

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA :

INFORMATION

-v- :

S5 10 Cr. 228 (LTS)

ENRICA COTELLESSA-PITZ, :

Defendant. :

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COUNT ONE

(Conspiracy to Falsify Records of a Broker-Dealer,  
to Falsify Records of an Investment Adviser,  
to Make False Filings With The SEC, and  
to Obstruct and Impede The Lawful Governmental  
Function of the Internal Revenue Service)

The United States Attorney charges:

Relevant Persons and Entities

1. At all times relevant to this Information, Bernard L. Madoff Investment Securities LLC, and its predecessor, Bernard L. Madoff Investment Securities (collectively and separately, "BLMIS"), had its principal place of business in New York, New York, most recently at 885 Third Avenue, New York, New York. BLMIS was a broker-dealer that engaged in three principal types of business: Market Making; Proprietary Trading; and Investment Advisory ("IA") services. BLMIS was registered with the United States Securities and Exchange Commission ("SEC") as a broker-dealer and was, beginning in or about 2006, registered with the SEC as an investment adviser.

2. Bernard L. Madoff was the founder of BLMIS, and served as its sole member and principal. In that capacity, Bernard L. Madoff controlled the business activities of BLMIS. On March 12, 2009, in connection with his scheme to conduct a massive Ponzi scheme through BLMIS, Bernard L. Madoff pleaded guilty to securities fraud, investment adviser fraud, mail fraud, wire fraud, two counts of international money laundering, money laundering, false statements, perjury, false filings with the SEC, and theft from an employee benefit plan. Among other things, Bernard L. Madoff admitted that despite his promises to clients and prospective clients that he would invest their money in shares of common stock, options, and other securities of well-known corporations, he in fact never invested those clients' funds in the securities as he had promised.

3. Frank DiPascali, Jr. ("DiPascali") was employed at BLMIS between on or about September 11, 1975, and on or about December 11, 2008. During his employment at BLMIS, DiPascali had a variety of duties and responsibilities. By the early 1990s, DiPascali was one of the BLMIS employees responsible for managing the majority of BLMIS's IA accounts into which thousands of BLMIS clients invested, and eventually lost, billions of dollars.

4. Daniel Bonventre ("Bonventre") was employed by BLMIS from in or about August 1968, through at least on or about December 11, 2008. Bonventre began working at BLMIS as an

auditor and subsequently was given increasing responsibility for supervising the back office operations of BLMIS. Bonventre eventually assumed the position of "Director of Operations" for BLMIS beginning at least as early as in or about the 1980s. In his capacity as Director of Operations, BONVENTRE was responsible for, among other things: (a) maintaining and supervising the production of the principal internal accounting documents for BLMIS, including the General Ledger ("G/L"); (b) maintaining and supervising the production of the stock record for BLMIS ("Stock Record"), and reports derived from the Stock Record, and resolving any discrepancies between internal and external records; (c) supervising the use and reconciliation of BLMIS bank accounts through which the Market Making, Proprietary Trading, and IA business operations were funded; (d) supervising BLMIS employees who worked in the accounting department and the "cage";<sup>1</sup> (e) supervising ENRICA COTELLESSA-PITZ, the defendant, Jerome O'Hara, George Perez, as well as other BLMIS employees, insofar as their work related to the production of the Stock Record, the G/L and other BLMIS accounting records; and (f) assisting Annette Bongiorno, Joann Crupi, a/k/a "Jodi," and others, in maintaining books and records related to IA accounts.

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<sup>1</sup> The "cage" was the area of BLMIS's office in which settlement and clearing functions occurred, and in which checks and wire transfers were sent and/or received.

5. Annette Bongiorno ("Bongiorno") was employed at BLMIS from on or about July 1, 1968, through at least on or about December 11, 2008. During her employment, Bongiorno had a variety of duties and responsibilities, including managing hundreds of IA accounts purportedly having a cumulative balance of approximately \$8.5 billion dollars as of November 30, 2008. Bongiorno also supervised employees who worked for the IA business.

6. Joann Crupi, a/k/a "Jodi," ("Crupi") was employed at BLMIS from on or about July 5, 1983, through at least on or about December 11, 2008. During her employment at BLMIS, Crupi had a variety of duties and responsibilities, including tracking 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 (the "IA Bank Account") and directing wire transfers into and out of the IA Bank Account. In addition, Crupi managed several BLMIS IA accounts purportedly having a cumulative balance of approximately \$900 million as of November 30, 2008.

