



THE BLOG

Madoff: More Money Laundering than Ponzi

Madoff is more than just a sociopath. Too much of this story doesn't hang together and he was too functional in other aspects of his existence.

By Diane Francis, Contributor

Editor-at-Large, The National Post

Jul 30, 2009, 05:12 AM EDT | **Updated** May 25, 2011

This post was published on the now-closed HuffPost Contributor platform. Contributors control their own work and posted freely to our site. If you need to flag this entry as abusive, [send us an email](#).



AP

Bernie, the man who MadeOff with Billions, will never get out of jail because his sentence ends in 2159, when he would be 221 years of age. This severity is as it should be.



violent and egregious as murder. In this case, as in others, individual victims commit suicide, lose their health, have their lives destroyed, become unable to support dependents, suffer family breakdown or are put under unjust strain. Victims, which are charities or foundations, are bankrupted or damaged.

But Madoff is more than just a sociopath. Too much of this story doesn't hang together and he was too functional in other aspects of his existence.

The Real Deal

That's why I think this may be more about money laundering and tax evasion than about fraud. Most don't realize that he pleaded guilty to money laundering too.

If so, then some Madoff "victims" may be perpetrators.

Here's my thinking:

It is bothersome that investigators have been unable to find records of any trading for years. If there had been trading, and massive losses, then it would be arguable that he started off legit then got into trouble and was forced to begin his Ponzi.

But the fictitious nature of this long-term scam may mean it was money laundering combined with a Ponzi.

Here's how money laundering would have worked: Unsavory people, from drug cartels to gangsters or greedy tax evaders, are forced to keep their ill-gotten gains hidden from police or tax authorities in dirty money havens. In order to get out their money, so they can spend it, they hire people like Mr. Madoff to "clean" their cash.



for 10% a year in dividends. But only the 10%, plus fees for Madoff, are transferred to Madoff so he can pay the crooks in a taxable jurisdiction.

In other words, the crooks pretend to give him millions to invest. He pretends to invest it. And he collects big fees for transferred to them 10% every year of their hidden capital.

Laundering money is not for the faint of heart, by the way. These people are often very dangerous and may explain why some of Madoff's biggest feeder-intermediaries are known to police and another one actually disappeared from Vienna immediately after the gig was up.

This speculation is not to say that there aren't thousands of legitimate victims such as Holocaust survivor Elie Wiesel and many worthwhile charities.

So Here's My Theory:

Word of Mr. Madoff's 10 percent returns spread like wildfire, and everyone wanted to be an investor. A few years back an acquaintance of mine in New York City, plus others she knows, approached him but were refused by Madoff himself.

"Trust me, you don't want to be part of this," he reportedly said.

Unfortunately, this is now an open and shut-tight case. The truth shall never come out because my bet is that Mr. Madoff will take it to the grave. Or has been told, by some investors, he has to.

Diane Francis

<http://network.nationalpost.com/np/blogs/francis/default.aspx>blogs at Financial Post and has written three books on white collar crime.



Diane Francis, Contributor
Editor-at-Large, The National Post

[Suggest a correction](#)

BUSINESS

BERNIE MADOFF

MADOFF

BERNIE-MADOFF-PONZI-SCHEME

MADOFF-PONZI-SCHEME

Popular in the Community

WHAT'S HOT



What The Senate's New Spending Package Would Do To Fight Climate Change

Joe Manchin Says He Wasn't Trying To Trick Republicans

The Bold Progressive Versus The Loyal Liberal: Inside The Showdown In A Key House Primary

Wisconsin Probe Found 'Absolutely No' Election Fraud: Judge

MORE IN BUSINESS

Trader Joe's Workers Unionize In Historic Vote In Massachusetts



**DOJ: Warren Buffett's Mortgage Company
Discriminated Against Black, Latino
Homebuyers**

**Mega Millions Jackpot Climbs Over \$1
Billion After No One Wins Lottery Drawing**

**Trader Joe's Urges Workers To Vote Against
Union Ahead Of Election**

**Twitter Lawyer Calls Musk 'Committed
Enemy' As Judge Sets October Trial**

**How Does Twitter's Legal Battle Against
Elon Musk End?**



**More Workers Are Demanding Union
Elections Now Than They Have In Years**

**Elon Musk's Father Confirms Second Secret
Child With Stepdaughter**

**Costco Food Court Just Raised The Price Of
2 Favorite Menu Items**

A Union At Medieval Times? Indeed, M'Lord.

**U.S. Pools Close, Go Without Lifeguards
Amid Labor Shortage**

**Maryland Apple Workers Face Hurdles After
Vote To Unionize**



Apple Store Workers In Maryland Become First To Unionize

Elon Musk Offers Thoughts On Finances, Space Aliens In First Meeting With Twitter Staff

UPS Test Drives Tiny Battery-Powered Cycles For Deliveries In Congested Cities

Data Likely Shows Teslas On Autopilot Crash More Than Rivals

Elon Musk To Take Questions From Twitter Employees For First Time Since Deal

Bitcoin Plunges As Major Crypto Lender Halts Operations



**Starbucks Union Says Howard Schultz Broke
The Law During New York Times Interview**

**Massachusetts Trader Joe's Workers Seek
Election To Form Company's First Union**

**Starbucks Workers Unionize Store Where
'Memphis Seven' Were Fired**

**Trader Joe's Workers Say The Company Is
Cracking Down On Their Union Effort**

**Elon Musk Threatens To Walk Away From
Twitter Deal**

**Elon Musk Reportedly Tells Tesla Workers To
Return To The Office Or Quit**



Elon Musk Says He Welcomes Recession So Money Stops 'Raining' Down On 'Fools'

Lawsuit Accuses Elon Musk Of Trashing Twitter To Drive Down Price

Trader Joe's Cut Workers' Retirement Benefits During The Pandemic

Walmart's Juneteenth-Themed Ice Cream Ignites Outrage On Twitter

Airbnb Pulls Out Of China

Activision Blizzard Workers Form Gamina



**Starbucks Leaving Russian Market, Shutting
130 Stores**

**Baby Formula Manufacturer Apologizes For
Shortage**

**Labor Officials Are Cracking Down Hard On
Starbucks For Its Anti-Union Campaign**

**Wall Street Appears Headed For Another
Rocky Day**

**Elon Musk: Doubt About Spam Accounts
Could Scuttle Twitter Deal**



After Helping Depress Twitter Stock, Elon Musk Floats Possibility Of Lower Purchase Price

Sony PlayStation Staff Outraged Over CEO's Abortion Rights Stance In Email About Cats

Elon Musk's 'Hold' On Twitter Deal Triggers Securities Fraud Concerns

Crypto Crash Leaves Trading Platform Coinbase Slumped



NEWS

ENTERTAINMENT

VOICES

VIDEO

ABOUT US

CONTACT US

FAQ

ARCHIVE

POLITICS

LIFE

HUFFPOST PERSONAL

NEWSLETTERS

ADVERTISE

RSS

CAREERS

USER AGREEMENT



[PRIVACY POLICY](#)

[CONSENT PREFERENCES](#)

Part of HuffPost Business. ©2022 BuzzFeed, Inc. All rights reserved.

The Huffington Post