\$548,092.82
7/1/2004	\$607,459.87
6/1/2004	\$547,259.49
5/28/2004	\$547,259.49
4/30/2004	\$547,259.49
3/31/2004	\$436,678.05
3/1/2004	\$555,439.48
2/1/2004	\$755,439.48
1/1/2004	\$755,439.48
12/1/2003	\$755,439.48
11/1/2003	\$755,439.48
10/1/2003	\$755,439.48
9/1/2003	\$755,439.48
8/1/2003	\$755,439.48
7/1/2003	\$755,439.48
6/1/2003	\$755,439.48
5/1/2003	\$755,439.48
4/1/2003	\$723,454.37
3/1/2003	\$883,269.59
2/1/2003	\$883,269.59
1/1/2003	\$883,269.59
12/1/2002	\$883,269.59
11/1/2002	\$883,269.59
10/1/2002	\$883,269.59
9/1/2002	\$883,269.59
8/1/2002	\$883,269.59
7/1/2002	\$883,269.59
6/1/2002	\$883,269.59
5/1/2002	\$883,269.59
4/1/2002	\$1,293,632.91
3/1/2002	\$828,491.88
2/1/2002	\$828,491.88
1/2/2002	\$828,491.88
12/1/2001	\$828,491.88
11/1/2001	\$740,491.88
10/1/2001	\$862,986.43
9/1/2001	\$824,325.22
8/1/2001	\$824,325.22
7/1/2001	\$824,325.22
Total	\$52,570,636.81

See Composite Exhibit 6.

46. Those requests appear to have been paid, because those fees are listed as income on Cohmad's income statements.

47. Specifically, listed on Cohmad's unaudited income statements are fees for "account supervision", which appear to be for accounts referred by Cohmad and its registered representatives that were held at Madoff Investments. These fees are closely correlated to the requests for payments made to Madoff Investments evidenced in Composite Exhibit 6, and appear to evidence that the total amount paid from Madoff Investments to Cohmad from 2000 through 2008 was in excess of \$67 million. For each year from 2000 to 2008, those fees represented the vast majority of Cohmad's income, as set forth on the following chart.

YEAR	Fees for Account Supervision Listed on Income Statements	Cohmad's Total Income	Percentage of Cohmad's Total Income
2000	\$10,415,284.15	\$13,801,556.83	75.46%
2001	\$9,892,314.11	\$12,370,678.82	79.97%
2002	\$10,305,265.07	\$12,505,818.33	82.40%
2003	\$9,462,247.47	\$10,376,164.70	91.19%
2004	\$6,745,438.44	\$7,760,711.65	86.92%
2005	\$7,239,978.07	\$8,070,855.01	89.71%
2006	\$6,449,343.24	\$7,177,126.17	89.86%
2007	\$4,255,062.89	\$4,934,157.49	86.24%
2008	\$2,665,092.01	\$3,118,294.42	85.47%
TOTAL	\$67,430,025.45	\$80,115,363.42	84.17%

See Composite Exhibit 7.

48. Those fees do not include fees that Jaffe earned for his referrals of clients to Madoff, evidence of which Cohmad did not provide to the Division.

49. When asked about those fees, Jaffe, in his on-the-record testimony with the Division exercised his Fifth Amendment rights and refused to answer the question.

50. On Cohmad's audited financial statements, those "account supervision" fees are referred to as "brokerage service fees". See Exhibit 14.

51. The payments requested by Cohmad and paid by Madoff Investments to Cohmad appear to have been for the purpose of paying Cohmad and its registered representatives for "Money Under Management" with Madoff Investments. See Exhibits 8, 9 and 10.

52. Those Cohmad registered representatives appear to have received 25 basis points annually for monies that their clients had invested with Madoff Investments. See Exhibits 8, 9 and 10.

53. Each of the initials listed in Exhibits 8, 9 and 10 refers to a registered representative of Cohmad. The "Money Under Management" appears to be money under management with Madoff.

