



*United States Attorney
Southern District of New York*

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**MANHATTAN U.S. ATTORNEY CHARGES TWO MORE FORMER
BERNARD L. MADOFF INVESTMENT SECURITIES LLC EMPLOYEES
WITH CONSPIRACY, SECURITIES FRAUD, AND TAX CRIMES**

PREET BHARARA, the United States Attorney for the Southern District of New York, JANICE K. FEDARCYK, the Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), and CHARLES R. PINE, the Special Agent-in-Charge of the New York Field Office of the Internal Revenue Service ("IRS"), Criminal Investigation Division, announced today that ANNETTE BONGIORNO, an employee at Bernard L. Madoff Investment Securities, LLC ("BLMIS") for 40 years, and JOANN CRUPI, a/k/a "Jodi," an employee at BLMIS for 25 years, were arrested this morning by federal agents. BONGIORNO and CRUPI are charged in a Superseding Indictment with conspiracy, securities fraud, falsifying books and records of a broker-dealer, falsifying books and records of an investment adviser, and committing tax evasion.

Manhattan U.S. Attorney PREET BHARARA stated: "As everyone knows, Bernard Madoff perpetrated the largest financial fraud in history, but as we allege again today, others criminally assisted his epic crime. A house of cards is almost never built by one lone architect. As described in the superseding indictment, year after year, Annette Bongiorno and Joann Crupi protected and perpetuated the Madoff mirage, while putting very real money in their own pockets. Today's arrests

reflect the Government's ongoing commitment to ensure that all of those who are criminally responsible for this fraud will be held accountable. Together with our law enforcement partners at the FBI and IRS, we will press on with this investigation, which remains very much ongoing."

FBI Assistant Director-in-Charge JANICE K. FEDARCYK stated: "As we approach the second anniversary of the arrest of Bernard Madoff for the largest investment fraud in history, the FBI continues to gather and analyze evidence of criminal culpability by others in the scheme. Bongiorno and Crupi were both long-time Madoff employees who played vital roles in the scheme and its concealment. We knew early on that a fraud of this scale could not have been the work of one person alone. Today's charges are further confirmation of that. The investigation continues."

IRS Special Agent-in-Charge CHARLES R. PINE stated: "IRS-Criminal Investigation is committed to investigating Ponzi schemes in order to protect the American public. We are proud to bring our financial investigative expertise into the Madoff investigation and will continue to work with our law enforcement partners to bring this investigation to a thorough and complete conclusion."

According to the Indictment unsealed today in Manhattan federal court:

For decades, BERNARD L. MADOFF purported to provide investment advisory ("IA") services through BLMIS. In fact, MADOFF defrauded thousands of IA clients out of billions of dollars through an elaborate Ponzi scheme.

BONGIORNO and CRUPI, both employees in the IA business, are alleged to have knowingly participated in this fraud. BONGIORNO managed hundreds of IA accounts purportedly having a cumulative balance of approximately \$8.5 billion dollars as of November 2008. BONGIORNO also supervised employees who worked for the IA business.

CRUPI managed several BLMIS IA accounts purportedly having a cumulative balance of approximately \$900 million as of November 2008. She also tracked the daily activity of the bank account into which billions of dollars of IA clients' money for investment was deposited, and from which IA client redemptions were paid.

During the course of managing IA accounts which contained billions of dollars, BONGIORNO and CRUPI "executed" trades in the IA clients' accounts only on paper, based on historically reported prices of securities that they researched in the Wall Street Journal and Bloomberg. Those trades achieved annual rates of return that had been pre-determined by Madoff. BONGIORNO and CRUPI also backdated the purchase dates of purported trades so that they could control the amount of gains reflected in the IA accounts they managed. Further, BONGIORNO processed exceptional gains in the IA accounts that occurred months before the IA accounts even had been established. BONGIORNO also asked IA clients to return previously-issued BLMIS account statements so that she could alter them, and often include additional backdated trades. She received specific instructions from IA Clients about the amount of appreciations and gains they wanted to be reflected in their IA accounts.

CRUPI handled the receipt of funds sent to BLMIS by its clients for investment; transferred clients' funds between and among various BLMIS bank accounts; handled requests for redemptions sent to BLMIS by clients; monitored, on a daily basis, funds transferred into and out of the BLMIS bank account that principally was used to perpetrate the fraud; and prepared and assisted in the preparation of fabricated documents designed to deceive regulators and outside auditors. Among other things, by keeping track of BLMIS's daily cash balance, CRUPI became aware that client redemption requests bore no relationship to BLMIS's cash on hand, which by late 2008 was woefully insufficient to meet those requests.

Further, between 2004 and 2008, BLMIS was subject to at least five reviews by the U.S. Securities and Exchange Commission ("SEC") and a European accounting firm which was conducting a review of BLMIS's operations on behalf of a European IA client. As part of a concerted effort overseen by MADOFF to deceive both the SEC and the European accounting firm, CRUPI participated in creating numerous false and fraudulent books and records.

BONGIORNO and CRUPI each personally benefitted from the fraud. BONGIORNO created numerous backdated trades in her own IA accounts held at BLMIS. From 1975 to 2008, BONGIORNO deposited only approximately \$920,000 into her own IA accounts; however, she withdrew more than \$14 million during that same time period. In addition to her salary, BONGIORNO received more than \$325,000 in off the books income from BLMIS. In 2008, CRUPI received payments of more than \$2.7 million from Madoff directly out of the BLMIS bank account that held investor funds. CRUPI also received more than \$270,000 in off the books income from BLMIS.

BONGIORNO, 62, faces a statutory maximum sentence totaling 75 years in prison: five years on Count One (Conspiracy), 20 years on each of Counts Two and Three (Securities Fraud and Falsifying Books and Records of a Broker-Dealer), five years on Count Four (Falsifying Books and Records of an Investment Adviser), and five years on each of Counts Ten through Fourteen (Tax Evasion).

CRUPI, 49, faces a statutory maximum sentence totaling 65 years in prison: five years on Count One (Conspiracy), 20 years on each of Counts Two and Three (Securities Fraud, Falsifying Books and Records of a Broker-Dealer), five years on Count Four (Falsifying Books and Records of an Investment Adviser), and five years on each of Counts Fifteen through Seventeen (Tax Evasion).

The Indictment also seeks forfeiture of at least \$154.5 billion from the defendants, representing the alleged proceeds of the securities fraud and conspiracy offenses.

CRUPI will be presented later today before U.S. Magistrate Judge FRANK MAAS in Manhattan federal court.

BONGIORNO will be presented today at 1:00 p.m. before a U.S. Magistrate Judge at the Paul G. Rogers Courthouse in West Plam Beach, Florida.

Mr. BHARARA praised the work of the FBI and the IRS in this case. He also thanked the SEC for its assistance.

Assistant U.S. Attorneys LISA A. BARONI, JULIAN J. MOORE, BARBARA A. WARD, and MATTHEW L. SCHWARTZ are in charge of the prosecution.

The charges and allegations contained in the Indictment are merely accusations and the defendants are presumed innocent unless and until proven guilty.

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