

Avellino & Bienes notes paying 15% to 19% annually, while paying Telfran investors lower rates.

All the while, Mr. Madoff was scoring investment returns that comfortably exceeded the hefty returns Avellino & Bienes was promising its noteholders. That excess return generated big profits for the two accountants, the SEC suit indicates. The SEC has asked that those profits be returned as "unjust enrichment," a demand Mr. Sorkin calls "totally unwarranted." For his part, Mr. Madoff says he charged the investment pools only what he described as standard brokerage commissions. He termed turnover in the accounts "not very active," almost nil in some years.

EXHIBIT 3

Special Reports

Notable Analyst Rating
Changes 3/30: BNI,
HMC, VOD, CHD
Upgraded: UNP, POT,
CBS, BCS Downgraded

Notable Mergers and
Acquisitions of the Day
3/30: CF/AGU, FITB,
IUSA

Morning Movers 3/30:
SORL, IOC, ABMD, MDT
Higher; ARNA, GTIC,
GM, MTW, DRYs, F,
BGS, C Lower

Market Snapshot

Nasdaq S&P 500 NYSE



Nasdaq 1503.04
-42.16 (-2.73%)

S&P 500 793.75
-22.19 (-2.72%)

NYSE 4924.60
-172.04 (-3.36%)

Quotes delayed at least 20 mins.

CEO Wealthmeter

+17.71M (+0.37%)
Holdings: 7.36B
Salary: 81.84K

Jeffrey P. Bazos Amazon.com
Inc AMZN | News | Chart | Profile

+17.42M (+0.25%)
Holdings: 963.63M
Salary: 286.87K

Sanjiv S. Sidhu I2 Technologies
Inc ITWO | News | Chart | Profile

+172.28K (+0.29%)
Holdings: 118.00M
Salary: 21.41M

Peter Kermanos
Jr. Compware Corporation
CPWR | News | Chart | Profile

+185.23K
(+12.39%)
Holdings: 6.61M
Salary: 872.41K

Edward F. Crawford Park-Ohio
Holdings Corp PKOH | News | Chart | Profile

+144.16K (+28.92%)
Holdings: 498.53K

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SIPC's Role In Madoff-Of-All-Scams Could Save The Stock Market

December 18, 2008 2:14 PM EST
Could the Bernard Madoff fraud actually help the
stock market?

The SIPC came out with a statement last night
indicating that they will be involved in the Madoff
situation. The SIPC maintains a special reserve
fund authorized by Congress to help investors at
failed brokerage firms. The SIPC reserves are
available to satisfy the remaining claims of each
customer up to a maximum of \$500,000, including
a maximum of \$100,000 for cash.



It seems likely that most, if not all, of the
statements Bernard Madoff delivered to clients were entirely bogus. Based on the
SIPC mandate, it could be in the realm of possibility that the SIPC has to buy
securities to replace those that were faked on statements delivered to Madoff
clients.

Based on a conversations with the SIPC general counsel Josephine Wang, if
clients were presented statements and had reason to believe that the securities
were in fact owned, the SIPC will be required to buy these securities in the open
market to make the customer whole up to \$500K each. So if Maddoff client
number 1234 was given a statement showing that they owned 1000 GOOG
shares, even if a transaction never took place, the SIPC has to buy and replace
the 1000 GOOG shares.

Imagine \$50 billion in net buying to the stock market, on behalf of the SIPC, to
replace client's stocks that were never bought? While this likely won't happen to
this extent, it is in the realm of possibility.

Ms. Wang indicated to us that the SIPC has a budget of just \$1.6 billion and a few
credit lines worth \$2 billion total. While SIPC is a non-profit organization, they
have indicated to us that they will try to make as many people as whole as
possible. They claim to be free from any conflicts of interest, even if the amount
needed would eclipse their budget. When asked if the Madoff claims came in at
\$5 billion what would be done, Ms. Wang indicated to us that they could look to
Congress for the money.

