



Investment Securities LLC. According to a Senior Employee, MADOFF kept the financial statements for the firm under lock and key, and MADOFF was "cryptic" about the firm's investment advisory business.

According to a document filed by MADOFF with the United States Securities and Exchange Commission ("SEC") on January 7, 2008, MADOFF's investment advisory business served between 11 and 25 clients and had a total of approximately \$17.1 billion in assets under management.

On December 10, 2008, MADOFF informed the Senior Employees, in substance, that his investment advisory business was a fraud. MADOFF stated 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." MADOFF stated that the business was insolvent, and that it had been for years. MADOFF also stated that he estimated the losses from this fraud to be at least approximately \$50 billion. MADOFF further informed the Senior Employees that, in approximately one week, he planned to surrender to authorities, but before he did that, he had approximately \$200-300 million left, and he planned to use that money to make payments to certain selected employees, family, and friends.

MADOFF, 70, currently resides in New York City.

The securities fraud charge in the Complaint carries a maximum penalty of 20 years in prison and a maximum fine of \$5,000,000.

MADOFF is expected to be presented before United States Magistrate Judge DOUGLAS F. EATON this afternoon.

Mr. DASSIN praised the investigative work of the FBI and thanked the SEC for its assistance.

Assistant United States Attorney MARC LITT is in charge of the prosecution.

The charges and allegations contained in the Complaint are merely accusations and the defendant is presumed innocent unless and until proven guilty.

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