54. Cohmad produced a document titled "Madoff Accounts", which listed, for each Cohmad Registered Representative, the list of Madoff customers attributable to that representative. See Exhibit 11.

55. Cohmad would take its share of the payments and then the rest would be paid to its registered representatives based on the amount of money under management with Madoff Investments. See Exhibits 8, 9, and 10.

56. The limited documents produced by Cohmad, examples of which are Exhibits 8, 9 or 10, do not include the fees Jaffe was paid, upon information and belief, for referring clients to Madoff Securities.

57. When asked about those fees, Jaffe, in his on-the-record testimony with the Division exercised his Fifth Amendment Rights and refused to answer the question.

58. The payments from Madoff Investments to Cohmad included approximately \$526,000 in payments for Sonya Kohn, a European banker who referred clients to Madoff.

59. Upon information and belief, the Sonya Kohn is the same person as Sonja Kohn.

60. Kohn is not listed in the CRD as an employee of Cohmad and was not registered in any capacity with Cohmad. Nonetheless, payments from Madoff to her were filtered through Cohmad. See Exhibit 12.

61. The payments from Madoff to Cohmad also included compensation for a large retirement bonuses for Stanley Berman, despite the fact that he was purportedly a Cohmad, not a Madoff, employee. See Exhibit 8.

62. Moneys taken by Cohmad were subsequently paid out as dividends to certain of its owners, who included Bernard Madoff, Peter Madoff and Jaffe. Cohmad's interrogatory responses indicate that those dividend payments were made monthly. See also Exhibit 13.

63. The Division sought to better understand these payments and the relationship between Madoff Investments and Cohmad through subpoenaing the testimony Marcia Cohn.

64. Marcia Cohn refused to appear and testify, as described in section VII(F) below.

65. The Division sought to better understand these payments and the relationship between Madoff Investments and Cohmad through subpoenaing the testimony Maurice Cohn.

66. Maurice Cohn refused to appear and testify, as described in section VII(F) below.

67. The Division sought to better understand these payments and the relationship between Madoff Investments and Cohmad by sending a subpoena to Cohmad requiring Cohmad “to designate one or more persons who are most knowledgeable with respect to the topics set forth in Exhibit A to the subpoena to appear personally and give testimony” to the Division. Exhibit A read as follows:

1. All payments from Bernard L. Madoff Investment Securities LLC (“Madoff Securities”) or any affiliated person or entity to Cohmad Securities Corporation (“Cohmad”) from January 1, 2000 to the present.

2. All payments, direct or indirect, from Madoff Securities or any affiliated person or entity to officers, directors or registered representatives of Cohmad from January 1, 2000 to the present.

3. All payments, direct or indirect, from Madoff Securities or any affiliated person or entity to Robert M. Jaffee from January 1, 2000 to the present.

4. The purpose of the payments referred to in paragraphs 1, 2 and 3.

68. Cohmad refused to comply with the subpoena.

69. The Division sought to better understand the relationship between Madoff Investments and Cohmad and payments received by Jaffe in connection with referrals of investors to Madoff Investments through subpoenaing the testimony Jaffe.

70. As described below, in section VII(F), Jaffe refused to appear to testify and, when ordered to testify, appeared and asserted his rights under the Fifth Amendment and refused to answer questions.

C. Cohmad's Failure to Adequately Respond to Subpoenas Requiring Interrogatory Responses and Production of Documents

A. *Response to December 15 and December 22 Subpoenas*

71. On December 15, 2008, the Division sent Cohmad a subpoena requesting certain documents pertaining to its Massachusetts investors and its relationship with Madoff Investments.

72. On December 22, 2008, the Division sent Cohmad a subpoena requesting additional documents pertaining to its Massachusetts investors and its relationship with Madoff Investments.

73. The documents specified in the December 15 subpoena were due on December 29, 2008, which deadline the Division extended, upon Cohmad's request, to January 5, 2009.

74. The documents specified in the December 22 subpoena were due on January 5, with no extension having been requested or granted.

