

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 67512 / July 26, 2012**

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 3440 / July 26, 2012**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-14963**

**In the Matter of**

**PETER MADOFF,**

**Respondent.**

**ORDER INSTITUTING  
ADMINISTRATIVE PROCEEDINGS  
PURSUANT TO SECTION 15(b) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
AND SECTION 203(f) OF THE  
INVESTMENT ADVISERS ACT OF 1940,  
MAKING FINDINGS, AND IMPOSING  
REMEDIAL SANCTIONS**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Peter Madoff (“Respondent”).

**II.**

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, Respondent consents to the Commission’s jurisdiction over him and the subject matter of these proceedings and to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

### III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

1. Respondent was a long-time employee of Bernard L. Madoff Investment Securities LLC ("BMIS"), and an attorney. After graduating from law school in 1970, Respondent became the firm's chief compliance officer ("CCO") and Senior Managing Director. Respondent was also the lead trader in BMIS's market making and proprietary trading operations for a significant period of time. He has held several securities licenses, including Series 1 (general securities representative), Series 4 (options), and Series 55 (equity trader). Respondent, 66 years old, is a resident of Old Westbury, New York.

2. BMIS registered with the Commission as a broker-dealer in 1960 and as an investment adviser in August 2006, and had its principal place of business in New York, New York. BMIS purportedly engaged in three different operations – investment advisory ("IA") operations, market-making, and proprietary trading. BMIS is currently under the control of a trustee appointed pursuant to the Securities Investor Protection Act of 1970 (15 U.S.C. § 78aaa et seq.).

3. On June 29, 2012, Respondent pleaded guilty to (1) conspiracy to (a) commit securities fraud; (b) falsify records of an investment adviser; (c) falsify records of a broker-dealer; (d) make false filings with the Commission; (e) commit mail fraud; (f) falsify statements in relation to documents required by ERISA; and (g) obstruct and impede the lawful governmental function of the IRS; and (2) falsifying records of an investment adviser, in United States v. Peter Madoff, 10 Cr. 228 (SDNY) (LTS).

4. The information to which Respondent pleaded guilty alleged, *inter alia*, that:

(a) Bernard L. Madoff, Respondent's brother and the sole owner of BMIS, engaged in a long-standing Ponzi scheme through the firm. While Bernard L. Madoff promised 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 never invested the client funds in the securities as he promised.

(b) Respondent created false and misleading entries in numerous documents at BMIS that were designed to make it appear that Respondent performed various compliance reviews of BMIS's IA operations and that BMIS maintained an effective compliance program. Respondent's false and misleading statements made it appear to regulators and the firm's advisory clients that BMIS actually had a CCO who performed required compliance functions, when in reality Respondent did nothing of the sort;

(c) Respondent also created annual reports in or about 2006 and 2007 pursuant to NASD Rules 3012 and 3013 which falsely stated that he had performed a comprehensive compliance review of all aspects of BMIS's operations, including its IA Operations;

(d) from at least in or about 2006 through 2008, Respondent represented to the firm's investment advisory clients that he was the CCO for the IA operations;

(e) from August 2006 through 2008, Respondent created and caused to be filed with the SEC false and misleading Forms ADV; and

(f) in or about December 2008, after Respondent learned that BMIS could not meet redemption requests, and shortly before BMIS collapsed, Respondent reviewed lists reflecting preferred employees, family members, and certain other IA clients and, with Bernard L. Madoff, decided who should receive BMIS's remaining funds and caused checks to be prepared for these selected clients. The firm collapsed before these checks were mailed.

#### IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Peter Madoff's Offer.

Accordingly, it is hereby ORDERED pursuant to Section 15(b)(6) of the Exchange Act and Section 203(f) of the Advisers Act that Respondent Peter Madoff be, and hereby is:

barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and

barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a

customer, whether or not related to the conduct that served as the basis for the Commission order;  
and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct  
that served as the basis for the Commission order.

By the Commission.

Elizabeth M. Murphy  
Secretary