The SIPC said their involvement with the Madoff case strictly involves the broker-
dealer. So, one of the main issues the SIPC trustee appointed to the Madoff case
will have to address is how Madoff hedge fund clients and other investment
management clients will be dealt with. Will they be protected? Also, if a hedge
fund that invested in Madoff has 100 clients, will the SIPC pay out \$500K just to
the hedge fund or \$500K to each of the 100 clients?

There are many questions that are still unanswered on the massive Bernie Madoff
ponzi scheme, but it would be ironic if the biggest scam in history, that has hurt so
many people, turned out to be a slight positive to the market. Our prayers are with
all of those who have lost money having faith in Madoff and the system that has
failed us.

Stocks Mentioned

Related Entities

- Hedge Funds
- Bernard Madoff

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- Auto and Auto-Related Stocks Smashed On
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Salary: 229.45K

Robert L. Bauman Hickok Incorporated
HICKOK | News | Chart | Profile

+118.74K (+0.75%)
Holdings: 4.77M
Salary: 12.93M

George A. Schaefer, Jr. Fifth Third Bancorp
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Comments

MS Wang

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Audrey on Mar 29, 2009 03:59 PM

It is absolutely essential that we clarify Ms. Wang's position and then find out who Ms. Wang has to account to. For those who do not realize it, the SEC sanctioned Madoff several times and thus failed to protect the investors against fraud. The tax laws only go back 6 years.

Josephine Wang

Ronnie Sue Ambrosino on Mar 29, 2009 03:41 AM

It is my understanding that Ms. Wang is now denying the fact "if clients were presented statements and had reason to believe that the securities were in fact owned, the SIPC will be required to buy these securities in the open market to make the customer whole up to \$500K each. So if Maddof client number 1234 was given a statement showing that they owned 1000 GOOG shares, even if a transaction never took place, the SIPC has to buy and replace the 1000 GOOG shares." Can the author of the article clarify this confusion for more than 8000 Investors who received SIPC claim forms? Please send to: Info@bernardmadoffvictims.org

WHERE IS THE MONEY?

JOANNE on Jan 6, 2009 02:57 PM

What could have happened to all this money he took? I am sure not all of it went to pay dividends/interest? They should sleze all his assets, sell them and divide amongst the people let out in the cold. I realize that people were taken by him, but also, they were a little greedy. Something too good to be true usually is.

Institutional Investors?

Benito M on Dec 22, 2008 03:18 PM

Can anybody explained how "sophisticated" Institutional types like HSBC and Santander were dupped by this Madoff Scheme? We have to rename this scheme. Were the credit risk management team on holiday during this endeavor. This whole "staged event", in light of Robert Rubins looting of twice as many sheckels, seems very suspicious. Gee, Robert Rubin is amongst the Obama team. You better wake up America! The depth of this kosher mafia is in ALL aspects of American society!!! <http://iamthewitness.com/news/2008.12.18-The.Madoff.Double-Bluff.html>

Madoff and SIPC

Thomas Mullooly on Dec 19, 2008 10:50 PM

The purpose of the SIPC is to protect investors who have been damaged due to a brokerage failure...NOT fraud. Sadly, the SIPC is not designed for this situation. These losses are from theft, not from a brokerage failure. There are tax laws designed to allow write-off for nearly every dollar lost due to theft. This would ultimately be more valuable to investors than getting a potential \$500,000 back (whenever that may or may not happen) versus multi-million dollar losses.

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EXHIBIT 4

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3/28
ORIGINAL

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UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

In re New Times Securities Services, Inc.

Case No. 800-8718 (SB) SIPA

Debtor.

LIMITED OBJECTION TO TRUSTEE'S
DETERMINATION OF CLAIM

Claimants Simon Noveck and Helga Noveck (the "Novecks") hereby submit their limited objection to the Trustee's determination regarding a customer claim asserted by them (the "Claim") in this proceeding.

In their Claim, the Novecks assert, for reasons explained below, that they are owed \$321,010.08 for purchases of shares of the New Age Securities Money Market Fund ("NASMMF"). In his March 2, 2001 determination with respect to the Claim, the Trustee advised that, while the Novecks had deposited \$300,000.00 for the purchase of shares of NASMMF, the Trustee will pay (or satisfy) the claim only to the extent of \$100,000. (A copy of the Novecks' Claim is annexed as Exhibit A hereto; a copy of the Trustee's determination is annexed as Exhibit B hereto).

