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## Bernie Madoff- The Man Who Stole \$65 Billion

Do you know what a 'Ponzi scheme' is? A Ponzi scheme is a sort of deceit in which money from newer investors is used to pay dividends to older ones. Victims are persuaded to believe that revenues are created through lawful economic activity, and they are unaware that funds are being funnelled through other investors. Bernard Lawrence Madoff, an American fraudster and banker, was the mastermind of the world's biggest Ponzi scam, valued at \$64.8 billion. He was the chairman of the National Association of Securities Dealers Automated Quotations stock market at one point. Madoff grew up in the Laurelton neighbourhood of Queens, which is primarily Jewish. He got a bachelor's degree in political science from Hofstra University in Hempstead, New York, in 1960, after spending his freshman year at the University of Alabama. He briefly studied law at Brooklyn Law School before co-founding Bernard L. Madoff Investment Securities with his wife, Ruth, who worked on Wall Street after graduating from Queens College, City University of New York, with a degree in psychology.

Madoff formed personal relations with affluent, important business people in New York City and Palm Beach, Florida, recruited them as investors, provided them substantial returns, and utilised their good recommendations to attract further investors. He also enhanced his image by establishing contacts with banking regulators. He used an image of exclusivity to recruit serious, wealthy investors; not everyone was accepted into his funds, and being approved as a Madoff investor became a badge of honour. Madoff simply deposited client funds into a single bank account, from which he paid current clients who wished to cash out. He paid redemptions by luring new investors and their funds, but he was unable to keep the scheme going when the market crashed in late 2008.

Some sceptics felt that his stated investment returns were untrustworthy, and they wondered why the firm's auditor was a small storefront company with few workers. Barron's financial magazine published an article in 2001 casting doubt on Madoff's integrity. Financial analyst Harry Markopolos repeatedly presented evidence to the Securities and Exchange Commission (SEC), including a detailed investigation, "The World's Largest Hedge Fund Is a Fraud," in 2005. Despite this, the SEC did not take any action against Madoff; large accounting firms such as PricewaterhouseCoopers, Klynveld Peat Marwick Goerdeler, and Binder Dijker Otte Seidman reported no signs of irregularities in their financial reviews, and JPMorgan Chase bank ignored possible signs of money-laundering activities in Madoff's multimillion-dollar Chase bank account. In actuality, the Chase account was used to send cash to Madoff Equities International Ltd., a London-based firm that some claim was created specifically to provide the illusion of investing in British and other European securities.

No one knew the so-called deals were not taking place since Madoff's business, as a broker-dealer, was allowed to book its own trades. Employees of Madoff were allegedly told to create phoney trade records and bogus monthly investor statements. The scheme's longevity was largely due to "feeder funds" -management funds that pooled money from other investors, poured the pooled investments into Madoff Securities for management, and thus earned millions of dollars in fees; individual investors were frequently unaware that their money had been entrusted to Madoff. When Madoff's activities failed in December 2008, in the midst of the global economic crisis, he supposedly acknowledged the scope of the fraud to members of his family. The feeder funds failed, and multinational banks such as Banco Santander in Spain, BNP Paribas in France, and HSBC in the United Kingdom claimed losses, typically as a result of large loans made to investors who were wiped out and were unable to repay the debt. Madoff pled guilty to fraud, money laundering, and other charges in March 2009. Madoff's accountant, David G. Friehling, was also charged with securities fraud in March; it was subsequently found that he was uninformed of the Ponzi scheme, and Friehling eventually spent no jail time after collaborating with authorities. Thousands of investors and countless charity institutions who had invested with Madoff, either directly or indirectly through feeder funds, spent the first months of 2009 calculating their massive financial losses. Federal investigators in the United States continued to investigate suspects, including some additional members of the Madoff family

The estimated losses varied from \$50 billion to \$65 billion, although investigators admitted that finding the lost cash could be difficult. Denny Chin, a federal judge in June 2009, sentenced Madoff to the maximum punishment of 150 years in prison. Madoff died of natural causes at the

age of 82 in a Federal medical centre.  
Bernie Madoff- (1938–2021)

If you are interested to know more about Bernie Madoff- <https://www.youtube.com/watch?v=rH1Y66IwKvc>

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