75. On January 2, 2009, Cohmad sent the Division a response to both subpoenas, which response did not include responses to any of the interrogatories proffered and only included a smattering of responsive documents.

76. Despite the fact that the January 2 production was incomplete on its face, Marcia Cohn, on behalf of Cohmad, certified to its accuracy and completeness, as described in Section VII(D) below.

77. After receipt of a strongly-worded admonition from the Division, Cohmad produced additional documents on January 9, 2009.

78. The combined productions on January 2 and January 9 were still deficient in a number of respects.

79. On January 16th, the Division sent Cohmad's counsel a letter outlining the deficiencies in the document production. The letter stated in pertinent part:

The Massachusetts Securities Division (the "Division") is receipt of your firm's letters dated January 2, 2009, January 6, 2009 and January 9, 2009 responding to the Division's subpoenas dated December 15, 2008 and December 22, 2008 (collectively, the "Subpoenas") in the above-referenced matter. Your client's response to the Subpoenas is deficient in a number of respects, as set forth below. Accordingly, your client is in contumacy and is in violation of Massachusetts General Laws, Chapter 110A, and the Division reserves all rights and remedies with respect to such violation. Notwithstanding and without any way limiting such reservation, the Division insists that your client immediately cure the following deficiencies:

1. Your response has provided "samples" of daily wire transaction detail reports for Cohmad and its customers from September 1, 2008 through October 31, 2008. The relevant timeframe is from January 1, 2000 to the date of the Subpoenas. The Division did not agree to any narrowing of the Subpoenas.

2. Your response has provided "samples" of Profit and Loss statement for the eleven-month period ending November 30, 2008. . The relevant timeframe is from January 1, 2000 to the date of the Subpoena. The Division did not agree to any narrowing of the Subpoenas.

3. Your response has provided "samples" Cohmad's general Ledger from August 2008 to November 2008. The relevant timeframe is from January 1, 2000 to the date of the Subpoena. The Division did not agree to any narrowing of the Subpoenas.

In addition, there are portions of the production which, on their face, appear incomplete. For example, copies of certain checks from 2000 and 2001 are provided indicating payments from Cohmad to Bernard Madoff.

Why haven't analogous checks (or other evidence of such payment) for more recent years been provided? For example, we need copies of all checks referred to in the General Ledger beginning on p. COH 01660.

80. On January 30, 2009, Cohmad made an additional production, responding to some of the concerns raised by the Division. However, the supplemental production was still deficient in a number of respects, including the fact that Cohmad refused to provide copies of its general ledger for the entire time period requested and refused to provide all of its daily wire transaction reports.⁴

B. *Response to January 16 Subpoenas*

81. On January 16, 2009, the Division sent Cohmad an additional subpoena, asking for additional pieces of information.

82. In its response to the January 16 subpoena, Cohmad refused to respond to many of the Divisions interrogatories and requests for production.

83. For example, when asked: "Describe all due diligence undertaken, at any time since January 1, 2000, by Cohmad with respect to Bernard L. Madoff Investment Securities LLC or any other entity or fund owned or controlled in substantial part by Bernard L. Madoff", Cohmad responded as follows:

Cohmad objects to Interrogatory No. 4 because the interrogatories fail to define the term "due diligence" and without legal basis suggests that Cohmad had an obligation to conduct due diligence with respect to Bernard L. Madoff Investment Securities LLC or any other entity or fund owned or controlled in substantial part by Bernard L. Madoff.

No substantive response was provided.

⁴ The Division deemed the Daily Wire Transaction reports important to show Cohmad's knowledge about flows of funds to and from the Madoff-related accounts. For example, the few reports produced by Cohmad show that Ruth Madoff withdrew \$5,500,000.00 on November 25, 2008 and withdrew \$10,000,000.00 on December 10, 2008. See Exhibit 16.

