



STATE OF CONNECTICUT
DEPARTMENT OF BANKING
260 CONSTITUTION PLAZA – HARTFORD, CT 06103



SECURITIES BULLETIN

2011 SPECIAL ISSUE

**A RETIREMENT TRIBUTE TO
RALPH A. LAMBIASE**
33 Years of Public Service



A WARRIOR FOR INVESTOR PROTECTION

Howard F. Pitkin, Banking Commissioner

The year was 1977 when Ralph A. Lambiase joined the Securities Division as Director of the Securities Enforcement and Trust unit. Computers were non-existent, and licensing and registration records were maintained on index cards and ledger books. The eleven employees working in the Securities Division deftly handled what would be considered a low workload by current standards: 494 brokerage firms (compared to 2,430 today); 9,611 broker-dealer agents (contrasted with 144,376 in 2010); 186 investment advisers, both state and federal (compared to 474 state-registered and 1,880 federally registered today); and 383 investment adviser agents (compared to 10,332 in 2010). The securities industry has grown significantly since those early years, and with it, the complexity of issues facing state regulators.

1977 also heralded Connecticut's adoption of the Uniform Securities Act, a legislative piece designed to achieve greater predictability and uniformity in securities regulation at the state level. As the dialogue among state securities regulators increased, the North American Securities Administrators Association (NASAA), then based in Kansas, assumed a key role in navigating enforcement and policy issues.

An ex-Marine, Ralph Lambiase was Assistant Vice President of the Pacific Stock Exchange in San Francisco before joining the department. He brought to the job a soldier's tough veneer and a stockbroker's savvy. Throughout his tenure with the department, Ralph's battle was for investor protection, his combatants those who perpetrated fraud on the investing public. Where principles were at stake, Ralph stood up and expressed his views without reservation. Ultimately, his voice became a national voice when he became president of NASAA and beyond.

Ralph's tenacity was most apparent when state regulators faced challenges to their authority in the form of federal preemption. A strong believer that state oversight was inherently more effective and responsive, Ralph always put the concerns of Connecticut investors first. However, Ralph also realized that cooperative enforcement efforts were beneficial, remarking that: "Protecting investors against fraud and punishing those who would commit fraud are fundamental roles of government, be it state, local or federal. Collectively, we can all work together, government, self-regulators and industry to achieve positive results."

Recently, Ralph Lambiase advised that he would be retiring from state service effective March 1, 2011. This Special Issue of the Securities Bulletin is dedicated to him. He has been a credit to the department and to the State of Connecticut, and for this, I and the investing public owe him a debt of gratitude.

SELECT CAREER HIGHLIGHTS

- 1986: Recognized by NASAA for promoting effective state broker-dealer examinations and intergovernmental cooperation in the Northeast
- 1987: Appointed Director of the Securities and Business Investments Division
- 1989: Elected to the NASAA Board of Directors
- 1993: Served as Council Liaison to the Securities Industry/Regulatory Council on Continuing Education
- January 1997: Coordinated the development of a multi-state strike force to address micro-cap fraud
- April 14, 1997: Coordinated department participation in Investors Town Meeting with the Securities and Exchange Commission, Quinnipiac University and the Department of Banking, featuring SEC chairman Arthur Levitt
- 1997: Honored by NASAA for serving on its board of directors and contributing to the organization's broker-dealer section as well as advancing continuing education for securities industry personnel
- April, 2003: Worked alongside other state securities regulators in settling enforcement actions involving conflicts of interest between research and investment banking at ten Wall Street firms. The settlements required penalty payments of \$487.5 million, disgorgement of \$387.5 million, payments of \$432.5 million to fund independent research, and payments of \$80 million to fund investor education
- September 16, 2003: Elected President of the North American Securities Administrators Association, Inc. at its 86th annual conference
- 2003: Received an outstanding service award from NASAA's Research Analyst Steering Committee, Research Analyst Task Force and Research Analyst Drafting Committee
- 2004: On behalf of NASAA, urged the Senate Appropriations Committee to fund the Excellence in Economics Education Act, which authorized the U.S. Department of Education to award a competitive grant to improve student understanding about economic and personal finance concepts

