

Concealing Financial Data: “keeping all the relevant information” pertaining to Ponzi operator Madoff secret

By [Sherwood Ross](#)

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Court-appointed Trustee Irving Picard is “keeping all the relevant information” pertaining to the operations of convicted Ponzi scheme fraudster Bernie Madoff secret, says a legal authority who lost money invested with Madoff.

Lawrence Velvel, dean of the Massachusetts School of Law at Andover, charges Picard is not revealing vital information in order to reduce the amount the Securities Investor Protection Corp.(SIPC) would otherwise legally have to reimburse the swindled investors.

Velvel, a former Justice Department attorney, said Picard has revealed only the number of foreigners who invested indirectly with Madoff who are challenging Picard’s denial of their claims. “We do not know how much money they invested nor how much their final statements showed...nor how many foreign indirects are not challenging the denial of claims,” Velvel said.

If Picard denies many claims of foreign indirect investors “then it would be easier for SIPC to pay domestic directs(direct investors) if it or the courts were to choose to follow the law,” Velvel said. “It might also be easier for Congress to provide for domestic indirects if, as could well be true, they are relatively small potatoes next to the foreign indirects. But, again, we cannot know the numbers actually involved because Picard is not releasing the information.”

If the 2,600 indirect investors who are challenging Picard’s denial of their claims each invested \$10 million, it would amount to \$26 billion, or more than the Trustee says was the sum of cash-in last December 11th. But the actual figures could be substantially more or less. Thus, Velvel says, “It is essential to obtain...accurate numbers from the (Trustee) if victims, courts, Congress, or anyone else outside of the Trustee’s office and SIPC is to be able to assess the truth about SIPC’s ability to pay.”

The law school dean said the Bankruptcy Court “was obviously disposed not to allow discovery on these important topics or to itself require the Trustee to provide evidence that would prove or disprove anything the Trustee said.”

Velvel said “it is virtually a sure thing” that powerful foreign interests will bring lawsuits in international tribunals if the claims of their defrauded investors are not met. “The end result could well be that wealthy foreigners—royalty and foreign Mafiosi...will obtain recompense through international tribunals for Madoff’s fraud while middle class Americans who lack

political clout are left to twist in the wind.”

Dean Velvel’s comments are taken from his essay of March 30th, 2010, published on “Velvel @VelvelonNationalAffairs.com .The Massachusetts School of Law at Andover is recognized nationally as an innovative law school whose pioneering mission is to provide rigorous, affordable legal education to members of the working class, minorities, people in midlife, and immigrants.Through its television shows, videotaped conferences, an intellectual magazine, and internet postings, MSL — uniquely for a law school — also seeks to provide the public with information about crucial legal and non legal subjects. #

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