84. Similarly, the Division's Interrogatory's Nos. 7 and 8 read as follows:

7. From the time period January 1, 2000 to the present, please identify each referral of an investor Cohmad Personnel made to Bernard L. Madoff Investment Securities LLC or any other entity or fund owned or controlled in substantial part by Bernard L. Madoff. For each referral, delineate the referral's name, address, date referred, and the Cohmad Personnel who initiated the referral.

8. For each referral referenced in Interrogatory No. 7, delineate any and all monitoring of the referral's investment with Bernard L. Madoff Investment Securities LLC or any other entity or fund owned or controlled in substantial part by Bernard L. Madoff conducted by Cohmad Personnel.

In response to Interrogatory No. 8, Cohmad stated:

Cohmad objects to Interrogatory No. 8 because the interrogatories fail to define the term "monitoring" and without legal basis suggests that Cohmad Personnel had an obligation to monitor a referral's investment with Bernard L. Madoff Investment Securities LLC or any other entity or fund owned or controlled in substantial part by Bernard L. Madoff.

No substantive response was provided.

85. Cohmad similarly failed to respond to most of the Division's interrogatories.

86. Cohmad also failed to respond to most of the Division's requests for production of documents.

87. For example, Cohmad also failed to provide any requested documents relating to due diligence undertaken by Cohmad or Cohmad personnel with respect to Madoff Investments or any other entity or fund owned or controlled in substantial part by Bernard L. Madoff.

88 Cohmad was also required to produce correspondence relating to referrals of Massachusetts investors to Madoff Investments but failed to produce any documents.

89. Cohmad was required to produce all documents which relate to each referral of an investor Cohmad personnel made to Madoff Investments. In response, Cohmad, produced only the document which is attached hereto as Exhibit 11.

90. In a letter from counsel dated January 9, 2009 in response to the initial subpoenas, counsel for Cohmad stated: "Cohmad did not keep any record of Bernard Madoff's customers apart from [the document attached hereto as Exhibit 11]".

91. Similarly, in the December 22 subpoena, the Division had requested that Cohmad provide all documents which related to any commissions, fees or other compensation, received, directly or indirectly by Cohmad or any Cohmad personnel in connection with investments made by Massachusetts Investors in Madoff Investments, and Cohmad said that it was unable to locate any such documents.

92. Respondent's answers cannot be correct, because if Cohmad did not keep any records of customers its registered representatives referred to Madoff Investments, it would not have been able to determine how much to charge Madoff Investments on a monthly basis for those referrals or how much to distribute to its registered representatives. See Exhibits 8, 9, 10.

93. Cohmad also refused to certify to the accuracy and completeness of the interrogatories and document production produced in response to the January 16 subpoena.

D. Cohmad's False Filing

94. Despite the fact that the January 2 production did not contain any responses to interrogatories and only contained a smattering of the requested documents,

Marcia Cohn, on behalf of Cohmad certified as follows with respect to the December 15 subpoena:

This response to the Subpoena dated December 15, 2008, including without limitation responses to interrogatories and production of the requested documents, was prepared and assembled under my personal supervision from the records of Cohmad Securities Corporation in accordance with the instructions and definitions set forth in such Subpoena and is complete and correct to the best of my knowledge and belief. To the best of my knowledge and belief, the documents produced in response to such Subpoena (a) are authentic, genuine and what they purport to be and (b) accurately reflect those documents as they appeared in Cohmad Securities Corporation records on the date of the Subpoena. No documents have been added or removed from the records of Cohmad Securities Corporation in connection with the preparation and assembly of this response other than documents which may have been removed in connection with the assertion of a privilege. Any documents removed in connection with the assertion of a privilege are described on the attached privilege log.

See Exhibit 15.

95. With respect to the December 22 subpoena, her signature was notarized but the signature (which had supposedly been notarized) was not filled in, raising obvious questions about the practices of the notary, Rosalie Buccellato, who is another registered representative at Cohmad. See Exhibit 15.

96. The Division intended to ask Ms. Cohn about her verification of an incomplete production, but was unable to because she declined to show up for her testimony, as described in section VII(F) below.

