

Contact:
Marilyn Scanlan
Bureau Chief
Securities Bureau
(208) 332-8004

NEWS RELEASE

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MADER SENTENCED TO PRISON FOR RACKETEERING

(Boise) -- Joseph O. Mader of Lewiston was sentenced today to 5 to 14 years in prison, Attorney General Al Lance said. Second District Judge Ron Schilling also ordered Mader to pay restitution that could exceed \$1.3 million. Mader entered a guilty plea to racketeering by selling unregistered securities and forgery on August 31, 1998.

The Idaho Department of Finance and the Lewiston City Police Department referred the case to the Attorney General's Complex Crimes Unit after a lengthy investigation. The Attorney General filed a 17-count complaint in Second District Court in Nez Perce County on December 2, 1997. In his complaint, the Attorney General alleged that Mader engaged in 41 separate acts of securities fraud, 8 acts of forgery and 14 acts of selling unregistered securities. As a result of illegal activity conducted from October 1991 until February 1996, the Attorney General alleged that Mader's victims in Nez Perce, Clearwater and Latah counties lost in excess of \$1.3 million. Mader operated the Mader Agency, an insurance and securities business in Lewiston. He had clients, most living on a fixed income, who had safe but low return investments. He told them that if they would sell their investments and "loan" the money to him, he would give them a better return than they were currently receiving. A number of the investors had made money on previous investments with the Mader Agency.

Mader used the money he "borrowed" from his clients for several purposes, including: property speculation and development; personal expenses; his personal commodities accounts; and to repay other investors. Eventually, he was not bringing in enough new investors to pay back the others, his scheme collapsed and his investors lost more than \$1.3 million.

"All of Mader's victims were either retired or near retirement age. Several were in their eighties," Attorney General Lance said. "All of the victims knew either Mader or his family. They invested with Mader because they trusted him. Obviously, their trust was misplaced."

"This is a situation in which Mader was offering an interest rate above the market rate," Department of Finance Director Gavin Gee said. "Unfortunately, the investors did not check out

the risk of the investments and Mader did not provide them with the information that would allow them to examine the risk."

Lance and Gee encouraged investors to contact the Department of Finance if they have questions about an investment or a salesman. Individuals selling securities must be licensed in Idaho and the securities offered must be registered with the Department of Finance.

"This case came to the state's attention as the result of one individual asking one question about a suspected forged document," Lance said. "Most of the investors were too embarrassed to contact the Department of Finance, the Attorney General's office, or the local police. They simply assumed that they made bad investments. They were unaware that Mader had violated the law."