United States Attorney
Southern District of New York

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MANHATTAN U.S. ATTORNEY ANNOUNCES GUILTY PLEA OF ANOTHER EMPLOYEE OF BERNARD L. MADOFF INVESTMENT SECURITIES LLC

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that ERIC S. LIPKIN, a former employee in the investment advisory business of Bernard L. Madoff Investment Securities LLC ("BLMIS"), pled guilty today to a six-count Superseding Information charging him with conspiracy, falsifying books and records of a broker-dealer, falsifying books and records of an investment advisor, bank fraud, and making false statements to facilitate a theft concerning the Employee Retirement Income Security Act ("ERISA"). LIPKIN also agreed to cooperate with the Government in its ongoing investigation of BLMIS. LIPKIN pled guilty in Manhattan federal court before U.S. District Judge LAURA TAYLOR SWAIN.

According to the Superseding Information, plea agreement, and other documents filed in connection with the case:

LIPKIN was employed by BLMIS from the mid-1980s, through December 11, 2008, when the firm collapsed. In 1996, LIPKIN and his co-conspirators, including, among others, FRANK DIPASCALI, DANIEL BONVENTRE, ANNETTE BONGIORNO, JOANN CRUPI, JEROME O'HARA, and GEORGE PEREZ, began falsifying the books and records at BLMIS. For instance, LIPKIN, working with other co-conspirators, created fraudulent account statements detailing the account values of several investment advisory ("IA") accounts at BLMIS. LIPKIN also prepared letters and statements setting out fake holdings purportedly held in multiple BLMIS IA accounts.

Further, in connection with reviews by the U.S. Securities and Exchange Commission ("SEC") and a European accounting firm, LIPKIN, DIPASCALI, BONVENTRE, CRUPI, O'HARA, PEREZ, and other co-conspirators, created false and fraudulent BLMIS books and records, as well as false documents purportedly obtained from third parties in the ordinary course of business at BLMIS. For example, LIPKIN and others created fake reports purportedly obtained from the Depository Trust Company ("DTC").

These fake reports purported to show the securities holdings of BLMIS IA clients when, in fact, these holdings did not exist. LIPKIN knew the purpose of these fake DTC reports was to mislead auditors.

LIPKIN was also responsible for processing the payroll and administering the 401(k) plan at the firm, as well as preparing and maintaining internal payroll records. During his tenure at BLMIS, and at the direction of other co-conspirators, including BONVENTRE, LIPKIN created false BLMIS books and records reflecting individuals who did not actually work at the firm. He was aware that there were individuals who did not work for the firm, but who nevertheless received salaries and benefits. Furthermore, LIPKIN included a number of fake employees in the total number of employees that he reported to the DOL.

* * *

LIPKIN, 37, of New Jersey, faces a statutory maximum sentence of 70 years in prison. A chart outlining the statutory maximum sentences for each of the charged offenses is attached. He is also subject to mandatory restitution and criminal forfeiture and faces criminal fines up to twice the gross gain or loss derived from his crimes. Pursuant to the cooperation agreement entered into with the Government, LIPKIN will forfeit at least $1.4 million as well as his interest in his home and various investment accounts. The net proceeds from the sale of the forfeited property will be used to compensate victims of the fraud.

LIPKIN was released on a $2.5 million bond on the condition that the bond be co-signed by seven financially responsible individuals and secured by $800,000 in cash and property. In addition, LIPKIN's travel is restricted to the District of Connecticut, the District of New Jersey, and the Southern and Eastern Districts of New York. He will be subject to strict pretrial supervision. LIPKIN has surrendered his passport. A sentencing control date is set for December 15,

DIPASCALI previously pled guilty to several charges in connection with the fraud that occurred at BLMIS and is cooperating with the Government in its ongoing investigation. Charges against BONGIONRO, BONVENTRE, CRUPI, O'HARA, and PEREZ

innocent unless and until proven guilty.

Mr. BHARARA praised the investigative work of the

Federal Bureau of Investigation, the Office of Labor Rackeetering and Fraud Investigations of the U.S. Department of Labor’s Office of Inspector General, and the U.S. Department of Labor’s Employee Benefits Security Administration. He also thanked the SEC for their assistance.

This case was brought in coordination with President BARACK OBAMA's Financial Fraud Enforcement Task Force, on which Mr. BHARARA serves as a Co-Chair of the Securities and Commodities Fraud Working Group. President OBAMA established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated, and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

The case is being handled by the Office's Securities and Commodities Fraud Task Force. Assistant U.S. Attorneys LISA A. BARONI, JULIAN J. MOORE, ARLO DEVLIN-BROWN, BARBARA A. WARD, and MATTHEW L. SCHWARTZ are in charge of the prosecution.

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Revised June 7, 2011

Statutory Maximum Penalties - U.S. v. Eric S. Lipkin

Count	**Charge**	**Maximum Penalties**
1	Conspiracy to (1) Falsify Books and Records of a Broker-Dealer; (2) Falsify Books and Records of an Investment Adviser; and (3) to Falsify Statements to Facilitate a Theft Concerning ERISA	5 years in prison; 3 years' supervised release; fine of the greatest of $250,000 or twice the gross gain or loss; and a mandatory $100 special assessment.
2	Conspiracy to Commit Bank Fraud	5 years in prison; 3 years' supervised release; fine of the greatest of $250,000 or twice the gross gain or loss; and a mandatory $100 special assessment.
3	Falsifying Books and Records of a Broker-Dealer	20 years in prison; 3 years' supervised release; fine of the greatest of $5,000,000 or twice the gross gain or loss; and a mandatory $100 special assessment.
4	Falsifying Books and Records of an Investment Adviser	5 years in prison; 3 years' supervised release; fine of the greatest of $250,000 or twice the gross gain or loss; and a mandatory $100 special assessment.
5	Making False Statements to Facilitate a Theft Concerning ERISA	5 years in prison; 3 years' supervised release; fine of the greatest of $250,000 or twice the gross gain or loss; and a mandatory $100 special assessment.
6	Bank Fraud	30 years in prison; 5 years' supervised release; fine of the greatest of $1,000,000 or twice the gross gain or loss; and a mandatory $100 special assessment.