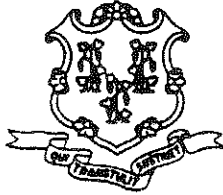


State of Connecticut

GENERAL ASSEMBLY



BANKS COMMITTEE
ROOM 2400
LEGISLATIVE OFFICE BUILDING
HARTFORD, CONNECTICUT 06106

January 14, 2009

Ken Flatto, First Selectman
Town of Fairfield
Sullivan Independence Hall
725 Old Post Road
Fairfield, CT 06824

Dear Mr. Flatto:

We understand that the Town of Fairfield is one of the many victims of the Madoff Investment Securities collapse. While investment businesses are generally covered under federal law, and there is little the state can offer in relief, We are most interested in whether the state should become more involved in this type of regulation.

Given your experience with the collapse of Madoff Investment Securities, do you have any ideas or suggestions on what legislation the state might propose to more fully protect investors, or to better regulate investment businesses? Any information you can provide on the impact this has had on the Town of Fairfield and, more importantly, how it might be avoided in the future would be very helpful to me during this legislative session.

We have a very short deadline to propose legislation during the session, so we look forward to hearing from you in the near future. If you would care to follow up with either of us personally concerning your correspondence, please feel free to contact us.

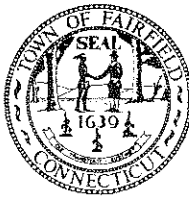
Sincerely,

A handwritten signature in black ink, appearing to read "Bob Duff".

Senator Bob Duff
Senate District 25

A handwritten signature in black ink, appearing to read "Ryan P. Barry".

Representative Ryan P. Barry
House District 12



Town of Fairfield

Office of the First Selectman
Fairfield, Connecticut 06824

Kenneth A. Flatto
First Selectman

Sullivan Independence Hall
725 Old Post Road

January 16, 2009

The Honorable Bob Duff
The Honorable Ryan Barry
CT General Assembly
Banks Committee -Rm. 2400
Legislative Office Building
Hartford, CT 06106

Re: Legislative Thoughts - Investor Protection

Dear Senator Duff and Representative Barry:

Thank you so much for writing and seeking my thoughts. I truly appreciate the opportunity to offer some thoughts to your Committee, especially in light of the egregious Madoff Investment fraud and scandal engulfing so many families and area communities.

Since you indicate time is of the essence, I will try to offer some immediate ideas and proposals and would be happy to discuss or testify in regard to these matters. Here are my suggestions and ideas:

1. CHANGE the period of time that clients and investors can file complaints or commence civil legal action against investment advisory services or managers or brokers from the current 3 years to 5 years.
2. Establish a law prohibiting in-state investment advisors and/or securities companies to have any financial ownership, or interest in, or fees received from any fund manager or securities recommended to pension or trust clients or customers. (Note: this is partially why Fairfield got sucked in, as the original pension advisory consultants sold the then pension board on buying a fund managed by another division of the same investment firm the advisors worked for.
3. Require certain standards for the hiring of investment consultants by pension and trust funds, including requiring a bid/RFP process prior to hiring companies licensed for such endeavors.

4. Require all investment advisors desiring to provide fiduciary investment advisory services to undergo training in portfolio diversification and asset allocation.
5. Establish a small CT investment protection monitoring bureau within the State Treasurer or Attorney General's office, with powers to review citizen or business complaints regarding investment services.

I hope these ideas may help you in considering legislation this year and, since I am becoming somewhat expert now in these issues as they relate to how fraud can affect investors and governments, I certainly would be happy to help your efforts in any way.

Yours truly,

A handwritten signature in cursive script, appearing to read "Ken", written in dark ink.

Kenneth A. Flatto
First Selectman

cc. Fairfield State Legislative Delegation
Richard Saxl, Town Attorney
David Golub, Silver, Golub and Teitell