



MSCAd Case #: 624348

Updated as of: 01/09/2009

Identifiers

Company:	Bernard L Madoff Investment Securities LLC	Company ID:	12792019
Case Location:	7520 Astoria Blvd Ste 330 East Elmhurst, NY 11370-1135 United States of America		

Descriptors

		Likely Coverage	Likely Line of Business
Category:	Securities	Professional Liability	Investment Advisor
Type:	Ponzi Scheme	Management Liability	Mutual Fund D&O/E&O
SIC Code:	6211	Status:	Pending
SIC Description:	Security Brokers, Dealers, & Flotation Companies	Start Date:	01/03/2005(est)
		End Date:	12/11/2008(est)
GICS Code:	402030		
GICS Description:	Finance - Capital Markets		

Characteristic Flags

Bankruptcy:	No	Institutional Investor:	Yes
DoJ Investigation:	Yes	Laddering:	No
ERISA:	No	Public Offering:	Yes
Foreign Corrupt Practices Act:	No	SEC Investigation:	Yes
Initial Public Offering:	No	TenB5:	Yes
Insider Trading:	No	Transactional:	No

Litigation/Claim
Claimant/Plaintiff

Company	ID	Lead?
Securities and Exchange Commission, U.S.	3312223	No

Defendant

Company	ID	Lead?	Status
Bernard L Madoff Investment Securities LLC	12792019	Yes	
Bernard L Madoff Investment Services	1012570	No	NAMED

Court of Jurisdiction

Filing Date:	12/11/2008	Country:	United States of America
		State:	New York
Docket #:	08 CIV 10791	Court:	New York Southern District Court
Jurisdiction Trigger:	FEDERAL		

Total Cost & Settlement (\$)

Total Amount:

Settlement Amount:

Case Profile

Description:

The Securities and Exchange Commission charged Bernard L. Madoff and his investment firm, Bernard L. Madoff Investment Securities LLC, with securities fraud for a multi-billion dollar Ponzi scheme that he perpetrated on advisory clients of his firm. The SEC's complaint, filed in federal court in Manhattan, alleges that Madoff informed two senior employees that his investment advisory business was a fraud. Madoff told these employees that he was "finished," that he had "absolutely nothing," that "it's all just one big lie," and that it was "basically, a giant Ponzi scheme." The senior employees understood him to be saying that he had for years been paying returns to certain investors out of the principal received from other, different investors. Madoff admitted in this conversation that the firm was insolvent and had been for years, and that he estimated the losses from this fraud were at least \$50 billion. According to regulatory filings, the Madoff firm had more than \$17 billion in assets under management as of the beginning of 2008. It appears that virtually all assets of the advisory business are missing. Madoff founded the firm in 1960 and has been a prominent member of the securities industry throughout his career. Madoff served as vice chairman of the NASD, a member of its board of governors, and chairman of its New York region. He was also a member of NASDAQ Stock Market's board of governors and its executive committee and served as chairman of its trading committee. The complaint charges the defendants with violations of the anti-fraud provisions of the Securities Act of 1933, the Securities Exchange Act of 1934 and the Investment Advisers Act of 1940. In addition to emergency and interim relief, the SEC seeks a final judgment permanently enjoining the defendants from future violations of the antifraud provisions of the federal securities laws and ordering them to pay financial penalties and disgorgement of ill-gotten gains with prejudgment interest. The SEC's investigation is continuing. The Honorable Louis Stanton, U.S. District Court Judge for the Southern District of New York, has granted the SEC's request for emergency relief for investors, and issued an order freezing assets and appointing a receiver over Bernard Madoff and his firm. Lee Richards of Richards Kibbe & Orbe LLP has been appointed receiver. For more information, investors should contact the receiver at 888-727-8695.

Further Information:

<http://www.sec.gov/news/press/2008/2008-293-order.pdf>

Attachments

Filename	Description	Type
Madoff Complaint Dec 08.pdf	Criminal complaint	pdf

Related Cases

Related ID:

8153

Description:

Madoff 2008 - 2009

Root Cause:

Hedge fund collapse and trading violations