As explained below, the Novecks are entitled to have their claim satisfied in the amount of \$321,010.08, which is the value of their "net equity" claim for shares of NASMMF held for their account by the Debtor. The Trustee's determination here is contrary to applicable

Exhibit A

Exhibit B

Exhibit C

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The Novecks respectfully represent as follows:

BACKGROUND

1. On February 17, 2000, the United States Securities and Exchange Commission ("SEC") filed a Complaint (the "SEC Complaint") in the United States District Court for the Eastern District of New York (the "District Court") against William Goren ("Goren"), New Age Financial Services, Inc. ("New Age") and New Times Securities Services, Inc. ("NTSSI"). The SEC Complaint alleges that Goren conducted a long-running "ponzi" scheme, defrauding hundreds of investors and causing investor losses currently estimated by the SEC at \$32.7 million. NTSSI was named as a relief defendant in the SEC action, *inter alia*, because of its receipt of transfers from the New Age "ponzi" scheme account at Fleet Bank of not less than \$1,243,000 in 1998 and \$340,000 in 1999. On March 9, 2001, Goren, who had pled guilty to his criminal conduct, was sentenced to a prison term of 87 months for his role in the "ponzi" scheme.

2. By application, dated May 16, 2000, to the District Court, the Securities Investor Protection Corporation ("SIPC") sought the issuance of a Protective Decree adjudicating that the customers of NTSSI were in need of the protection afforded by the Securities Investor Protection Act of 1970 ("SIPA"). By Order of the District Court, (i) all proceedings relating to NTSSI were transferred to this Court; (ii) NTSSI was placed into liquidation; and (iii) James W. Giddens, Esq. of Hughes Hubbard & Reed LLP was appointed as Trustee for the liquidation of NTSSI.

3. By motion, dated November 6, 2000, the Trustee sought an order substantively consolidating the NTSSI and New Age estates. The District Court subsequently authorized the Receiver for New Age to consent to the Trustee's substantive consolidation motion, and this Court approved the Trustee's motion and entered an Order, dated November 27, 2000 (the

...of the combined estate. Pursuant to the Consolidation Order, all claims against the combined estate are to be treated as if they were claims against the combined estate. All intercompany liabilities and claims are to be cancelled, and the combined estate is to be administered by the Trustee in accordance with SIPA and the Bankruptcy Code under the jurisdiction of this Court.

Pursuant to the Consolidation Order, for purposes of determining "customer" claims under SIPA, the "Debtor" includes NTSSI and New Age for claims arising after April 19, 1995, the date that, according to the Trustee, NTSSI became an SEC registered broker-dealer and SIPC member. The consolidated entities are referred to herein collectively as the "Debtor".

THE CLAIM

5. Simon and Helga Noveck reside in Flushing, Queens, New York. Simon Noveck is 80 years old, in extremely poor health, and disabled.¹ Both Simon Noveck and Helga Noveck are retired. After coming to the United States after World War II, Simon and Helga both worked, living modestly, and Simon Noveck ultimately managed to start his own small business, designing, constructing, and assembling parts for printing press machines for use by newspapers.

6. After their youngest son graduated college, the Novecks finally were able to begin to save some money. Having been introduced to William Goren by Adriane Berg of WABC, who endorsed and touted investing with Goren, the Novecks began investing with Goren in September 1998. The Novecks advised Goren, consistent with the endorsement of Goren by Adriane Berg (upon which they relied), that they wanted to invest in the safest and most conservative investment available. They informed Goren of their personal circumstances; Goren knew that the Novecks were Holocaust survivors, whose life savings were the result of years of honest, hard work, and that such savings were needed for the Novecks' retirement. Goren placed

¹ After several operations, Simon Noveck underwent a hemipelvectomy when his youngest son was 8 years old. Simon Noveck today is in most fragile health, and is only able to walk with extreme difficulty.