E. Robert Jaffe's Refusal to Testify

97. On December 17, 2008 the Division subpoenaed Mr. Jaffe to appear before the Division on January 6, 2009.

98. On December 18, 2008 the Division was contacted by Mr. Jaffe's initial counsel, who requested that the date for testimony be changed from January 6, 2009 as

initial counsel was going on vacation from December 20, 2008 through January 2, 2009.

Initial counsel offered January 13, 2009 as a date for Mr. Jaffe to appear before the Division.

99. The Division was subsequently informed that Mr. Jaffe retained replacement counsel.

100. On December 24, 2008, an attorney in the enforcement section of the Division sent an email to replacement counsel, confirming that Mr. Jaffe's testimony had been rescheduled from January 6, 2009 to January 13, 2009.

101. On January 9, 2009 the Division was informed by counsel that Mr. Jaffe was experiencing chest pains and may not be appearing before the Division on January 13, 2009. Counsel requested that the testimony be rescheduled. The Division suggested that the parties wait until Monday, January 12 to assess the situation.

102. On January 10, 2009 counsel informed the Division that Jaffe was admitted to a Florida hospital on Friday evening (January 9) due to complaints of chest pains. The hospital kept Jaffe overnight for observation. On Saturday, January 10, Jaffe was released.

103. On January 11, 2009 the Division received a doctor's note, dated January 10, 2009, from Dr. Keith Meyer of West Palm Beach Florida. The letter did not mention the medical condition referred to in the previous two paragraphs but instead stated: "It is recommended that Mr. Jaffe remain in Florida until a stress test on Jan 12 2009 at 3 PM."

104. On January 12, 2009 Jaffe's counsel requested that the January 13 date of the testimony be postponed again due to the pendency of the stress test for Mr. Jaffe later in the day. Counsel suggested a two-day extension in order for counsel to prepare his

client's testimony, assuming that the stress test did not reveal any serious medical condition. Later that day, the Division offered the two-day extension that counsel had requested, contingent on the condition that counsel send a letter stating if the extension was granted, the Jaffe would appear on the 15th absent legitimate medical concerns. Jaffe's counsel refused to agree and when asked why, he informed the Division, for the first time, that Jaffe was considering hiring new counsel who apparently would need additional time to prepare.

105. Later that day the Division faxed a letter to Jaffe's counsel offering to grant a two day extension from Jan. 13th to Jan 15 for Mr. Jaffe to appear before the Division contingent upon receiving confirmation from counsel that absent legitimate medical concerns Mr. Jaffe will appear.

106. Later that day the Division received a note (emailed from Jaffe's counsel) from Dr. Meyer stating "Mr. Jaffe was recently hospitalized for chest pain and dizziness. His medications are being adjusted. I recommend that he not travel until 1/17/09. He will be seen later this week."

107. Later that day, the Division called Jaffe's counsel and offered to travel to Florida on January 16th to take Jaffe's testimony, in order that Mr. Jaffe would not have to travel. The Division then faxed and sent a letter memorializing this conversation and reiterating its willingness to travel to Florida to take Mr. Jaffe's testimony.

108. Later that day, the Division received a letter from Jaffe's counsel responding to the Division's two letters from January 12, 2009. In direct response to the request that Mr. Jaffe make himself available for testimony in Florida on January 16, 2009, counsel wrote that "This request is unacceptable. We will not put Mr. Jaffe's

health at risk in order to satisfy unreasonable demands. Mr. Jaffe is not available to testify until he has been cleared to do so by Dr. Meyer, until he has had a reasonable time period of time to respond to the adjustment of his medications and until he has had sufficient time to consult with his attorneys.” Counsel requested that testimony be rescheduled for January 21st or January 22nd.

109. Later on that evening, the Division received an email from Jaffe’s counsel, who forwarded another note from Dr. Meyer: “I am the cardiologist caring for [Robert Jaffe]. He was recently hospitalized for chest pains and dizziness. His medications are presently being adjusted. I would recommend that he avoid any high stress meetings until his situation is stabilized. He can resume his usual travel and activities as of January 19, 2009.”

