



Bernard Madoff arrested, charged with fraud

By Matt Krantz, USA TODAY
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— -- Federal authorities have charged a Wall Street veteran with running a Ponzi scheme that prosecutors allege lost a staggering \$50 billion.

Bernard Madoff, founder of Bernard L. Madoff Investment Securities, 70, was charged on Thursday by the Manhattan U.S. Attorney's office and the Securities and Exchange Commission with securities fraud. The charge comes a day after the complaint says Madoff told some high-level employees that his investment management business was a "fraud" and "basically, a giant Ponzi scheme."

The U.S. Attorney's complaint accuses Madoff of losing some of his investors' money on bad trades, then attempting to hide it by replacing that lost money with cash from his other investors. Madoff's investment management business had between 11 and 25 clients and \$17.1 billion in assets as of a Jan. 7 filing, the complaint says, and one of Madoff's senior employees had "several million" under his management.

December, the complaint says, and Madoff couldn't come up with the cash to cover the requests.

Authorities say Madoff told senior employees at a private meeting at his apartment in New York that he planned to turn himself in within a week and that he was "finished" and had "absolutely nothing." Madoff estimated he had lost at least \$50 billion but first wanted to pay out his remaining \$200 million to \$300 million to employees, family and friends, the complaint says.

During a meeting with FBI agents on Thursday, Madoff told them he'd lost the money and that "there is no innocent explanation," according to the complaint. He also confirmed the conversations with the employees.

Madoff made a name for himself on Wall Street with the firm he founded in the early 1960s to make markets and facilitate trading in stocks. He is a former chairman of the Nasdaq Stock Market's board of directors, the complaint says.

Madoff's defense attorney, Dan Horwitz of Dickstein Shapiro, could not be reached Thursday night for comment. The securities fraud charge carries a maximum penalty of 20 years in prison and a \$5 million fine.