7. David L. Kugel ("Kugel") was employed at BLMIS beginning from in or about 1970, through at least on or about December 11, 2008. Beginning in or about 1970, Kugel was a trader in BLMIS's Proprietary Trading and Market Making operations. In or about the late 1990s, Kugel assumed a

managerial position on the trading floor, and later took on the role of "Trading Floor Compliance Analyst." Beginning in the early 1970s until the collapse of BLMIS, Kugel helped create fake, backdated trades for Madoff's IA business with Bongiorno, Crupi, and others. These fake, backdated trades - many of which mimicked actual trades executed in connection with the Proprietary Trading operation - were used to deceive the clients of the IA business. Kugel helped create fake, backdated trades with Bongiorno, Crupi, and others until the collapse of BLMIS.

8. ENRICA COTELLESSA-PITZ, the defendant, was employed by BLMIS from in or about June 1978, through at least on or about December 11, 2008. In or about 1998, COTELLESSA-PITZ became the Controller of BLMIS. COTELLESSA-PITZ reported to Bonventre and assisted him in maintaining the books and records of BLMIS including the G/L and the Stock Record, and BLMIS's bank accounts, maintaining BLMIS's relationships with banks and other financial institutions, and in preparing the Financial and Operational Combined Uniform Single Reports ("FOCUS Reports") and annual financial statements made and kept by BLMIS and filed by BLMIS with regulators. COTELLESSA-PITZ also assisted Bongiorno, Crupi and others in maintaining books and records related to IA accounts.

9. At all times relevant to this Information, Jerome O'Hara ("O'Hara") and George Perez ("Perez") were employed by

BLMIS starting in or about 1990 and 1991, respectively. O'Hara and Perez were each responsible for, among other things, developing and maintaining computer programs for computers that supported the operations of BLMIS, including its Market Making, Proprietary Trading, and IA operations.

10. Eric S. Lipkin ("Lipkin") was employed by BLMIS from in or about the mid-1980s, through at least on or about December 11, 2008. In or about May 1992, Lipkin began working in the firm's payroll and benefits department and eventually became the "Payroll Manager" at BLMIS. In or about 1996, Lipkin also began working with DiPascali, Bonventre, Bongiorno, Crupi, O'Hara, Perez and others in managing and maintaining IA accounts and related books and records.

11. As a registered broker-dealer and as an investment adviser, BLMIS was required to make and keep certain books and records in its ordinary course of business. Among other things, those books and records included the following:

a. Blotters (or other records of original entry) containing an itemized daily record of all purchases and sales of securities and all receipts and deliveries of securities (including certificate numbers), showing the account for which each such transaction was effected, the name and amount of securities, the unit and aggregate purchase or sale price (if any), the trade date, and the name or other designation of the

person from whom the securities were purchased or received or to whom the securities were sold or delivered (the "contra party");

b. Documents reflecting each brokerage order, and any other instruction, given or received for the purchase or sale of securities, whether executed or unexecuted, including the account for which the order or other instruction was entered, the time the order was received, the time at which the order was entered, the price at which the order was executed and, to the extent feasible, the time of execution or cancellation;

c. A securities record or ledger reflecting separately for each security as of the clearance dates all long or short positions carried by the broker-dealer for its account or the account of its customers or partners or others and showing the location of all securities long and the offsetting position to all securities short, and in all cases the name or designation of the account in which each position is carried;

d. Ledgers (or other records) reflecting the following: securities in transfer; dividends and interest received; securities borrowed and securities loaned; moneys borrowed and moneys loaned (together with a record of the collateral therefor and any substitutions in such collateral); and securities failed to receive and failed to deliver.

e. Copies of confirmations of all purchases and sales of securities;

f. Records identifying the name and address of the beneficial owner of each cash and margin account held at the broker-dealer and/or investment adviser;

g. Ledgers (or other records) reflecting all assets and liabilities, income and expense, and capital accounts;

h. Ledgers reflecting moneys borrowed and moneys loaned (together with a record of the collateral therefor and any substitutions in such collateral);

i. A journal or journals, including cash receipts and disbursements, records, and other records of original entry forming the basis of entries in any ledger;

j. General and auxiliary ledgers (or other comparable records) reflecting asset, liability, reserve, capital, income and expense accounts; and

k. All check books, bank statements, cancelled checks and cash reconciliations of the investment adviser.

12. At all times relevant to this Information, Madoff Securities International Ltd. ("MSIL") was a corporation incorporated in the United Kingdom. MSIL was an affiliate of BLMIS that engaged principally in proprietary trading.

