



THE BLOG

Madoff and Money Laundering

Perhaps some of Madoff's "victims" are nothing more than serial launderers who leap from one money laundering scheme to another?

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Here's a curiosity I've come across in a clipping sent to me from a newspaper in Palm Beach where many of Bernie Madoff's "victims" reside.

It quotes Richard C. Breeden, a self-righteous, tough former SEC chairman who makes a fortune acting as trustee on behalf of shareholders involving companies run by crooks. He is parachuted in to clean up things and look for skullduggery.



and, by investing the seized assets, was able to work out 60 cents on the dollar to its victims. (By contrast, the Madoff victims are out of luck because the trustee involved has found US\$1 billion in assets and there are tens of billions in claims.)

Here's the interesting part.

Tragically, commented Breeden in the paper, some people who had invested in the old Ponzi scheme that he helped clean up turned around and gave their money to Mr. Madoff. "I guess some people never learn," he said.

Really? I don't think so and this is very suspicious.

Perhaps some of Madoff's "victims" are nothing more than serial launderers who leap from one money laundering scheme to another? Alternatively, are some also crooks and fraudster-opportunists who never gave him a dime but are attempting to collect on phony claims knowing that the bookkeeping may possibly be non-existent or the trustee incompetent?

Was there really US\$65 billion invested with Madoff? There are no trades so it appears that most investments by victims may have merely been phony bookkeeping entries made to justify the funnelling of laundered money in order to make the money appear as dividend payments by Madoff to legitimate investors?

Madoff has pleaded guilty to money laundering, among other crimes. I have written extensively books and articles about money laundering and the claim that US\$65 billion was raised by him simply cannot be true. There is no evidence of trading, much less losses.



Here's how money laundering works -- proceeds of crime by mafias/drug dealers or money to be evaded for tax purposes remain offshore but are credited, as though deposited, by the money launderer. In return for usually 15% fees, the laundry receives dirty money offshore then distributes it in taxable jurisdictions as though the funds were earnings from trading profits.

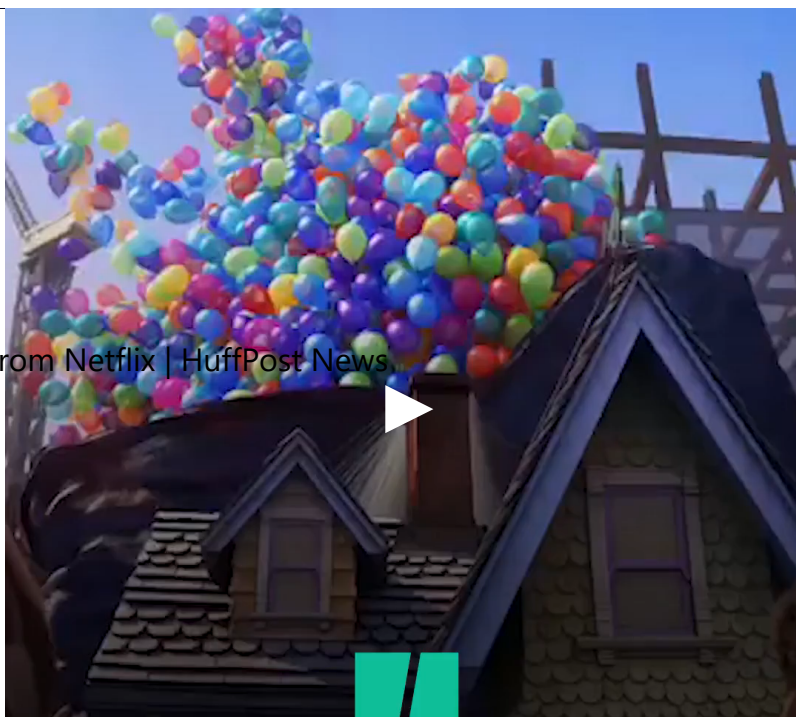
The Madoff story doesn't hang together. True there are legitimate victims of a Ponzi scheme but the main event was laundering because: there is too much money involved; no evidence of trading; 10% guaranteed; sleazy intermediaries funnelling money to Madoff; repeat victims and a guilty plea.

Do you think so? Just asking.

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1:14

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