110. In response to the request that the testimony be rescheduled for January 21 or 22 and the indication that he would be available to testify as of January 19, 2009, the Division sent Jaffe’s counsel a letter on January 13 rescheduling Mr. Jaffe’s testimony for January 21st.

111. No medical reason was provided that would prevent Mr. Jaffe from attending his testimony on January 21st.

112. Instead, the health-related delays apparently having run their course, on January 19, the Division received a letter from additional Jaffe counsel, setting forth a completely new round of objections to Mr. Jaffe’s testimony. Those reasons included the suggestion that this additional counsel needed time to prepare for Jaffe’s testimony, that a state cannot require the compulsory attendance of an out-of-state witness, that the subpoena was served improperly and that the Division was merely “piling on” to existing

or potential investigations by other regulators. Jaffe's additional counsel requested an indefinite extension of Mr. Jaffe's testimony, which request was denied.

113. Mr. Jaffe did not show up for his scheduled testimony on January 21.

114. The Division, concerned that Jaffe would refuse to appear to testify, had initiated an action in Suffolk County Superior Court and had asked for a hearing on the afternoon on January 21 to be held if Mr. Jaffe did not show up for his testimony.

115. On January 26, 2009, the court ordered "that defendant Robert M. Jaffe shall comply with the subpoena by appearing at the offices of the Securities Division of the Secretary to give testimony under oath in the matter of Bernard L. Madoff Investment Securities on a date to be agreed to by the parties, but not later than February 6, 2009".

116. On February 4, 2009, Jaffe arrived at the offices of the Division, but invoked his rights under the Fifth Amendment of the United States Constitution and Article XII of the Massachusetts Declaration of Rights and declined to answer any questions regarding his business, Cohmad's business or Madoff's business. Specifically, in response to all substantive questions, Jaffe stated:

On the advice of counsel, I respectfully decline to answer the question and invoke my rights and privileges under Article Twelve of the Constitution of the Commonwealth of Massachusetts and the Fifth Amendment of the Constitution of the United States of America.

F. Marcia Cohn' and Maurice Cohn's Refusal to Testify

117. The Division subpoenaed Marcia Cohn's testimony for January 20, 2009.

118. She refused to come in before a date that was more than two weeks later than her scheduled appearance, with the excuse that counsel needed that much time to prepare for her testimony.

119. The Division asked, in exchange for such a lengthy extension of time, for a letter from Ms. Cohn's counsel stating that she would actually come in on the extended date barring exigent circumstances.

120. Counsel declined to provide such a letter and the Division denied the request for extension of time.

121. Ms. Cohn did not appear to testify on January 20.

122. Subsequently, Ms. Cohn's counsel provided the Division with a letter stating (more than three weeks after the subpoena was served) that she wanted to contest "the Secretary and the Court's jurisdiction over Ms. Cohn" and also that they wished to "seek additional relief from the court on substantive grounds".

123. The Division requested that her counsel explain the substantive and jurisdictional grounds for challenging the subpoena. Specifically, the Division requested the following information:

Please explain your rationale for taking the position that the Secretary lacks jurisdiction over Ms. Cohn, who (a) has for many years been the President and Chief Compliance Officer of a Massachusetts-registered broker-dealer, (b) signed off on, as a supervisor or as Chief Compliance Officer, most of Robert Jaffe's account-opening documents for Massachusetts customers over the last ten years, and (c) on January 2, 2009 signed and caused to be submitted to the Division a verification of Cohmad's response to the Subpoena duces tecum dated December 15, 2008[.]

Please also set forth in detail the "substantive grounds" upon which you intend to challenge the subpoena.

124. Cohns's Counsel did not provide a response to these requests.

125. Counsel for Maurice Cohn sent a letter similar to the one sent for Marcia Cohn, alleging similarly unarticulated jurisdictional and substantive challenges to the subpoena.