The Principal Bank and Brokerage Accounts of BLMIS and MSIL

13. The IA Bank Account into which billions of dollars of IA clients' money for investment was deposited, and from which IA client redemptions were paid, was maintained most recently at



a bank in New York, New York ("Bank No. 1"), along with a checking account maintained at Bank No. 1 that was affiliated with the IA Bank Account (the "IA Checking Account").

14. The end-of-day balances in the IA Bank Account - balances which generally were in the range of hundreds of millions of dollars during the 2001-2008 period - were swept into a variety of overnight deposit accounts (the "IA Sweep Accounts"). In addition, beginning in or about 2007, in excess of approximately \$1 billion was invested in U.S. Treasury bills and other similar investments and was custodied in a separate account held by BLMIS at Bank No. 1. (The IA Bank Account, IA Checking Account and IA Sweep Accounts collectively are referred to herein as the IA Bank Account). Interest earned on those investments generally was transferred to the IA Bank Account on a regular basis.

15. BLMIS maintained a separate bank account that was principally used to fund, directly and indirectly, the Market Making and Proprietary Trading operations of BLMIS (the "BLMIS Operating Account"). The BLMIS Operating Account was custodied most recently at a bank in New York, New York ("Bank No. 2"). BLMIS opened one or more lines of credit at Bank No. 2 (collectively the "Bank No. 2 LOC").

16. At all times relevant to this Information, BLMIS also maintained brokerage accounts at a variety of financial

institutions (the "IA Brokerage Accounts"). Funds in the IA Brokerage Accounts generally were invested in U.S. Government-issued securities such as U.S. Treasury bills.

17. At all times relevant to this Information, MSIL maintained a bank account in the United Kingdom (the "MSIL Bank Account").

COTELLESSA-PITZ Created False BLMIS Books and Records

18. ENRICA COTELLESSA-PITZ, the defendant, working with other co-conspirators, including Daniel Bonventre, created false and fraudulent books and records of BLMIS. COTELLESSA-PITZ, Bonventre, and others created false and misleading entries in the BLMIS G/Ls and Stock Records, as well as supporting books and records, that were designed to disguise transfers of funds from the IA business to the Operating Account, a bank account used primarily for the Market Making and Proprietary Trading operations. The transfers of funds had the effect of allowing the Market Making and Proprietary Trading operations of BLMIS to appear profitable and to report net income instead of net losses every year from at least 2001 through 2008.

19. Between in or about 1998 and in or about December 2008, hundreds of millions of dollars were transferred from the IA Bank Account to the BLMIS Operating Account, either directly or through other accounts, including the IA Brokerage Accounts and the MSIL Bank Account.

20. ENRICA COTELLESSA-PITZ, the defendant, Daniel Bonventre, and others accounted for these transfers improperly on the books and records of BLMIS, for example: (a) in the G/L in the asset account titled "Trading"; and (b) on BLMIS FOCUS Reports and annual financial statements as BLMIS trading revenue. In truth and in fact, however, and as COTELLESSA-PITZ, Bonventre, and other co-conspirators well knew, the false entries in the G/L, the Stock Record, and other supporting books and records were misleading because they appeared to represent an increase in the trading profits made in the Market Making and Proprietary Trading businesses and concealed that they were actually funds transferred from the IA business. The false entries on the G/L, Stock Record, and other supporting books and records hid the fact that the funds came from the IA business. The misleading entries also had the effect of allowing the Market Making and Proprietary Trading operations of BLMIS to appear profitable and concealed both the source of the funds and the fact that the Market Making and Proprietary Trading operations were supported by the fraudulent IA business.

21. ENRICA COTELLESSA-PITZ, the defendant, was instructed by Daniel Bonventre and others on how to record improperly the funds from the IA business in the trading ledgers, the Stock Record, the G/L and the supporting books and records. For example, COTELLESSA-PITZ, Bonventre, and others recorded

funds from the IA business as "adjustments" to certain securities positions in trading accounts on the Stock Record and the G/L, when in fact, COTELLESSA-PITZ, Bonventre, and others well knew that the funds from the IA business had no actual relationship to those securities positions.

**COTELLESSA-PITZ Prepared and Caused to be Filed False and Misleading FOCUS Reports and Annual Financial Statements**

22. As an SEC-registered broker-dealer, BLMIS was required to file FOCUS Reports on a monthly, quarterly and annual basis, as well as annual financial statements. The information contained in the BLMIS FOCUS Reports and the annual financial statements concerning BLMIS's assets, liabilities, revenues, and expenses was derived principally from information recorded in the G/L and the Stock Record.

