

Tort law

[Literature](#), [Russian Literature](#)



BERNIE MADOFF Bernie Madoff: Five Questions Evaluating His Criminal Behavior Word Count: 770 (3 pages Describe three types of illegal business behavior alleged allegations against Mr. Madoff and for each type of behavior, explain how the behavior is illegal or unethical in the conduct of business. (200 words) Basically, the unethical behavior alleged against Mr. Madoff included securities fraud, money laundering and perjury. Securities fraud is illegal, because, what Madoff basically did was manipulate the tally on the amount of money that he had. Madoff also apparently lied to officials, because he was alleged to have made false witness to a person of authority (either a judge or some other official in law enforcement). Madoff was charged with money laundering because he used the principal from some investments in order to make payouts for other peoples' investments, thus moving money around in an illegal fashion. This all came to a head when, according to " SEC Charges Bernard L. Madoff for Multi-Billion Dollar Ponzi Scheme" (2008), " Madoff admitted in [a] conversation [with two senior officials in his firm] that the firm was insolvent and had been for years, and that he estimated the losses from this fraud were at least \$50 billion" (pgh. 2). These were all unethical forms of conduct in the business world, as one is not legally allowed to commit securities fraud, nor launder money, nor perjure themselves in a court of law or otherwise. Businesses cannot allow these sort of ethical scruples to damage them. 2. Name three types of parties who were impacted by the actions of Mr. Madoff and describe how they were impacted. (150 words) Individual investors, charities, and the United States government were all most likely affected by Mr. Madoff's Ponzi scheme. Individual investors were affected because some of them lost all of

their money—including some individuals who lost up to a million dollars' or more worth of retirement savings—which they had been counting on at the end of retirement as a nest egg. Several charities—many of whom were Jewish—had been relying heavily on the Madoff investments as part of their investment strategies. Charities rely on those types of investments to secure funds for their various causes. Additionally, another party that was probably negatively impacted by the actions of Madoff was the U. S. government. If the government was paid inaccurately with regard to the tax returns of Madoff as well as his firm's employees and investors, the government lost money because it has to return back taxes for false returns.

3. Describe three business safeguards (risk management) that may have prevented the harm caused by Mr. Madoff. (160 words)

Three business safeguards that could have been prevented, in accordance with risk management standards, include the following: remaining transparency; keeping things clear with investors; and involving the firm in some type of regulation. There was obviously no transparency in how Bernie Madoff was doing his dealings. Somehow, then—billions of dollars suddenly disappeared. Second, the investors were kept in the dark. Financial regulations should have been put into place that prevented this type of fraud. However, what has now come to light is that Madoff did not act alone—in fact, he had several accomplices. Not only that, but it has also been made known that the bank JP Morgan Chase knew that something was not quite right with Madoff's practices, but chose to turn a blind eye to them. In that sense, perhaps safeguards might not have been enough, because obviously the many forms of oversight that were already in place—including SEC regulations—were overlooked. That

was wrong. 4. Describe three ways private investors might have better protected themselves from risk. (160 words) Private investors can do a multitude of things to keep themselves safe; three will be named here. First of all, savers should a) diversify and b) avoid making an investment which they don't comprehend. According to Stern (2008), "Savers shouldn't keep all of their money in any one investment or invest in any strategy they [don't understand]... In a time of wobbly stock and bond markets, Madoff's claims of year-in and year-out earnings of 10 percent may turn out to have been the most blatant red flag of all" (pp. 2). Thirdly, another important piece of advice that might have been useful to investors is to "trust, but verify" in the words of late American President Ronald Reagan. If investors had been savvy enough in terms of knowing where their money was going, and analyzing financial reports of the company, they may have known that the types of returns of 10% per year that Madoff was receiving didn't make fiscal sense. 5. Describe three legal actions that possibly may be brought against Mr. Madoff under criminal or civil law. (100 words) It was already decided what criminal charges would be brought against Madoff. Not only was he indicted or charged, but he was also eventually convicted on those charges. "[In early] 2009, Mr. Madoff pleaded guilty to all the federal charges filed against him — 11 felony counts, including securities fraud, money laundering and perjury. [On] June 29, he was sentenced by a federal judge to the maximum prison term: 150 years. He began serving his sentence four months later" ("Bernard L. Madoff, 2011, pgh. 3). Unfortunately his investors will have to live with his decisions for years to come as well. REFERENCES Bernard L. Madoff. (2011). Available: . SEC charges Bernard L. Madoff for

multi-billion dollar Ponzi scheme. (2008). Available: . Stern, L. (2008). Did Bernie Madoff steal your money? Available: .