

Bernie Madoff speaks out: Wall Street Complicity in the Madoff Ponzi Scheme

By [Danny Schechter](#)

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Says They Didn't Want to Know About His Ponzi Schemes: What Do We Want to Know?

Thank you Bernie for breaking your silence, even if you are still clinging to that cover-up mode you adopted since your guilty plea took all the blame for your crimes on yourself.

What is clear is that ripping off the rich is punished far more severely than ripping off the poor. The lengthy sentence you were given has spared who knows how many other greedsters and goniffs from facing the music, what music there is.

In an interview with a New York Times reporter writing a book to cash in on a man who has already cashed out, we learn in the vaguest terms that Mr. M believes the banks he did his crooked business with "should have known" that his figures didn't figure. You accused them of "willful blindness."

Keeping with the deceit that has served him well over the years, he names no names and seems still trying to protect his investors, cronies and complicit family members.

That said, how right he may be. There were many who should have known and done something about it. The SEC and other regulators for one. Perhaps the New York Times for another. Remember it was Madoff's confession to his sons that allegedly started him on his way to his new 12x12 foot home away from home in a federal correctional institute where he can dream about his seized penthouse, other homes and yachts, and not any expose in the press.

For years, he went undetected by business journalists who knew or should have known what he was up to. There are even questions about the speed with which he was sentenced, preventing him from being tried—a process which would have brought us more information on the details of his dirty deals through diligent cross-examination.

Even the New York Times interview is being disputed, reports the NY Post:

"The trustee representing thousands of Bernard Madoff's victims disputed a report that he personally grilled the Ponzi monster in prison.

"There has been no direct communication between them," said David Sheehan, chief counsel for the court-appointed trustee, Irving Picard, after The New York Times reported that Picard and Madoff had met over the summer.

"The Times later changed a quote from Madoff and altered some text online that had

implied Picard personally visited Bernie in the Butner, NC, lockup where he is serving a 150-year sentence. Picard did not dispute that his legal team met with Madoff.”

The Financial Times reports that the lawyers tracking Madoff’s missing money are also making a small fortune, “The army of lawyers and consultants helping to recover funds from Bernard Madoff’s \$19.6bn fraud stands to earn more than \$1.3bn in fees, according to new figures that detail the cost of liquidating the huge Ponzi scheme.”



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Madoff is also still not coming clean about the web of alliances he had internationally as well as in New York, We live in a global economy after all. We now know about a Swiss and Austrian connection but what about Israel where this ingratiating hondler was well known for his connections with Jewish philanthropists and institutions. So far, that story has not been told.

There are other questions, too, some raised by the public interest reporting group Pro-Publica:

“Who was “Client A,” who in 2005 helped to bail out the Ponzi scheme? Were there others?

If JP Morgan issued securities based on Madoff feeder funds, was anybody shorting those notes? Who?

As alluded to in the JPMorgan lawsuit, were Colombian drug lords involved with Madoff in some way?

Apart from those who worked directly for Madoff, who else knowingly participated in Ponzi?”

The comments of readers to the Times appear to be more insightful than its reports, including this representative one from Texas:

“I actually, sort of, feel sorry for this man. He was just doing what many investment firms were doing at the same time. He has been imprisoned as a scapegoat- yet many people since then and to this day are doing the same thing. Where are the indictments against the thousands of other people who did the same thing, and knowingly led this country into financial disaster?

The best reporting on this subject is not in the mainstream press but in a music magazine, Rolling Stone, where Matt Taibbbi investigates why Wall Street is not in jail:”Financial crooks brought down the world’s economy — but the feds are doing more to protect them than to

prosecute them," he charges.

Madoff also believes the banks who serviced him didn't want to know about his ponzi scheme which, unfortunately, is probably true and an attitude coming not just from the banks.

The Times report added, "He spoke with great intensity and fluency about his dealings with various banks and hedge funds, pointing to their "willful blindness" and their failure to examine discrepancies between his regulatory filings and other information available to them.

"They had to know," Mr. Madoff said. "But the attitude was sort of, 'If you're doing something wrong, we don't want to know.'

Yves Smith of NakedCapitalism.com quips, "This sounds credible but it also seems more that a tad self serving."

Andrew Leonard asks in Salon, "Should we trust him? After all, if there is one thing we know about Bernie Madoff, it is that he is one hell of a liar. But as evidence emerges that bank executives were exchanging e-mails wondering about Madoff's amazing investment record, the possibility that the banks were purposefully looking the other way is not inconceivable." The truth is that many of us still don't want to know, really, either, because if we did, we would have to do something about it too.

By their actions, the Democrats and the Republicans clearly appear to prefer the most simplistic understandings or misunderstandings.

The Financial Crisis Inquiry Commission, like the 9/11 and Warren Commissions before it avoided key issues. It did not call for a criminal indictment of wrongdoers. While informative, its report was ultimately a dud telling us mostly what we knew although there were some disclosures in it that our tepid press has missed.

Now the Republicans want to water down the regulations on derivatives in the Dodd Frank Financial "reform" legislation claiming they will lead to a loss of jobs. This is predictable: every effort to defend big business is always couched in terms of helping the public.

The New York Times reported, "Representative Stephen Lynch, Democrat of Massachusetts, warned: "You think regulation is costly? How about the \$7 trillion we just lost from not regulating the derivatives markets?"

There was no response from his colleagues.

The right prefers to change the subject while the left doesn't seem to have the time or energy to make economic justice its principal concern, even as polls show the economy is the number one problem for most Americans.

Progressives should hang their heads in shame at the minimal amount of activism taking place against the banks and their escalating foreclosures. They continue to steal homes and hope from people for whom the term depression now has a personal as well as economic meaning.

The other day, economist Jeff Sachs, who has a lot of atoning to do for his own

misguided/destructive economic advice to Russia after the fall of the Soviet Union, warned that little is being done about economic inequity and the growing ranks of the poor in the United States.

He asks if the people who run things here want “another Egypt” in America. He’s a policy wonk, not an activist, and likely fears the idea.

Many activists say they want to emulate the Egyptians, but who will organize anything as effective even in a land that used to be known for people’s movements raising hell?

In Egypt, young people used the Internet to organize and mobilize for change.

In our country, the Internet seems to function more as an escape valve consuming hours of our time and giving us another way to talk to each other, and ventilate at the government.

Social media here seems more for socializing.

The government supports Internet freedom abroad, but restricts it and spies on it at home. President Obama has already supported a law allowing him to shut it down here in a national emergency.

The passivity of the public is one result of inundation by middle of the road media and effective information deprivation.

As Noam Chomsky puts it, “the population in the United States is angry, frustrated, and full of fear and irrational hatreds. And the folks not far from you on Wall Street are just doing fine. They’re the ones who created the current crisis. They’re the ones who were called upon to deal with it. They’re coming out stronger and richer than ever.

But everything’s fine, as long as the population is passive.”

That’s our problem, Bernie. Even if the people want to know, it’s not that easy to find out. Expect the public to continue to pillory you because you have become the poster boy for the evils of the financial crisis even though you had nothing to do with it. Those really responsible are laughing—all the way to their banks.

News Dissector Danny Schechter investigated Madoff and the financial crisis as a crime story in his film *Plunder The Crime of Our Time*, (plunderthecrimeofourtime.com)

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