23. As ENRICA COTELLESSA-PITZ, the defendant, Daniel Bonventre and others well knew, the FOCUS Reports and the annual financial statements filed by BLMIS with regulators failed to reflect accurately the revenue of BLMIS because they mischaracterized the transfers from the IA Bank Account and IA Brokerage Accounts as trading profits made in the Market Making and Proprietary Trading operations of BLMIS.

24. The BLMIS G/L and FOCUS Reports were also misleading in that they omitted certain liabilities of BLMIS. For example, in or about November 2005, Daniel Bonventre and ENRICA COTELLESSA-PITZ, the defendant, secured a bank loan with

Bank No. 1 in the amount of \$95 million. In or about January 2006, Bonventre and COTELLESSA-PITZ secured an additional \$50 million loan from Bank No. 1. At Bonventre's direction, COTELLESSA-PITZ corresponded with Bank No. 1 about the loans. The loans from Bank No. 1 were a liability for BLMIS from approximately November 2005 through May 2006, however, they were not recorded by Bonventre on the books and records of BLMIS - specifically, the G/L. Further, the BLMIS FOCUS Reports filed from December 2005 through May 2006 were false and misleading in that they omitted the loans from Bank No. 1.

**COTELLESSA-PITZ Created False and Fraudulent Documents  
in Connection with the SEC's Review of BLMIS**

25. In 2005, the SEC performed a review of BLMIS's businesses ("2005 Review"). In connection with the 2005 Review, Madoff caused ENRICA COTELLESSA-PITZ, the defendant, Frank DiPascali, Daniel Bonventre, Joann Crupi, Jerome O'Hara, George Perez, Eric S. Lipkin, and other co-conspirators to create false and fraudulent BLMIS books and records.

26. ENRICA COTELLESSA-PITZ, the defendant, working with other co-conspirators, created numerous false documents for the purposes of deceiving the SEC.

27. During the 2005 Review, the SEC requested profit and loss ("P&L") information for each of BLMIS's departments for a twelve-month period ("P&L Statement"). COTELLESSA-PITZ, the defendant, Daniel Bonventre, Eric S. Lipkin, and others created a

misleading P&L Statement that concealed the IA business by combining the income from the IA business and the Proprietary Trading business into one category that was misleadingly identified as Proprietary Trading. In creating this false P&L Statement, COTELLESSA-PITZ, at the direction of Madoff and Bonventre, also improperly allocated BLMIS expenses to the Proprietary Trading operations and thereby did not accurately reflect the respective profitability of BLMIS's various businesses.

28. During the 2005 Review, the SEC also requested a list and description of all BLMIS trading accounts as well as a report reflecting the monthly P&L for each of the trading accounts for a three-month period in 2005 (collectively, "Trading Account Reports"). Rather than provide the SEC with an accurate list of the trading accounts, ENRICA COTELLESSA-PITZ, the defendant, Daniel Bonventre, Jerome O'Hara, and other co-conspirators created several false Trading Account Reports that were given to the SEC that deleted an account affiliated with the IA business. The effect of the misleading Trading Account Reports was to conceal the IA business from the SEC. The account deleted was a commissions account, an account into which COTELLESSA-PITZ, Bonventre, and others routinely booked funds from the IA business.

29. In order to make the P&L numbers on the Trading Account Reports consistent with other BLMIS reports that already had been given to the SEC, ENRICA COTELLESSA-PITZ, the defendant, at Daniel Bonventre's direction, hid revenue from the deleted commissions account in the accounts of two traders from the Market Making and Proprietary Trading operations. COTELLESSA-PITZ, Bonventre and others well knew that falsely stating that revenue from the commissions account purportedly had been earned by the two traders was misleading.

30. Further, ENRICA COTELLESSA-PITZ, the defendant, Daniel Bonventre, Jerome O'Hara, and other co-conspirators falsely stated the P&L associated with another trading account into which they previously had falsely recorded "interest income" from the IA business. COTELLESSA-PITZ, Bonventre, O'Hara and others moved, on paper, the profits from this account to the accounts of two traders from the Market Making and Proprietary Trading operations.

31. As a result of their manipulation of the Trading Account Reports, the trading profits of the two traders appeared artificially inflated while the total P&L number remained consistent with the P&L previously reported to the SEC on the P&L Statement described in Paragraph 27 above, as well as on the BLMIS FOCUS Reports.

32. The SEC further requested a "listing of all [BLMIS] bank accounts with description of use for each account." In response to this request, ENRICA COTELLESSA-PITZ, the defendant, and Daniel Bonventre, provided the SEC with a misleading list that failed to include the bank accounts used for the IA business.

