

Madoff case



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What are the ethical issues involved in the Madoff case? Bernard Madoff was accused of fraud and creation of a Ponzi scheme which led to a \$65 billion investment loss for hundreds of investors in over the world. Bernard Madoff started a legal business by buying and selling over the counter stocks that were not listed on NYSE. He deceived many people into thinking his operation as legitimate, and completely abused his respectable name and position of power for his own personal advances.

He lied to his friends and clients from the beginning and as later documented in his allocution, he never invested any of the money he got. He became a thief. Madoff started a Ponzi scheme on levels never seen before. Madoff stole from friends, family and investors. Madoff did not invest the money as he promised; he simply used it to pay off the first set of investors at very high return rates (10-12%), so he could attract more money. There were also jobs given to family members who could have helped the scheme. Madoff's daughter was also married to a former Securities and Exchange Commission attorney. His company's financial reports were never made public during the time of the scheme. I wonder how his company passed the tax audit imposed question on the SEC internal system. There is a big question for US government system.

Do you believe that Bernard Madoff worked alone, or do you think he had help in creating and sustaining his Ponzi scheme? Would this represent a conflict of interest? " Speaking as a Jew on Christmas, I would be less shocked if Santa Claus showed up to my house than if Bernie Madoff pulled off this fraud alone," says Ron Geffner, a partner at law firm. So, I definitely believe Bernard Madoff did not work alone, he had help in creating and

sustaining his Ponzi scheme for 30 years. Without his accountants, family members, and other employees covering up his tracks, he wouldn't have gotten away with misleading so many officials who certified his operation as legitimate. Since these people were satisfied with the constant returns. They all shared in an expensive living condition, nobody questioned was made. Without these people, Madoff wouldn't have held up his operation for so long. Why internal accounting and auditing make no sense or Madoff's action. How Madoff elude investigation of SEC by transfer between his account and his family's account, those questions show that Bernard Madoff needs others help, he could not do these alone. The motivation of Madoff to set Ponzi scheme is very pure which only for money. The conflict of interest exists, the conflict is between personal interest and public interest, Madoff and his family enjoys their luxury life style by cheating, public interest gets hurt.

What should be done to help ensure that Ponzi schemes like Madoff's do not happen in the future? In order to prevent Ponzi schemes from recurring, internal controls and compliance standards that detect misconduct must be implemented. Awareness on these types of crimes needs to be raised as well. Investors should pay closer attention and realize that just because someone may seem to have a perfect resume, doesn't mean they're completely well fit and will act ethically. The market is unpredictable, so no one can ensure 100% for your interest in future. Furthermore, Government should run SEC effectively, so people can trust them before incident occur.