



Wall St dealer charged over \$50bn fraud

Ed Pilkington in New York

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1 One of Wall Street's most respected dealers of the past 50 years has been charged
2 with operating a \$50bn (£30bn) swindle after he was shopped to FBI agents for
3 alleged massive fraud by his own sons.

4 Bernard Madoff, a former chairman of the Nasdaq stock market, was arrested on
5 Thursday night for what financial regulators described as a "stunning fraud" of "epic
6 proportions". "We are alleging a massive fraud, both in terms of scope and duration,"
7 the Securities and Exchange Commission (SEC) said.

8 Madoff is accused of taking investors' money and using it to pay other investors,
9 claiming fraudulently that it was the return on their investments. When agents
10 quizzed him at his Manhattan home and asked him to explain the apparent
11 discrepancy, he replied: "There is no innocent explanation."

12 He is reported to have gone on to tell them that he had "paid investors with money
13 that wasn't there" and that he was broke and "it could not go on".

14 The SEC said in a statement that two senior employees at Madoff's firm, Bernard L
15 Madoff Investment Securities, had reported the irregular activities at an investment
16 arm of the company. The whistleblowers were anonymous, but the Wall Street
17 Journal reported that they were Madoff's sons, Andrew and Mark, who worked in
18 senior positions in the firm.

19 According to FBI documents seen by the Journal, Madoff summoned his sons to his
20 apartment earlier this month and confessed to them that his business was a fraud.
21 He is alleged to have told them "It's all just one big lie" and that he was "finished".
22 The Journal reported that the sons had mentioned the conversation to their lawyer,
23 who contacted the FBI.

24 Madoff's rise to prominence as a powerful and well-respected Wall Street figure
25 began almost 50 years ago when he set up a company with barely \$5,000. He
26 maintained it as a family affair. Its unique selling point was that it would be a reliable
27 and trustworthy haven for investments in turbulent times.