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Peter Madoff, right, appears in State Supreme Court in Garden City earlier this month with his attorney Charles Spada. Madoff is being investigated overseas.

Peter Madoff under scrutiny

■ Brother of swindler Bernard focus of probe in connection with London investment firm

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Peter Madoff, the 63-year-old younger brother and business partner of swindler Bernard, is facing his own share of scrutiny.

Investigators in England are now focusing attention on Peter because, they believe, he not only has information about how the Madoff business enterprise in London was run but that he also may have improperly received assets from the firm in the months before his brother confessed to running a giant swindle.

Though Peter Madoff apparently profited handsomely from his days as a key executive and compliance officer with his brother's companies, he now has complained of being cash-strapped. Recently a State Supreme Court justice in Mineola limited Peter Madoff to \$10,000 a month in living expenses after he was sued by an investor. He also faces an investor lawsuit in Connecticut.

John Wing, Peter Madoff's attorney in Manhattan, told Newsday last week that his client lost millions of dollars through Bernard's fraud. "Any suggestion that Peter Madoff knew that his brother was engaged in this Ponzi scheme is absurd," Wing said.

Garden City attorney Jerry Reisman represents several defrauded investors of Bernard Madoff and said "I don't know at this moment if the government has information to nail him [Peter] in the fraud."

But because Peter Madoff was a compliance officer for his brother's business, Reisman thinks it is fair to raise questions about his actions.

Peter Madoff's most recent problem

stems from the London-based Madoff Securities International Ltd., a company Bernard Madoff has said in court was a legitimate investment company. But federal prosecutors in New York and investigators appointed by the High Court in London have charged that Bernard Madoff used the London operation in connection with his New York Ponzi scheme.

By pleading guilty last month to running a \$65-billion fraud, Madoff, who is awaiting sentencing in June, admitted that money from the London office was sometimes used as a personal piggy bank for the purchase of things for his family members and associates.

One of the luxury items purchased with London money appears to be a vintage Aston Martin touring car. On Tuesday in a federal bankruptcy court in West Palm Beach, Peter Madoff was sued by London officials for the return of the car purchased for an estimated \$238,000. The funds, disbursed in two wire transfers in March and May 2008, allegedly came from the accounts of MSIL, according to court papers.

While the wire transfers were listed on company books under a personal loan account of Bernard Madoff, 70, the funds were repaid from corporate accounts not the personal funds of Bernard or Peter Madoff, court records stated.

The liquidators said the Aston Martin, which reportedly was one of 764 manufactured in the 1950s, was "fraudulently transferred." In bankruptcy law the terms, that essentially means a transfer of an asset within a year of a bankruptcy filing while a company was insolvent — and not necessarily a criminal act.

Reisman isn't sorry about Peter Madoff's problems.

"Certainly all of his assets should be frozen," said Reisman, adding until the mess is sorted out.