

# Newsday

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## Madoff settles one case

■ **Agrees in SEC deal to not sell assets that could be used to repay investors; criminal case won't be affected**

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Accused Wall Street scammer Bernard Madoff settled some of his legal troubles by agreeing to an injunction that permanently stops him from trying to sell off any assets that could be used to repay customers allegedly bilked in a \$50-billion Ponzi scheme, according to the Securities and Exchange Commission.

Madoff, without admitting or denying any of the fraud claims

against him in an SEC lawsuit, also agreed to pay civil fines and other penalties in amounts that will be determined later, according to documents filed yesterday in Manhattan Federal Court.

Yesterday's development consisted of a partial judgment in the civil case brought by the government in December but has no impact on the criminal fraud case for which Madoff is being prosecuted by the U.S. attorney's office in Manhattan. Madoff, 70, was arrested on Dec. 11 after federal officials said he confessed to running a giant Ponzi scheme with his investment company. He is under house arrest at his Upper East Side apartment on a \$10-million bond.

"It is only the civil matter. It

has no implications to the criminal charge with respect to his arrest," said Madoff's attorney, Ira Sorkin.

The criminal case is scheduled for a hearing in Manhattan Federal Court tomorrow. But legal sources said that date, which requires the government to announce an indictment or hold a hearing on the original complaint, may be postponed. If the criminal case court appearance is delayed, it could be an indication that prosecutors need

more time or are negotiating with defense attorneys over a plea bargain, the sources said.

"He is really not giving anything up and what he is doing is trying to ingratiate himself with authorities," Jerry Reisman, a Garden City attorney who represents some investors, said of the settlement.

Other attorneys see the civil settlement as of limited importance. "It is a step in the right direction in that it shows some progress being made," Christopher Bebel, a former SEC attorney in private practice in Houston, said about the civil settlement.

But he said Madoff can't pay back the customers to any significant degree.

Boyd Page, a lawyer in Atlan-

ta who represents investors in securities industry cases, thought the settlement was "window dressing."

"He [Madoff] was already standing under a court order not to transfer assets," Page said.

In a related development, Irwin Kellner of Port Washington, an economist and commentator on MarketWatch.com, agreed to drop his federal class-action suit against Madoff's firm. In court papers filed in Brooklyn federal court, attorneys for Kellner, who claims he lost \$3 million with Madoff, said an automatic stay issued by the Manhattan bankruptcy judge effectively halted the suit against the firm. But Kellner's attorneys intend to pursue Madoff individually.

### Leaving SEC

Commission's enforcement officer quits following fallout from Madoff case.

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