

Five more convicted in Madoff Ponzi scheme

Jamie Dimon continues to escape prosecution

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A federal jury on Monday convicted five former employees of Bernard Madoff on charges of helping him run the biggest Ponzi scheme in US history.

The verdict came just 11 weeks after JPMorgan Chase, Madoff's primary bank, reached a \$2 billion settlement with federal prosecutors that included a "deferred prosecution" agreement. US prosecutors listed the bank's Madoff-related crimes, which the bank acknowledged, but the government stopped short of an indictment of either JPMorgan or its CEO, Jamie Dimon. This was a continuation of a policy of shielding Dimon, once known as Obama's "favorite banker," from being held accountable for multiple frauds committed by his bank.

The convicted employees included Daniel Bonventre, Madoff's director of operations for investments, Annette Bongiorno, his personal secretary, JoAnn Crupi, an account manager, and computer programmers Jerome O'Hara and George Perez. Prosecutors said the employees each received tens of millions of dollars in salaries, bonuses and perks for their role in the scheme.

Much of the evidence against the defendants was brought by Frank DiPascali Jr., the company's former chief financial officer and Madoff's partner for over three decades. DiPascali, who pled guilty in 2009 to conspiracy and tax evasion, provided evidence in hopes of reducing his 125-year prison term.

The testimony revealed the daily falsification that took place at Madoff's firm. As the *Wall Street Journal* reported: "In one instance, Mr. DiPascali testified he saw Messrs. O'Hara and Perez and Ms. Crupi putting a new fake document in the fridge to cool it down after it came off the printer and then throwing it around like a 'medicine ball' to make it look used before turning it over to a KPMG auditor who had arrived to collect it."

In an interview with *Politico* last week, Madoff, who

is serving a 150-year prison term, reiterated his claim that JPMorgan officials knew he was running a Ponzi scheme through their bank, but kept doing business with him because they were making a great deal of money. "JPMorgan knew it," said Madoff.

For over a decade, Madoff ran his Ponzi scheme out of a bank account at JPMorgan. Instead of making trades with the money he received from investors, Madoff simply deposited the funds in an account at the bank, from which he paid dividends.

Madoff told *Politico* that JPMorgan had access both to his finances and those of his clients, including Norman Levy, a real estate investor. "They saw a disconnect between information I was providing and what Levy provided," said Madoff. "They chose to turn a blind eye because Levy was too big of a client, as well."

The statement of facts presented in the US government's settlement with JPMorgan notes that the bank had a "continuous banking relationship" with Madoff since "at least approximately 1986." It states that "at various times between the late 1990s and 2008, employees of various divisions of [JPMorgan] raised questions about Madoff Securities, including questions about the validity of Madoff Securities's investment returns," but never informed regulators or broke off relations with Madoff.

Last month, former Madoff shareholders filed a civil lawsuit in the Southern District Court of New York against JPMorgan executives, alleging they knew about Madoff's Ponzi scheme. They assert that JPMorgan was "uniquely positioned for 20 years to see Madoff's crimes and put a stop to them," but that top executives "chose to turn a blind eye."

The lawsuit includes Dimon as one of 13 defendants. Two other executives, Walter Shipley and Robert Lipp,

are accused of having voiced concerns that Madoff's returns were fraudulent.



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