- June 2, 2004: Testified before the Committee on Banking, Housing, and Urban Affairs of the United States Senate on "The Role of State Securities Regulators in Protecting Investors"
- September 9, 2004: As NASAA President, sent a letter to Congressman Max Burns (R-GA) in support of his efforts to protect military personnel from the unscrupulous sale of periodic payment plans (contractual plans) on military bases
- October 2, 2004: Appointed to NASAA Board of Directors
- Developed the "NASAA Listens" Forums, designed to help educate investors, industry and others understand arbitration, Rule 12b-1 fees and other topics
- 2004: Received NASAA's highest honor, the "Blue Sky Cube."
- March 2005: Governor Rell announces that the department had reached a \$3.5 million settlement with a major brokerage firm resolving allegations that the firm failed to supervise its agents to prevent "market timing." The settlement required that the firm contribute \$2 million to the "Investing Pays Off" financial program, \$500,000 of which would be earmarked for programs in state schools.
- April 2005: Appointed to chair NASAA's ad hoc Preemption Task Force
- June, 2005: Received the NASAA Distinguished Service Award at the association's Broker-dealer Training Seminar for contributions made to NASAA's Broker-dealer Section
- November 30, 2005: Moderated a NASAA Listens Forum on possible market manipulation through naked short selling
- October 16, 2007: Received the State of Connecticut Distinguished Managerial Service Award for leadership in state service
- 2010 On behalf of the State of Connecticut Department of Banking Securities and Business Investments Division, accepted National White Collar Crime Center award for negotiating creative settlements benefiting local law enforcement
- 1977-2011 Financial literacy advocate
Outreach spokesman at educational events for seniors in Connecticut
Driving force behind the agency's annual Securities Forum
- 2010-2011 Chaired NASAA Broker-dealer Section Committee

GALLERY



Sharing a laugh with, left to right, Willard F. Pinney, Jr., former U.S. Attorney Kevin O'Connor and Harold B. Finn, III at the agency's 2006 Securities Forum



Fielding audience questions at an investor education seminar



Accepting the Distinguished Managerial Service Award from Commissioner Howard F. Pitkin in 2007



Speaking out at an AARP educational event



Connecticut Securities Division receives Award for Excellence from the National White Collar Crime Center in 2010

INVESTOR EDUCATION ADVOCATE



April 2007: The Securities Division joined forces with the SEC and AARP to sponsor a free “Safe Investing Seminar” for seniors

In 2008, in cooperation with the Connecticut Governor’s Office, participated in a series of “Financial Forums” covering investment safety, mortgages, and bank accounts

2008: Coordinated two Connecticut Safe Investing Seminars focusing on avoiding investor fraud

October, 2009: Received an official citation from the Attorney General for supporting TRIAD, a partnership of law enforcement, seniors and community groups

July, 2010: Moderated an agency-sponsored Elder Fraud Prevention Seminar for social workers and those providing care giving services to the elderly

2010: Made a series of presentations to Connecticut Chambers of Commerce focusing on investment fraud and abuse

CLOSING REFLECTIONS

*Willard F. Pinney, Jr.
Vice Chair, Securities Advisory Council to the Banking Commissioner
Partner, Murtha Cullina LLP*

Ralph Lambiase is the quintessential state securities regulator. As Director of the Connecticut Banking Department's Securities and Business Investments Division for nearly a quarter century, he has made his presence known in securities markets throughout the United States and beyond as an outspoken enforcer of Connecticut's securities laws and protector of the investing public.

Not everyone has appreciated his direct, tenacious style, particularly offenders who have paid hundreds of thousand of dollars that Ralph has channeled into investor education. But, as those who have dealt with Ralph and his staff will attest, he has been not only tough but also fair and reasonable with those who respect the law and make a sincere effort to comply.

I first met Ralph on January 14, 1978. No, he did not make such an impression that I remember; we were on a panel together and I still have the course book. But it was apparent to me from the outset that securities regulation was not just a job to Ralph, it was in his blood. Even now that we have been friends for many years, still most of our conversations center on one compliance issue or another. And during these years, Ralph has served Connecticut and the securities industry in many ways, including as Director of Securities Enforcement and Registration from 1977 to 1987, Division Director since 1987 and President of the North American Securities Administrators Association (NASAA) from 2003 to 2004. He was selected by Connecticut's Management Advisory Council to receive the Distinguished Managerial Service Award for 2007.

Ralph has always reached out to seek advice from the Securities Bar and other sources in formulating Division policies and statutory and regulatory changes. He has been a strong supporter of what is now the Securities Advisory Council to the Banking Commissioner on securities law matters where I have had the opportunity to work closely with him for over 30 years. In 1989, we collaborated on the first annual Securities Forum that, thanks to his insights and direction, has become one of the most successful annual state securities programs in the United States. Ralph has also assisted many other states with their securities regulatory programs, such as Florida where he will be spending much of his time in retirement.

But I doubt Ralph will ever fully retire. His focus on securities regulation is still as intense as ever and the industry cannot afford to lose a man of his talent and dedication entirely. His legacy to Connecticut is a premier securities regulatory organization staffed by veterans who have worked closely with him and will carry on in his tradition.

Ralph Lambiase has served Connecticut well and we owe him our thanks and congratulations on a job well done.