



Madoff expected to disclose worth to regulators

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NEW YORK (Reuters)

Confessed swindler Bernard Madoff faces a Wednesday deadline to tell regulators how much he is worth and where his money and other assets are, but it will likely be a longer wait before his investors, seeking to recover billions of dollars, learn the tallies.

Investigators from the U.S. Securities and Exchange Commission – which is under fire for missing a purported decades-long \$50 billion Ponzi scheme to fleece wealthy individuals and charities alike – will take weeks to pore over the assets, liabilities and property declared by Madoff, 70.

A spokesman for the SEC declined comment. In general, the regulator is not required to immediately publicly file such disclosures with the courts.

Legal experts said Madoff, a former chairman of the NASDAQ stock market who was arrested and charged with securities fraud on December 11, would be better off declaring everything in this early stage of the parallel criminal and civil investigations.

“I find it hard to believe that he doesn’t have anything that is hidden someplace,” said Ellen Zimiles, chief executive of Daylight Forensic & Advisory LLC in New York, which works with corporations on compliance.

“If he is trying to do the right thing here he should put everything down. If it is found later that he has assets that are not included in that and someone finds them in some other manner, then that is going to be perjury, adding to his troubles,” said Zimiles, a former federal prosecutor.

On December 18, U.S. District Court Judge Louis Stanton, who is handling the civil case, ordered Madoff and his Bernard L. Madoff Investment Securities LLC to provide the SEC “on or before December 31 a verified written accounting of all assets, liabilities and property currently held, directly or indirectly.”

The order said this included bank

accounts, brokerage accounts, investments, business interests, loans, lines of credit and “real and personal property, describing each asset and liability, its current location and amount.”

Madoff’s lawyer – Ira Lee Sorkin, himself a former head of the New York office of the SEC from 1984 to 1986 – could not be reached for comment on Tuesday.

Authorities said in court documents that Madoff confessed to running a Ponzi scheme with \$50 billion in losses. Ponzi schemes are investment frauds in which early investors are paid with money from new clients.

Madoff is under house arrest in his Manhattan apartment on \$10 million bail and he has not appeared in court to formally answer the charges.

Scores of wealthy people, banks, universities and charities all over the world say they are victims, but the exact amount of money lost is not yet known in what could be the largest fraud in Wall Street history.

Finding the money is a priority for investigators who want to recover as much as possible for those apparently duped by Madoff. On Tuesday, a bankruptcy court judge approved the transfer of \$28.1 million to the trustee overseeing the liquidation of Madoff’s firm from a bank account held by Madoff or his firm.

“This is one of many steps that Trustee Irving H. Picard has taken and will continue to take to collect all available assets of Bernard L. Madoff Investment Securities LLC for the future use of satisfying customer claims and other purposes,” the trustee and the Securities Investor Protection Corp said in a statement.

The nonprofit SIPC was created by Congress in 1970 to maintain reserves to help investors at failed brokerage firms. The SIPC expects it will take several years to find the money in remote locations and sort through investor losses.

“We’re looking everywhere for all

assets,” said Richard Bernard, a lawyer representing the court-appointed trustee.

A French hedge fund manager distraught over losing his own and clients’ money apparently committed suicide in his New York office on December 23.

“There are a number of rich, angry investors who want to recover their losses,” said Douglas Hirsch, a lawyer investigating civil lawsuits on behalf of investors who put their money in funds that in turn entrusted it with Madoff.

Since the Madoff scandal broke, these “feeder funds” have been sued in federal court by people seeking class action, or group status, for those ensnared in the purported fraud.

Investors have written to the judge in the civil case asking him to consider broadening access to the SIPC to any investor whose money ended up with Madoff, even indirectly.

“This was an intertwined system of deceit and theft within our financial markets that has left retirees like ourselves having to sell our homes and raise money any way we can,” Daniel and Suzanne Goldenson of Bremen, Maine, wrote in a letter to Judge Stanton that was entered in the record.

The judge acknowledged the letter without indicating whether he would consider the request, according to court documents.

The cases:

USA v. Madoff 08-02735, U.S. District Court, Southern District of New York (Manhattan)

Securities and Exchange Commission v. Madoff et al 08-10791, U.S. District Court, Southern District of New York (Manhattan)

Securities Investor Protection Corp. v. Bernard L. Madoff Investment Securities LLC, 08-01789, U.S. Bankruptcy Court, Southern District of New York (Manhattan).