

WALKER: You know, I want to make that clear that I don't know if we can believe the story.

BROWN: All right. A lot -- a lot still to come on this for sure. James Walker, Jim Moret, of course, and Jeff Toobin joining us. Thanks, guys.

BROWN: It's a long way from Wall Street to Bernie Madoff's new home behind bars. Tonight, hear for the first time what his life in prison is like including his new prison job. We're going to have the jailhouse interview when we come back.

(COMMERCIAL BREAK)

BROWN: Tonight, we're getting brand new insights into convicted Ponzi scheme mastermind Bernie Madoff. There are also new developments involving his wife.

Today, a court appointed trustee sued Ruth Madoff for nearly \$45 million alleging she received that much in fraudulent transfers from her husband and asking that that money go to Madoff's victims.

Her lawyers called the lawsuit perplexing and unwarranted. Madoff himself now serving a 150-year prison sentence for bilking investors out of at least \$13 billion.

An attorney for some of his other victims spent 4 1/2 hours interviewing Madoff yesterday. That lawyer, Joseph Cotchett, is tonight' newsmaker. I spoke with him about a pretty remarkable meeting he had.

(BEGIN VIDEOTAPE)

BROWN: First off, let me ask you just how did he seem to you? How did Madoff seem? He must be a bit of a celebrity in there.

JOSEPH COTCHETT, LAWYER FOR PONZI SCHEME VICTIMS: He is a bit of a celebrity. As a matter of fact, people are asking him for autographs which he offered, is not giving.

BROWN: How is he spending his time? Did he tell you? What does he do all day?

COTCHETT: Yes. He exercises. He walks around the track. He spends a lot of time reading and he's got a job. He's in the sign factory, if you want to call it that, where he paints signs and clerks to make sure that signs get painted. It's a long way from Wall Street.

BROWN: Yes, I'll say. So why did he do it? I mean, what explanation did he give you for this?

COTCHETT: There's only one word that comes to mind, as I sat with him for 4 1/2 hours. It's called greed.

You know, the guy just wanted to be bigger than the next. He's a very charming guy. He's off the streets of Brooklyn. He's no dummy. You can see how people put trust in him.

At the end of 4 1/2 hours, you're a little skeptical, obviously, about all of his answers. But he's a charming guy. His hair is cut short. He's 71 years old. He is adapting to prison life and I'm sure he'll adapt well.

BROWN: Madoff described his scam to you, and it wasn't exactly a sophisticated operation, was it?

COTCHETT: It was not only not sophisticated. It is amazing how simple it was.

BROWN: He was actually pretty surprised that it wasn't figured out by authorities sooner, that he didn't get caught sooner.

COTCHETT: He thought, in the year 2000-2001, to use the colloquial phrase, the gig was up. In 2002, he was involved with a situation that had to be audited where he thought for sure he might get caught.

In 2005, the SEC sat down with him for a full day and grilled him. And he told me that when he left that meeting, late in the afternoon, four, five, whatever it was, he thought the following morning he would -- excuse me, the following Monday he would be closed down. That was in 2005.

I asked him, I said Bernie, how much money did you have essentially in your fund at that time? I said, was it about \$16 billion or \$18 billion by our calculation? No. He said no, it was probably closer to 20.

So in 2005, 2006, when he sat down with the SEC, he thought on Monday, he would be closed down. Had he been closed down, \$20 billion would have been saved of investors' money.

BROWN: So how do you think he was able to fool the feds for so long?

COTCHETT: Truly, I don't want to use the word incompetent, but it's absolutely clear to me that people never dug to the next level and the next level was not very deep by his own admission.

BROWN: It's just stunning. Stunning.

COTCHETT: It's beyond stunning. It's beyond stunning to think how simple the scam was. When I left after 4 1/2 hours, my partner and I, Nancy Fineman (ph), said to me, can you believe it? I said, frankly, it's a book worth being read by every regulator in the United States and outside of this country.

BROWN: Let me ask you this.

COTCHETT: Sure.

BROWN: Did he, in your conversations, express any remorse? I mean, does he grasp how many people he's hurt?

COTCHETT: The final -- one of the final questions was asked by my partner, Nancy Fineman (ph), she looked over and she said, "Bernie, what do you want me to tell when I leave here today, when I get on a plane in Raleigh and leave North Carolina, what do you want me to tell the people I represent?"

There was a silence for a moment. He leaned over in his chair and he said to her, tell them how sorry I am.

Now, those are mere words, Campbell. Whether or not, in this guy's heart he's sorry, one thing is for sure. One thing is for sure, he's not happy in the circumstances he now finds himself, whether or not that translates into a contrition and/or true sorriness. But sorry is immaterial because sorry is not going to get any money back for these victims.

(END VIDEOTAPE)

BROWN: Joseph Cotchett, an attorney for victims of Bernie Madoff on his prison meeting with the man at the center of it all.