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'Evil' Madoff Gets 150 Years in Epic Fraud

Victims Cheer Tough Sentence; Judge Slams Financier for Stonewalling Investigators; True Size of Losses Still a Mystery

By [ROBERT FRANK](#) and [AMIR EFRATI](#)

Bernard Madoff, the self-confessed author of the biggest financial swindle in history, was sentenced to the maximum 150 years behind bars for what his judge called an "extraordinarily evil" fraud that shook the nation's faith in its financial and legal systems and took "a staggering toll" on rich and poor alike.

The landmark sentence, one of the stiffest ever given for a white-collar crime, came just six months after Mr. Madoff, a pioneer on Wall Street, allegedly told his sons that his entire business was a massive Ponzi scheme. The penalty sparked a burst of applause in a courtroom packed with victims of the fraud.

Earlier, nine of those victims confronted Mr. Madoff in court, calling him a "monster" and a "low life."

"I hope his sentence is long enough so his jail cell will become his coffin," said Michael Schwartz, 33 years old, of New Jersey, who said his family's funds with Madoff had been for the care of his mentally disabled brother.

U.S. District Court Judge Denny Chin noted that more than 100 victims had written letters to him, citing one from a widow who said she went to see Mr. Madoff two weeks after the death of her husband, who had invested their life savings with him. Mr. Madoff put his arm around the widow and said, "Your money is safe with me," according to the letter Judge Chin cited. Judge Chin said Mr. Madoff didn't receive a single letter or statement of support before the sentencing.

Mr. Madoff, dressed in a charcoal gray suit and wearing rimless glasses, appeared without a single member of his family in attendance. He kept his back to the victims as they spoke. But for a brief moment during his remarks, he turned around to face them and said: "I'm sorry. I know that doesn't help you."

Mr. Madoff, 71, also told the court, "I will live with this pain, with this torment, for the rest of my life."

While the trial phase of Mr. Madoff's legal battle is ended, many questions remain unanswered. The public still doesn't know the exact breadth of the losses and whether co-conspirators were involved. The case has also highlighted shortcomings of financial watchdogs, particularly the Securities and Exchange Commission, which failed to catch the crime despite repeated warnings.

Judge Chin faulted Mr. Madoff for failing to be more forthcoming with authorities since his Dec. 11 arrest. "I don't get a sense that Mr. Madoff has done all he could, or told all that he knows," the judge said.

During a short statement in court, Mr. Madoff spoke softly and pressed his hands against the defense table. He

continued to insulate his family and co-workers, saying they were lied to. Family members who worked at the firm, as well as some employees, remain under scrutiny but haven't been charged. He periodically drank water from a paper cup.

"I cannot offer you an excuse for my behavior," Mr. Madoff said. "How do you excuse betraying thousands of investors who entrusted me with their life savings? How do you excuse deceiving 200 employees who spent most of their working life with me? How do you excuse lying to a brother and two sons who spent their entire lives helping to build a successful business? How do you excuse lying to a wife who stood by you for 50 years?"

Mr. Madoff's wife, Ruth Madoff, after the sentencing made her first public statement, saying that "like everyone else, I feel betrayed and confused. The man who committed this horrible fraud is not the man whom I have known for all these years."

Mr. Madoff's attorney, Ira Sorkin, said that Mr. Madoff was a "deeply flawed individual" but maintained that most of the fraud money went to other investors. He added that the \$13 billion figure cited by the government as the net losses suffered by account holders since 1995 was overstated, since at least \$1 billion in recovered assets will be returned to investors, and perhaps a lot more. The judge said that was irrelevant to the case. Mr. Sorkin said Mr. Madoff deserved only 12 years in prison, since he was 71 and had helped the government in its investigation -- a statement Judge Chin questioned.

After the sentence, Mr. Sorkin said he hadn't decided whether to appeal. "The judge has ruled," he said. Because the sentence is within the federal sentencing guidelines for the case, which are advisory, few lawyers believe an appeals court would rule that it's too high.

The sentence marked a victory for federal prosecutors who asked for the 150-year sentence, the statutory maximum for the 11 criminal counts he pled guilty to, citing the fraud's size and duration. Mr. Madoff ran the Ponzi scheme for at least 20 years, prosecutors say.

It's unclear where Mr. Madoff will do his time; the decision is made by the Bureau of Prisons. Mr. Sorkin asked for a medium-security prison in Otisville, N.Y., but Judge Chin said only that he would recommend to the bureau that it choose an appropriate facility in the Northeast.

Bureau of Prisons guidelines recommend a high-security prison facility for inmates serving sentences longer than 30 years. However, the bureau may still determine that a lower-security prison is appropriate.

There's no parole in the federal system. Mr. Madoff is eligible for 15% off from his original sentence for good behavior, which would still leave him facing at least 127 years.

The sentencing, while high, isn't a record for financial fraud. In the past decade there have been sentences as high as 330 and 845 years.

The case continues to reverberate on Wall Street. Michael Holland, chairman of Holland & Co., a New York investment company, says he thinks the Madoff case is one reason a number of investors, including wealthy families, endowments and charities, are moving from using a money manager to more "passive" investment strategies, such as index funds that track broad markets and leave less room for individuals to direct money.

"The future of the money-management business looks less rosy," he says. "Years ago, people had to have their money managed somewhere, but today you may not be able to charge the large fees and live in Palm Beach to do it."

But some are skeptical the impact from the Madoff case will be long lasting.

"Every time you get a bubble that bursts, scams come to light, but 10 years down the road we'll be well past this, it will

be ancient history," says Bert Ely, a longtime banking consultant in Alexandria, Va. "There always will be new scammers and they won't be dissuaded by this. He's getting life in jail but look at all the great years he's had."

—Gregory Zuckerman, Ashby Jones, Robert Copeland and Chad Bray contributed to this article.

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