

PRESS CUTTING

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£33 BILLION FRAUD IS 'TIP OF THE ICEBERG'

BYLINE: Neil Lancefield, Press Association

The investigation into an alleged £33 billion fraud by Wall Street trader Bernard Madoff was today branded "the tip of the iceberg".

The former Nasdaq Stock Market chairman's company collapsed shortly before his arrest on Thursday, leaving investors including Britain's Nicola Horlick worried about big losses.

Mr Madoff, 70, faces a charge of securities fraud following the collapse of Bernard L Madoff Investment Securities. He has been released on bail.

Mr Madoff had a reputation for steady returns which made him popular with investors and led to suspicions from his rivals.

A spokesman for Bramdean Asset Management, of which Ms Horlick is chief executive officer, said: "It is astonishing that this apparent fraud seems to have been continuing for so long, possibly for decades, while investors have continued to invest more money into the the Madoff funds in good faith."

The Madoff investments represent 9.5% of the Bramdean Alternatives Limited portfolio. Steven Philippsohn, senior partner of city firm **PCB Litigation** and chairman of the Commercial Fraud Lawyers Association, said: "This is the tip of the iceberg and an early example of the news that we are going to get very used to hearing during this recession.

"As the credit crunch bites, more and more problems will come to light. People will need money to pay off their debts and if the money isn't about, then they will steal.

"We always find in times such as these that people are scrutinised as to where they get their money from.

"Liquidators analyse where money has gone. Whereas in the past it may have been swept under the carpet, liquidators will detect fraud."

"The case highlights the need for effective controls and effective deterrents. Where fraud is involved, there is an immediate need to identify and attach assets of accountable parties.

"This includes not only the fraudster but also those who allowed it to happen such as those who misrepresented and missold the product."