33. The SEC further requested the gross revenue of each of BLMIS's businesses for the fiscal years 2002 through 2004 ("Gross Revenue Report"). In response to this request, at the direction of Daniel Bonventre and others, ENRICA COTELLESSA-PITZ, the defendant, prepared a false Gross Revenue Report in which BLMIS inaccurately reported revenue in order to appear consistent with false information previously provided to the SEC in a prior examination.

**COTELLESSA-PITZ Created False and Fraudulent Documents  
in Connection With Tax Audits of Bernard L. Madoff**

34. From at least in or about 1991 through in or about 2007, Bernard L. Madoff substantially under-reported his taxable income on his U.S. Individual Income Tax Returns, Forms 1040 ("Tax Returns"). Specifically, Madoff under-reported BLMIS's "Trading Profit/Loss" on the "gross receipts" line of Schedule C filed with his Tax Returns. Because Madoff filed Tax Returns as a "sole proprietor," he reported BLMIS's profits as "gross receipts" on the Schedule C.



35. For each tax year, Madoff directed David Friehling, his accountant, to report only a certain amount of income from BLMIS on his Tax Returns. Friehling then manipulated the "gross receipts" amount to meet Madoff's desired tax outcome.

36. On numerous occasions over the years, Madoff was audited by the New York State Department of Taxation and Finance and the Internal Revenue Service ("IRS").

37. Because the income reported on Madoff's Tax Returns was not accurate, when Madoff was audited by tax authorities, Madoff, David Friehling, Daniel Bonventre, ENRICA COTELLESSA-PITZ, the defendant, Jerome O'Hara, and other co-conspirators created false, backdated BLMIS G/Ls, Stock Records and reports derived from the Stock Record that appeared consistent with Madoff's Tax Returns that had been filed with the IRS in prior years for the purpose of showing the false records to the tax auditors.

38. Specifically, ENRICA COTELLESSA-PITZ, the defendant, Daniel Bonventre, Jerome O'Hara, and other co-conspirators, at the direction of Madoff and David Friehling, altered the "Trading Profit/Loss" amount on the G/Ls so that the G/Ls would appear consistent with the amount that had been reported by Madoff on his Tax Returns. On the false Stock Records, Bonventre, COTELLESSA-PITZ, O'Hara, and others added fabricated, backdated securities positions, some of which

purportedly had generated large unrealized gains and deleted other securities positions.

39. In connection with the audits, ENRICA COTELLESSA-PITZ, the defendant, and Jerome O'Hara, at the direction of Bonventre, added and deleted particular stock positions from the Stock Record. Bonventre suggested particular securities positions that they could use to create backdated positions in the Stock Record. Together, Bonventre and COTELLESSA-PITZ analyzed various fabricated, backdated stock positions before choosing the fictitious positions that would provide the amount of unrealized gain needed to ensure that the books and records of BLMIS would appear consistent with Madoff's false Tax Returns. At the direction of Bonventre and COTELLESSA-PITZ, O'Hara then produced the false, backdated G/Ls, Stock Records and reports derived from the Stock Records.

#### The 2004 Tax Audit

40. In or about 2004, the New York State Department of Taxation and Finance conducted an audit of Madoff's 2001, 2002 and 2003 Tax Returns. Madoff had under-reported "gross receipts" on his Tax Returns by approximately \$46 million for tax year 2001, \$28 million for tax year 2002, and \$43 million for tax year 2003.

41. In or about 2004, at the direction of Madoff and Friehling, ENRICA COTELLESSA-PITZ, the defendant, Daniel

Bonventre, Jerome O'Hara, and other co-conspirators created false, backdated G/Ls, Stock Records and reports derived from the Stock Record for the years 2001, 2002 and 2003 in order to support the altered "Trading Profit/Loss" amounts that had resulted in the false income numbers on Madoff's Tax Returns.

42. In creating the fake documents for the tax audit of Madoff's 2001, 2002 and 2003 Tax Returns, Daniel Bonventre, ENRICA COTELLESSA-PITZ, the defendant, Jerome O'Hara, and others added fabricated, backdated positions in Amazon stock to a backdated Stock Record. Bonventre, COTELLESSA-PITZ and O'Hara further manipulated the Stock Record by deleting other stock positions. Bonventre, COTELLESSA-PITZ and O'Hara knew, however, that the backdated stock positions were not real and that the false G/Ls and Stock Records were being created for the purpose of deceiving the tax auditors and maintaining the falsity of Madoff's Tax Returns. False documents prepared for this audit were maintained in a box labeled "D Bonventre NYS Tax Audit 2001, 2, & 3."

