

TESTIMONY OF JUANITA PERIMAN

Before the Senate Committee on Banking,
Housing, and Urban Affairs

June 2, 2004

Good morning. My name is Juanita Periman, of Butte, Montana. I want you to know what an honor and privilege it is for me to appear before you this morning.

I am here to tell you how much I appreciate the help I got from my state's securities regulators. I am not alone. I was among over 30 people, including seven widows, 21 retired individuals or couples, and three in assisted living facilities, who fell victim to what turned out to be one of the state of Montana's largest securities cases.

My story began following the death of my husband in 1998 when I opened an IRA through a broker named Tom O'Neill at the local office of Piper Jaffray in Butte. I also transferred the proceeds of my husband's IRA and other retirement savings to my new IRA. I had no previous investment experience and my only investment objectives were income, safety and growth. I was at a vulnerable point in my life and Tom was a long-time family friend and former business associate of my husband.

To cope with the loss of my husband, I traveled a lot with Christian Youth Ministries and visited family. After returning home from one of these extended trips, I found my mailbox filled with letters from my broker's office. Regrettably, did not pay much attention to these letters.

When I finally opened them, I saw that they were confirmation notices of trades in my account. I knew something wasn't right because I had not authorized these trades.

At first I questioned my broker, but he just told me not to worry about it. He even made me feel stupid and guilty for questioning him.

The more I thought about it, though, the more I realized I was in trouble. At least half of my account had been wiped out and I didn't know where to turn for help. My sister suggested I call the Montana securities department. In December 2000, I contacted the Montana Securities Department and explained my situation. They listened and told me to immediately close my account.

The Securities Department investigated my complaint and found that it appeared that my broker was illegally trading in my account. As they dug deeper into my case, the department found 38 other people that might also be victims. Montana's securities regulators suspended the broker in March putting a halt to any further illegal activity and also took action against his firm.

Through a negotiated settlement, we got our money back and the stockbroker was banned from the securities industry for life. The state also negotiated for changed business practices on the part of the firm so that other people will never have to be victimized in the same way.

My case demonstrates the quick response and effectiveness of state securities regulators in protecting investors. Five weeks after I first contacted my state's securities regulators, the state had concluded its investigation.

Being close to the investing public is an advantage for state securities regulators. The person I first spoke to was the same person who conducted the investigation. Calling someone who could immediately investigate the case — and who could come to Butte and talk to me — was so important. They are the first responders and I felt a real connection to the state staffers who were available to help me throughout the case.

It's scary being a victim of fraud, but the staff in Montana helped me to understand it wasn't my fault and that I did the right thing when I called them for help. These are local folks helping their neighbors—really they are local heroes. I'm glad my state had the authority and regulatory tools to pursue my case to a successful conclusion.

If I do nothing else this morning, I want to get the message across that no one has to be a victim of investment fraud, especially seniors.

Common sense tells you that if something sounds too good to be true it almost always is. But you don't have to rely on common sense alone. If you have the slightest suspicion of what's going on, contact your state securities regulator. They'll know when something isn't right. They can tell you whether the investment product is licensed for sale in your state and whether the salesperson has a history of wrongdoing.

I am very grateful that my state securities regulators responded so quickly and successfully to my call. I only wish I had contacted them sooner.