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Five things you didn't know about Bernie Madoff's epic scam

By Aaron Smith, CNN Business

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New York (CNN Business) — *Editor's note: This story was originally published on December 11, 2013, and has been updated.*

Bernard Madoff, the man behind the most notorious Ponzi scheme in history, died at age 82 while serving a [150-year sentence in federal prison](#).

He was arrested on December 11, 2008, for [bilking thousands of investors](#) out of billions of dollars. He [pleaded guilty](#) three months later to fraud charges.

Madoff was serving his term at the medium-security Butner Federal Correctional Complex in North Carolina and was slated for release on November 14, 2139.

The Madoff scandal has made headlines for years, but there is still a lot that people don't know about the biggest Ponzi scheme in history.

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1. Madoff's victims are close to getting their money back.

Irving Picard, the court-appointed trustee in the Madoff case, has [recovered more than \\$14.4 billion](#) of the \$20 billion in stolen assets. Of that, \$13.6 billion has been returned to investors so far.

That includes the almost \$850 million in cash advances to victims that were provided by the Securities Investor Protection Corporation.

The latest distribution in February 2021 gave each customer approximately 70% of their allowed claim amount, unless it was already fully satisfied.

Most of the money Picard's lawyers have collected came through settlements with former investors who withdrew more from Madoff's firm than they deposited. Even though many of these investors claim to have known nothing of the Ponzi scheme, the trustee is suing them for benefiting from it.

A separate fund from the Justice Department in December 2020 [gave victims \\$488 million](#). The total payouts from the

"The pain experienced by the victims of Mr. Madoff's fraud is not diminished by his death, nor is our work on behalf of his victims finished. My legal team and I are committed to continuing to identify and recover Mr. Madoff's stolen funds and return them to their rightful owners," Picard said in a [statement](#) following Madoff's death.

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2. Even now, nobody knows when Madoff's scheme started

No one has been able to prove when Madoff began stealing from investors. Madoff himself has made contradictory claims about when the crime began. He told [CNN Business in a 2013 interview](#) that it all started in 1987, but he later said the scheme began in 1992. Some reports say Madoff's epic crime may have started as early as the 1960s, when he began working on Wall Street.

Madoff's former account manager, Frank DiPascali, Jr., said in court testimony that financial misdeeds had been going on "for as long as I remember." He started working at the firm in 1975.

3. Madoff didn't actually steal \$65 billion.

His Ponzi scheme is often referred to as a \$65 billion crime. In fact, he actually stole \$20 billion in principal funds that were invested with him. His firm generated account statements telling investors that they earned returns worth a total of \$65 billion, but those returns never existed. So as far as the people who'd entrusted their life savings with Madoff were concerned, they really did lose \$65 billion -- it's just that two-thirds of that money was a figment of Bernie's imagination.

4. Lawyers have pocketed about \$800 million cleaning up Madoff's mess.

Picard and his firm are tasked with tracking down Madoff's stolen assets and redistributing them to his victims. This is a massive, international undertaking, much of which has been outsourced to other law firms. But more than a decade into their task, Picard and his firm, Baker & Hostetler, had earned almost \$1 billion total in legal fees, [law.com reported](#) in 2018.

5. Life in prison isn't so bad, said Madoff. But he still can't sleep.

In the 2013 interview with CNN Business, the 75-year-old fraudster said that he had a [job making \\$40 a month](#) wiping down phones and computers for a "few hours a day." He believed he was well-respected by his fellow prisoners and



to commute his prison sentence

He said he woke up early -- 4:30 a.m. -- not because he had to, but because he couldn't sleep. He was haunted, he said, by the suicide of his oldest son Mark, who hanged himself on

December 11, 2010 -- the second anniversary of his father's arrest.

"I was responsible for my son Mark's death and that's very, very difficult," he said. "I live with that."

In 2020, Madoff petitioned the court for early release because of his medical condition. That was opposed by prosecutors and rejected by the judge who originally sentenced him to 150 years.

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