#### The 2007 Tax Audit

43. In 2007, the Internal Revenue Service conducted an audit of Madoff's 2004 and 2005 Tax Returns. Madoff had under-reported "gross receipts" by approximately \$54 million for tax year 2004 and by approximately \$29 million for tax year 2005.

44. In 2007, at the direction of Madoff and Friehling, ENRICA COTELLESSA-PITZ, the defendant, Daniel Bonventre, Jerome O'Hara, and other co-conspirators created a false, backdated G/L, Stock Record and false reports derived from the Stock Record for the year 2004 in order to support the false "gross receipts" numbers on Madoff's Tax Returns. The altered, backdated documents were shown to the auditor and were maintained by Bonventre in his office.

45. In creating the fake documents for the 2007 tax audit, Daniel Bonventre, ENRICA COTELLESSA-PITZ, the defendant, Jerome O'Hara, and others added fabricated, backdated positions in Apple stock to a backdated Stock Record. Bonventre, COTELLESSA-PITZ, and O'Hara knew, however, that the backdated stock positions were not real and that the false G/L and Stock Record for 2004 were being created for the purpose of deceiving the tax auditors and maintaining the falsity of Madoff's Tax Returns.

#### STATUTORY ALLEGATIONS

##### The Conspiracy

46. From at least in or about 1998, through and including on or about December 11, 2008, in the Southern District of New York and elsewhere, ENRICA COTELLESSA-PITZ, the defendant, and others known and unknown, willfully and knowingly did combine, conspire, confederate and agree together and with each

other to defraud the United States for the purpose of impeding, impairing, obstructing, and defeating the lawful government function of the Internal Revenue Service in the ascertainment, assessment, computation and collection of the revenue, to wit, income taxes, and to commit offenses against the United States, to wit, (a) falsifying the records of a broker-dealer, in violation of Title 15, United States Code, Sections 78q(a) and 78ff; and Title 17, Code of Federal Regulations, Section 240.17a-3; (b) falsifying the records of an investment adviser, in violation of Title 15, United States Code, Sections 80b-4 and 80b-17; and Title 17, Code of Federal Regulations, Section 275.204-2, and (c) causing the filing of false documents with the SEC, in violation of Title 15, United States Code, Sections 78q(a) and 78ff, and Title 17, Code of Federal Regulations, Section 240.17a-5.

#### Objects of the Conspiracy

##### Obstructing and Impeding the Lawful Governmental Function of the Internal Revenue Service

47. It was a part and an object of the conspiracy that ENRICA COTELLESSA-PITZ, the defendant, Madoff, Friehling, Bonventre, O'Hara, and others known and unknown willfully and knowingly would and did defraud the United States of America, and an agency thereof, to wit, the Internal Revenue Service, by impeding, impairing, obstructing, and defeating the lawful government functions of the Internal Revenue Service in the

ascertainment, assessment, computation and collection of income taxes.

Falsifying Records of a Broker-Dealer

48. It was a further part and an object of the conspiracy that ENRICA COTELLESSA-PITZ, the defendant, Madoff, DiPascali, Bonventre, Bongiorno, Crupi, Kugel, O'Hara, Perez, and others known and unknown willfully and knowingly did cause BLMIS, a registered broker-dealer, to fail to make and keep such records as the SEC, by rule, has prescribed as necessary and appropriate in the public interest, for the protection of investors, and otherwise in furtherance of the purposes of the Securities Exchange Act of 1934, in violation of Title 15, United States Code, Sections 78q(a) and 78ff.

Falsifying Records of an Investment Adviser

49. It was a further part and an object of the conspiracy that ENRICA COTELLESSA-PITZ, the defendant, Madoff, DiPascali, Bonventre, Bongiorno, Crupi, Kugel, O'Hara, Perez, and others known and unknown willfully and knowingly, by the use of the mails and means and instrumentalities of interstate commerce, in connection with BLMIS's business as an investment adviser, did cause BLMIS to fail to make and keep for prescribed periods such records, furnish such copies thereof and make and disseminate such reports as the SEC, by rule, has prescribed as necessary and appropriate in the public interest and for the protection of

investors, in violation of Title 15, United States Code, Sections 80b-4 and 80b-17.

