

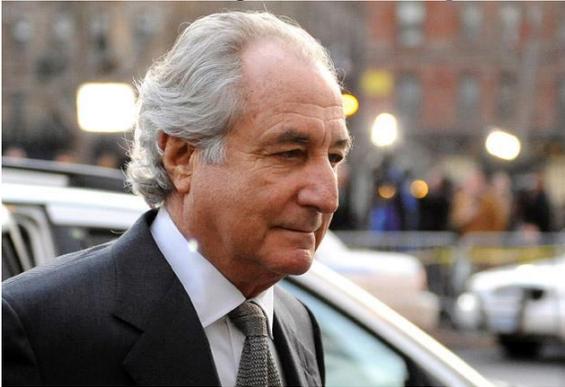
Bernie Madoff Insists JPMorgan Knew of Ponzi Scheme

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By [Lennox Yieke](#)

Bernie Madoff continues to insist that big banks and feeder funds knew his investment was a Ponzi scheme, and urges U.S attorney to investigate them.
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Bernie Madoff, the 70 year old Ponzi convict currently serving a 150 year sentence, told Fox Business Network that big [banks](#) allied to his investment firm knew that his firm was a Ponzi scheme. In an email penned to [FBN](#), Bernie Madoff urged the [bankruptcy](#) trustee and the U.S attorney concerned with the case to go after [JPMorgan](#) Chase & Co. (NYSE:JPM).



Bernie Madoff said he had an account with JPMorgan Chase, exclaiming that he had used the account recurrently to funnel funds between his New York and London offices. Bernie Madoff has mentioned on several occasions that JPMorgan Chase & Co. (NYSE:JPM) knew of the ponzi scheme, but the bank has in the past denied any knowledge of Madoff's allegations.

Madoff also implicated the feeder funds which were, at the time, allied to his investment firm. He argues that these funds raised billions of dollars for his firm by signing up unsuspecting clients who were completely oblivious to the fact that their money was going to Madoff's firm.

Bernie Madoff insists that investigators should establish whether the feeder funds used profits generated from the scheme to advance loans to family members. Madoff was noted to have done the same; using his misbegotten gains to advance loans to members of his family- notably Mark and Andrew, his two sons. Mark however committed suicide toward the fall of 2010, two years after his father's arrest.

Tussle among burned investors takes new twist

Irving Picard, the bankruptcy trustee in charge of recovering assets, has been on the receiving end of angry investors. As we had earlier reported in September 2012, a total of about \$17.3 billion had been lost in Madoff's notorious Ponzi scheme. As of this writing however, Picard has managed to

recover \$9.3 billion, \$4.93 billion of which has been returned to qualified direct investors. Even with this progress, the tussle among burned investors continues.

Madoff's email was coincidentally sent the same day that two federal appeals court issued a ruling against indirect investors in the ill-famed scheme. In the first ruling against the indirect investors, the court contended that money which had been placed into Madoff's firm through feeder funds could not be recouped.

This was a great victory for Picard, who has on several occasions refused to pay indirect investors on the grounds that the lack direct linkage to Madoff.

In the second case, a Manhattan case ruled that benefits, pension and health-care funds for electrical workers, brick layers and construction workers were not actual Madoff customers. As in the prior case, these investors were not directly linked to Madoff.