126. Like his daughter, Mr. Cohn did not appear to give his testimony.

VIII. VIOLATIONS OF SECURITIES LAWS

A. COUNT I – VIOLATIONS OF §§ 203 and 204 (a) (2) (B)

127. Section 204 (a)(2)(B) of the Act provides in pertinent part:

(a) The secretary may by order impose an administrative fine or censure or deny, suspend, or revoke any registration or take any other appropriate action if he finds (1) that the order is in the public interest and (2) that the applicant or registrant or, in the case of a broker-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 broker-dealer or investment adviser:—

(B) has willfully violated or willfully failed to comply with any provision of this chapter

128. Section 203 of the Act provides in pertinent part:

(a) Every registered broker-dealer and investment adviser shall make and keep accounts, correspondence, memoranda, papers, books, and other records as the secretary prescribes by rule or order . . .

...

(e) All the records referred to in subsection (a) are subject at any time or from time to time to such reasonable periodic, special, or other examinations by representatives of the secretary, within or without the commonwealth, as the secretary deems appropriate in the public interest or for the protection of investors.

129. The Division herein re-alleges and restates the allegations and facts set forth in paragraphs 1 through 126 above.

130. The conduct of Cohmad as described above constitutes violations of M.G.L. c. 110A, §§ 203 and 204(a)(2)(B).

B. COUNT II – VIOLATIONS OF § 204 (a)(2)(G)

131. Section 204 (a)(2)(G) of the Act provides in pertinent part:

(a) The secretary may by order impose an administrative fine or censure or deny, suspend, or revoke any registration or take any other appropriate action if he finds (1) that the order is in the public interest and (2) that the applicant or registrant or, in the case of a broker-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 broker-dealer or investment adviser:–

(G) has engaged in any unethical or dishonest conduct or practices in the securities, commodities or insurance business.

132. The Division herein re-alleges and restates the allegations and facts set forth in paragraphs 1 through 126 above.

133. The conduct of Cohmad as described above constitutes violations of M.G.L. c. 110A, § 204 (a)(2)(G).

C. COUNT III – VIOLATIONS OF § 204 (a)(2)(J)

134. Section 204 (a)(2)(J) of the Act provides in pertinent part:

The secretary may by order deny, suspend, or revoke any registration if he finds (1) that the order is in the public interest and (2) that the applicant or registrant (J) has failed reasonably to supervise agents, investment adviser representatives or other employees to assure compliance with this chapter.

135. The Division herein re-alleges and restates the allegations and facts set forth in paragraphs 1 through 126 above.

136. The conduct of Cohmad, as described above, constitutes violations Section 204(a)(2)(J) of the Act.

E. COUNT V – VIOLATIONS OF § 404

137. Section 404 of the Act provides in pertinent part:

It is unlawful for any person to make or cause to be made, in any document filed with the secretary or in any proceeding under this chapter, any statement which is, at the time and in the light of the circumstances under which it is made, false or misleading in any material respects.

138. The Division herein re-alleges and restates the allegations and facts set forth in paragraphs 1 through 126 above.

139. The conduct of Cohmad, as described above, constitutes violations of M.G.L. c. 110A, § 404.

IX. EX PARTE MOTION FOR AN ORDER SUMMARILY SUSPENDING REGISTRATION AS A BROKER-DEALER AND AS A BROKER-DEALER AGENT

1. The Division realleges and incorporates paragraphs 1 through 139 above.

2. The Division requests an ex parte order summarily suspending the registration of Cohmad as a broker-dealer in the Commonwealth issued pursuant to Section 204(c) of the Act and Section 10.06(d) of the Regulations is necessary in view of the following facts, which establish that any delay in issuing such an order will likely result in irreparable harm to the public interest:

A. The Madoff fraud has caused substantial harm to Massachusetts investors;

B. Cohmad appears to have been deeply intertwined with Madoff Investments on many levels, as described above;

C. Cohmad and its registered representatives referred many investors, including Massachusetts investors, to Madoff Investments;

D. Fees associated with those referrals accounted for approximately 84 percent of Cohmad's income over the last eight years;

E. Cohmad has not adequately responded to the Division's lawful subpoenas requesting information respect to those referrals and other aspects of Cohmad's securities activities in The Commonwealth of Massachusetts;

F. Cohmad's President, Chief Operating Officer and Chief Compliance Officer (Marcia Cohn), Vice President (Jaffe) and Chairman and Chief Executive Officer (Maurice Cohn), and Cohmad itself, refused to testify with respect to Cohmad's activities in Massachusetts.