False Filings with the SEC

50. It was a further part and an object of the conspiracy that ENRICA COTELLESSA-PITZ, the defendant, Madoff, Bonventre, O'Hara, Perez, and others known and unknown willfully and knowingly, in applications, reports, and documents required to be filed with the SEC under the Securities Exchange Act of 1934, and the rules and regulations thereunder, did make and cause to be made statements that were false and misleading with respect to material facts, in violation of Title 15, United States Code, Sections 78q(a) and 78ff; and Title 17, Code of Federal Regulations, Section 240.17a-5.

Means and Methods of the Conspiracy

51. Among the means and methods by which ENRICA COTELLESSA-PITZ, the defendant, Madoff, Friehling, DiPascali, Bonventre, Bongiorno, Crupi, Kugel, O'Hara, Perez, and others known and unknown would and did carry out the conspiracy were the following:

a. COTELLESSA-PITZ created false and misleading entries in the BLMIS G/Ls and Stock Records that were designed to disguise transfers of funds from the IA business.

b. COTELLESSA-PITZ caused false and misleading FOCUS Reports and annual financial statements to be filed with

the SEC and other regulators that concealed transfers of funds from the IA business and disguised them as trading profits made in the Market Making and Proprietary Trading businesses.

c. COTELLESSA-PITZ prepared false and misleading Trading Account Reports to be provided to the SEC.

d. COTELLESSA-PITZ prepared a false and misleading P&L Statement to be provided to the SEC.

e. COTELLESSA-PITZ created false, backdated BLMIS G/Ls and Stock Records for the purpose of deceiving tax auditors and to maintain the falsity of Madoff's Tax Returns.

#### Overt Acts

52. In furtherance of the conspiracy and to effect the illegal objects thereof, ENRICA COTELLESSA-PITZ, the defendant, and others known and unknown committed the following overt acts, among others, in the Southern District of New York and elsewhere:

a. In or about January 2000, in New York, New York, COTELLESSA-PITZ participated in recording approximately \$32 million in funds transferred from the IA Bank Account to the Operating Account as an adjustment to a securities position on the BLMIS G/L and Stock Record.

b. On or about June 27, 2002, in New York, New York, COTELLESSA-PITZ recorded approximately \$15 million in funds transferred from an IA Brokerage Account to the Operating Account



as an adjustment to a securities position on the BLMIS G/L and Stock Record.

c. In or about early 2004, in New York, New York, COTELLESSA-PITZ assisted in compiling a list of funds transferred from the IA Bank account and IA Brokerage Accounts to the Operating Account that had been recorded as "adjustments" to securities positions on the BLMIS G/L and Stock Record.

d. In or about 2004, COTELLESSA-PITZ participated in altering G/Ls, Stock Records and reports derived from the Stock Records for the years 2001, 2002 and 2003 to be provided to an auditor from the New York State Department of Taxation and Finance.

e. On or about November 26, 2004, in New York, New York, COTELLESSA-PITZ recorded approximately \$13 million in funds transferred from an IA Brokerage Account to the Operating Account as adjustments in the Commissions account on the BLMIS G/L and Stock Record.

f. On or about March 30, 2005, in New York, New York, COTELLESSA-PITZ recorded approximately \$1.8 million in funds transferred from the IA Bank Account to the Operating Account as an adjustment to a securities position on the BLMIS G/L and Stock Record.

g. On or about March 31, 2005, in New York, New York, COTELLESSA-PITZ recorded approximately \$18,991 in funds

transferred from the IA Bank Account to the Operating Account as an adjustment to a securities position on the BLMIS G/L and Stock Record.

h. In or about 2005, COTELLESSA-PITZ participated in creating a P&L Statement to be provided to the SEC.

i. In or about 2005, COTELLESSA-PITZ participated in creating Trading Account Reports to be provided to the SEC.

j. In or about June 2005, COTELLESSA-PITZ participated in creating a Gross Revenue Report to be provided to the SEC.

k. In or about December 2005, COTELLESSA-PITZ caused a false and misleading FOCUS Report and false and misleading annual financial statements to be filed with the SEC.

l. In or about December 2006, COTELLESSA-PITZ caused a false and misleading FOCUS Report and false and misleading annual financial statements to be filed with the SEC.

m. In or about 2007, COTELLESSA-PITZ participated in altering a BLMIS Statement Of Operations Year-Ended October 31, 2004.

n. In or about 2007, COTELLESSA-PITZ participated in altering the 2004 G/L, Stock Record and a report

derived from the Stock Record to be provided to tax auditors.

(Title 18, United States Code, Section 371.)

COUNT TWO

(Falsifying Records of a Broker-Dealer)

53. The allegations contained in paragraphs 1 through 45 and 51 through 52 above are hereby repeated, realleged and incorporated by reference as if fully set forth herein.

