

FW: Update on Bernard Madoff

12/19/2005 1:06:00 PM

From: Cheung, Meaghan S.

To: Kanevski Suh, Simona [Redacted] Personal Privacy

From: Harry Markopolos [mailto:[Redacted] Personal Privacy]

Sent: Friday, December 16, 2005 6:20 PM

To: Cheung, Meaghan S.

Subject: Update on Bernard Madoff

Meaghan,

1. I had a 40 minute telephone conversation with Michael O'Crant, who wrote a story for MAR Hedge published in May 2001 entitled, "Madoff tops charts; skeptics ask how." He lost his hard drive a while back and doesn't have an electronic copy of the story but I am in the process of obtaining a copy and will forward it to you once I do.
2. Michael is willing to meet with you and share his observations on Madoff with you. He said it was the most intriguing story he ever did and that Madoff is either the smartest guy on Wall Street or he's crooked as hell. He also said that even back in 2001, Madoff was only admitting to managing \$7 billion but that when Michael was having drinks with 4 or 5 hedge fund fund of fund guys they personally counted \$12 - \$13 billion in assets under management by Bernie. Lots of things didn't add up and he's happy to share his observations with you. His contact information is included in my 25 page report to the SEC. Mike has a copy of my report and he wanted to send it to Ginny Anderson of the NY Times but I told him not to do that because I gave the Wall Street Journal an exclusive on the story.
3. John Wilke, senior investigative reporter for the Wall Street Journal will soon start working on this story once a major story of his runs next week. He's got a major front page investigative peice coming in next week's Wall Street Journal sometime between Monday - Thursday. You might want to read this story and judge for yourself how competent of a journalist he is. He works out of the Washington office but has strong ties to Boston. He was formerly a reporter for the Boston Globe and then the Wall Street Journal's Boston office. He says he's coming up to Boston to buy me a pint at his favorite pub so already I like him.
4. I've also compiled several pages of contact information that might be useful to the SEC's investigation. I've tried to think of the quickest way for the SEC to determine if Bernie is a fraud or not and believe I've come up with some methods that make sense. I'll try to get that to you next week.
5. There's a good chance I may be in New York on either Wed or Thursday, Dec 21 & 22, on another case involving tax fraud under the IRS's bounty program as outlined in IRS Pub 733. If I'm coming into town, I'll call ahead and see if you'd like to meet with me. I've got a several inch thick file folder on Madoff that I would be happy to let you copy if the SEC has any interest.

Thank you & Good Luck with your inquiries,

Harry Markopolos, CFA
Financial Fraud Investigator

[Redacted] Personal Privacy