

PRESS RELEASE

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SEC Charges Accountant for Madoff Clients for Role in Creating False Books and Records

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Washington D.C., Sept. 26, 2013 — The Securities and Exchange Commission today charged the longtime accountant for many of Bernard Madoff's oldest and wealthiest clients for his role in the creation of false books and records used in the massive Ponzi scheme.

The SEC alleges that Paul Konigsberg's assistance resulted in the formation of inaccurate trade confirmations each month as well as the development of phony data and records documenting the fabricated trades that were, in turn, falsely reflected in the ledgers and related books and records at Bernard L. Madoff Investment Securities LLC (BMIS).

"Konigsberg played a vital role in Madoff's deception of his oldest and wealthiest clients over many years," said Andrew M. Calamari, Director of the SEC's New York Regional Office. "Konigsberg's acquiescence, cooperation, and collaboration were essential to the Madoff fraud."

In a parallel action, the U.S. Attorney's Office for the Southern District of New York today announced criminal charges against Konigsberg.

According to the SEC's complaint filed in U.S. District Court for the Southern District of New York, Konigsberg aided and abetted the falsification of books and records at BMIS from at least the mid-1990s to late 2008. Konigsberg provided tax or accounting services for more than 200 BMIS client accounts, including five of Madoff's wealthiest and oldest clients who invested more than a billion dollars combined in BMIS. Konigsberg received fees directly from BMIS clients for the accounting services that he provided them, and BMIS and Madoff paid him a monthly fee of \$15,000 or \$20,000 as a "retainer" for providing accounting services to a wealthy and longtime Madoff client and his adult children.

The SEC alleges that Konigsberg coordinated with BMIS staff to:

- Decide upon desired investment or tax gains and losses to be manufactured and reflected on BMIS account statements and in BMIS computer systems to ensure his clients enjoyed favorable tax treatment for their purported investment activity.
- Confer about backdated trades and fictitious account activity entered into the computer systems to create the desired trading results.
- Return or destroy his clients' true BMIS account statements and design alternative fictitious account activity to be entered into the firm's books and records and reflected on new phony account statements.

The SEC's complaint alleges that Konigsberg, who lives in Greenwich, Conn., aided and abetted the BMIS violations of Section 17(a) of the Securities Exchange Act and Rule 17a-3, and Section 204 of the Investment Advisers Act and Rule 204-2. The SEC's complaint seeks disgorgement of ill-gotten gains, financial penalties, and permanent injunctions against Konigsberg.

The SEC appreciates the assistance of the U.S. Attorney's Office for the Southern District of New York and the Federal Bureau of Investigation. The SEC's investigation is continuing.

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