

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 69971 / July 11, 2013

INVESTMENT ADVISERS ACT OF 1940
Release No. 3626 / July 11, 2013

ADMINISTRATIVE PROCEEDING
File No. 3-15375

In the Matter of

ERIC LIPKIN,

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 Eric Lipkin (“Lipkin” or “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 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. Lipkin, age 38, a resident of Ridgewood, New Jersey, has been an employee of Bernard L. Madoff Investment Securities LLC (“BMIS”) since 1992. BMIS, founded in 1960, was a broker-dealer and investment adviser registered with the Commission that purportedly engaged in three different operations: investment adviser services, market-making services, and proprietary trading.

2. On June 14, 2011, a Partial Judgment on Consent Imposing Permanent Injunction was entered by consent against Lipkin, permanently enjoining him from future violations, and from aiding and abetting future violations, of Section 17(a) of the Securities Act of 1933, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, Section 15(c) of the Exchange Act and Rule 10b-3 thereunder, Section 17(a) of the Exchange Act and Rule 17a-3 thereunder, and Sections 206(1), 204 and 206(2) of the Advisers Act and Rule 204-2 thereunder, in the civil action entitled Securities and Exchange Commission v. Eric Lipkin, Civil Action Number 11 CV 3826 (LTS), in the United States District Court for the Southern District of New York.

3. The Commission’s complaint alleged that for over a decade, Lipkin assisted Bernard L. Madoff (“Madoff”) in defrauding investors and misleading auditors and regulators. As an employee in the investment advisory (“IA”) operations, Lipkin assisted BMIS employees with carrying out Madoff’s entirely fictitious “split-strike conversion” strategy that BMIS claimed to be pursuing on behalf of its clients. Lipkin also made repeated material misrepresentations to a group of non-split-strike investors and created false records of the investors’ account holdings. In so doing, Lipkin prepared numerous fictitious account statements and other documents that he knew or was reckless in not knowing would be shown to investors. Lipkin also aided and abetted other books and records violations by creating, at Madoff’s direction, numerous fake Depository Trust Clearing Corporation (“DTCC”) reports that he knew would be used to mislead auditors and regulators and by processing payroll records for “no-show” employees.

4. On June 6, 2011, Lipkin pleaded guilty before the United States District Court for the Southern District of New York, to one count of falsifying, and one count of conspiracy to falsify, records of a broker-dealer, to falsify records of an investment adviser, in violation of 15

U.S.C. §§ 78q(a), 78qff, 80b-4 and 80b-17, 17 C.F.R. §§ 240.17a-3 and 240.204-2, and 18 U.S.C. § 2. Lipkin also pleaded guilty to one count of bank fraud, and one count of conspiracy to commit bank fraud, in violation of 18 U.S.C. §§ 1344 and 2; and one count of false statements to facilitate a theft concerning ERISA, and conspiracy to falsify statements to facilitate a theft concerning ERISA, in violation of 18 U.S.C. §§ 1027 and 2. United States v. Lipkin, Crim. Information No. 1:10-cr-228-LTS.

5. The counts of the criminal information to which Lipkin pleaded guilty alleged, inter alia, that Lipkin created false statements related to investment accounts at BMIS, fake DTC reports, and false payroll books and records.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Lipkin'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 Lipkin, 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