

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

In the Matter of:)
) File No. OIG-509
OIG-509)

 ORIGINAL

WITNESS: Number 54
PAGES: 1 through 52
PLACE: Securities and Exchange Commission
100 "F" Street, N.E.
3rd Floor Conference Room
Washington, D.C. 20549
DATE: Thursday, May 21, 2009

The above-entitled matter came on for hearing, pursuant to notice, at 11:00 a.m.

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1 APPEARANCES:

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3 On behalf of the Securities and Exchange Commission:

4 DAVID WITHERSPOON, ESQ.

5 Office of the Inspector General

6 Securities and Exchange Commission

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12 On behalf of the Witness:

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P R O C E E D I N G S

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MR. WITHERSPOON: Okay. We are on the record at approximately 11:00 a.m. on Thursday, May 21, 2009, at the United States Securities and Exchange Commission, Office of Inspector General, Washington, D.C.

I'm going to swear you in now. Would you raise your right hand?

Whereupon,

Enforcement Staff Attorney [Redacted]

was called as a witness and, having been first duly sworn, was examined and testified as follows:

MR. WITHERSPOON: Thank you. Please state and spell your full name for the record?

THE WITNESS: Enforcement Staff Attorney [Redacted]

Enforcement Staff Attorney [Redacted]

Enforcement Staff Attorney [Redacted]

MR. WITHERSPOON: Thank you. My name is David Witherspoon and I'm an attorney in the Office of Inspector General, United States Securities and Exchange Commission.

This is an investigation by the Office of Inspector General, case number OIG-509 regarding Bernard L. Madoff and Bernard L. Madoff Investment Securities LLC.

I'm going to ask you certain questions and you're going to provide answers under oath. The court reporter will record and later transcribe everything that is said. Please

1 investor harm indicated in this complaint.

2 Another issue is that the guy is not even
3 identifying the entity by its name. There are no hard facts,
4 it's purely suspicion. And finally, the complainant is
5 emailing through, not just anonymously but through an
6 anonymous e-mail address so there was no way for us to
7 contact him to get further information.

8 I actually still thought it was interesting so I
9 held onto it. I didn't find anything. I checked NSRI, I
10 didn't find anything -- you know, I didn't find any open
11 enforcement investigations at that time. I didn't -- I
12 really didn't just find anything, you know, wrong.

13 The hedge fund was the investment advisor and
14 that -- the investment advisor was not registered at the
15 time, it was just the broker-dealer. And, you know, just
16 doing internet research, I don't remember exactly what I read
17 at this point, but I just remember thinking that this guy
18 sounds pretty legitimate -- or Bernie Madoff sounds pretty
19 legitimate.

20 Q So you said, "I did a little research but couldn't
21 find anything on Madoff Financial."

22 A Yes.

23 Q So what type of research did you do? Do you
24 recall?

25 A Well, just as I said, I did the NRSI research, I

1 Q Okay.

2 A I mean, yeah. I mean, if you asked anybody in our
3 group they would have -- they would agree.

4 Q Okay.

5 A Now, I don't know about Enforcement Senior Counsel because I feel
6 like she's been saying it should have been referred, but I'm
7 worried that she's only saying that because now John's saying
8 that.

9 Q I see.

10 A Frankly, I don't think John should even be saying
11 that, but anyway, I don't want to --

12 Yeah, and I have -- I know I didn't refer it
13 because I didn't -- I don't have any record of it and I have
14 all the referrals that I've ever sent since I started working
15 here, so --

16 Q Okay. And how about with respect to FYIs, do you
17 have records of those as well?

18 A You know, I don't want to say for sure I have all
19 of them. I think I have a lot of them, but I don't think I
20 have all of them. There is a period of time where I lost
21 e-mails and I don't know what -- it wasn't during the Madoff
22 period, but there was another period where I don't have data.
23 So I don't want to say for sure.

24 Q Okay. All right. Is there anything else you
25 recall about, either discussions you had about the matter or