54. From at least in or about 1999 through in or about 2008, ENRICA COTELLESSA-PITZ, the defendant, willfully and knowingly did cause BLMIS, a registered broker-dealer, to fail to make and keep such records as the SEC, by rule, prescribed as necessary and appropriate in the public interest, for the protection of investors, and otherwise in furtherance of the purposes of the Securities Exchange Act of 1934, to wit, COTELLESSA-PITZ caused false and fraudulent books and records including, among other things, G/Ls and Stock Records to be made and kept by BLMIS, a broker-dealer.

(Title 15, United States Code, Sections 78q(a) and 78ff;  
Title 17, Code of Federal Regulations, Section 240.17a-3;  
Title 18, United States Code, Section 2.)

COUNT THREE

(Falsifying Records of an Investment Adviser)

55. The allegations contained in paragraphs 1 through 45 and 51 through 52 above are hereby repeated, realleged and incorporated by reference as if fully set forth herein.

56. From at least in or about 1999 through in or about 2008, in the Southern District of New York and elsewhere, ENRICA COTELLESSA-PITZ, the defendant, willfully and knowingly, by the use of the mails and means and instrumentalities of interstate commerce, directly and indirectly, in connection with BLMIS's business as an investment adviser, did cause BLMIS to fail to make and keep for prescribed periods such records, furnish such copies thereof and make and disseminate such reports as the SEC, by rule, prescribed as necessary and appropriate in the public interest and for the protection of investors, to wit, COTELLESSA-PITZ, caused false and fraudulent books and records including, among other things, G/Ls and Stock Records to be made and kept by BLMIS, an investment adviser.

(Title 15, United States Code, Sections 80b-4 and 80b-17;  
Title 17, Code of Federal Regulations, Section 275.204-2;  
Title 18, United States Code, Section 2.)

**COUNT FOUR**

**(False Filing with the SEC)**

57. The allegations contained in paragraphs 1 through 45 and 51 through 52 above are hereby repeated, realleged and incorporated by reference as if fully set forth herein.

58. In or about December 2006, in the Southern District of New York and elsewhere, ENRICA COTELLESSA-PITZ, the defendant, willfully and knowingly, in applications, reports, and documents required to be filed with the SEC under the Securities

Exchange Act of 1934, and the rules and regulations thereunder, did make and cause to be made statements that were false and misleading with respect to material facts, to wit, COTELLESSA-PITZ caused a false and misleading BLMIS FOCUS Report to be filed with the SEC.

(Title 15, United States Code, Sections 78q(a) and 78ff;  
Title 17, Code of Federal Regulations, Section 240.17a-5;  
Title 18, United States Code, Section 2.)

**FORFEITURE ALLEGATION**

**(Offenses Constituting Specified Unlawful Activity)**

59. As the result of committing one or both of the offenses constituting specified unlawful activity as defined in 18 U.S.C. § 1956(c)(7), as alleged in Counts One and Two of this Information, ENRICA COTELLESSA-PITZ, the defendant, shall forfeit to the United States, pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461, all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of the said offenses, including but not limited to a sum of money representing the amount of proceeds obtained as a result of the said offenses, to wit, approximately \$97.3 billion, and all property traceable thereto.

(Title 18, United States Code, Section 981(a)(1)(C),  
and Title 28, United States Code, Section 2461.)

Substitute Assets Provision

60. If any of the forfeitable property described above in paragraph 56 of this Information, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third person;
- c. has been placed beyond the jurisdiction of the Court;
- d. has been substantially diminished in value;  
or
- e. has been commingled with other property which cannot be subdivided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant up to the value of the forfeitable property described above.

(Title 18, United States Code, Section 981(a)(1)(C),  
Title 21, United States Code, Section 853(p),  
and Title 28, United States Code, Section 2461.)

  
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PREET BHARARA  
United States Attorney

Form No. USA-33s-274 (Ed. 9-25-58)

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**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

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**UNITED STATES OF AMERICA**

**- v -**

**ENRICA COTELLESA-PITZ,**

**Defendant.**

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**INFORMATION**

S5 10 Cr. 228 (LTS)

Title 15 U.S.C. Section 78q, 78q(a), 78ff, 80b-4, 80b-17;  
Title 17, Code of Federal Regulations,  
Sections 240.17a-3, 240.17a-5,  
240.17a-13, 210.2-01, and 275.204-2;  
Title 18 U.S.C. Sections 371 and 2.

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**PREET BHARARA**  
United States Attorney.

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