G. Failure to respond to and communicate with the state's securities regulator about its securities activities with respect to investors located in Massachusetts deprives investors of important protections with respect to the activities of Cohmad;

H. Failure to respond to and communicate with the state's securities regulator about its securities activities defeats one of the primary purpose of Cohmad's registration with the Division; and

I. The regulatory blind spot with respect to Cohmad's activities leaves investors vulnerable and unprotected from any ongoing securities activities of Cohmad.

X. STATUTORY BASIS FOR RELIEF

1. Section 407A of the Act entitled "Violations; Cease and Desist Orders; Costs" provides in pertinent part:

(a) If the secretary determines, after notice and opportunity for a hearing, that any person has engaged in or is about to engage in any act or practice constituting a violation of any provision of this chapter or any rule or order issued thereunder, he may order such person to cease and desist from such unlawful act or practice and may take affirmative action, including the imposition of an administrative fine, the issuance of an order for accounting, disgorgement or rescission or any

other relief as in his judgment may be necessary to carry out the purposes of [the Act].

2. Section 204(c) of the Act, entitled “Denial, Revocation, Suspension,

Cancellation, and Withdrawal of Registration” provides in pertinent part:

The secretary may by order summarily postpone or suspend registration, pending final determination of any proceeding under this section...

3. 950 CMR 10.06(d) provides in pertinent part:

Simultaneous with the commencement of an adjudicatory proceeding or at any time thereafter until conclusion of the proceeding, the Presiding Officer may, upon motion of the Division or upon his or her own motion, summarily suspend or postpone the registration of a broker/dealer or agent...A motion may be made *ex parte*...

4. The Division herein re-alleges and restates the allegations and facts set forth in paragraphs 1 through 139 above.

5. Respondent directly and indirectly engaged in the acts, practices, and courses of business as set forth in this Complaint above, and it is the Division’s belief that Respondent will continue to engage in acts and practices similar in subject and purpose, which constitute violations if not ordered to cease and desist.

XI. PUBLIC INTEREST

For any and all of the reasons set forth above, it is in the public interest and will protect Massachusetts investors, to provide the relief requested in Section XII below.

XII. RELIEF REQUESTED

Wherefore, the Enforcement Section of the Division requests that Hearing Officer take the following action:

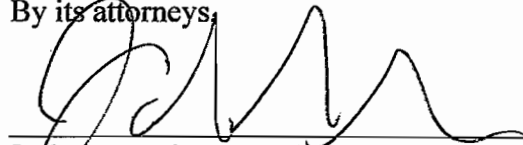
A. Find that all the sanctions and remedies detailed herein are in the public interest and necessary for the protection of Massachusetts investors;

B. Find as fact the allegations set forth in paragraphs 1 through 139 of the Complaint; and

C. Enter an order (a) requiring Cohmad to permanently cease and desist from committing any further violations of the Act and Regulations, (b) requiring Cohmad to provide an accounting of all Massachusetts investors Cohmad or its registered representatives (or other agents) referred to Madoff Investments and all fees earned in connection therewith, (c) summarily suspending Cohmad's registration with the Division, (d) revoking Cohmad's registration with the Division, (e) requiring Cohmad to pay an administrative fine in an amount and upon such terms and conditions as a Hearing Officer may determine, and (f) taking any other action that a Hearing Officer may deem appropriate in the public interest and necessary for the protection of Massachusetts investors.

**ENFORCEMENT SECTION
MASSACHUSETTS SECURITIES DIVISION**

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Dated: February 11, 2009