



UNITED STATES ATTORNEY'S OFFICE
Southern District of New York



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FOR IMMEDIATE RELEASE
Monday, December 19, 2011
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MANHATTAN U.S. ATTORNEY ANNOUNCES GUILTY PLEA
OF FORMER CONTROLLER AT BERNARD L. MADOFF
INVESTMENT SECURITIES LLC

Preet Bharara, the United States Attorney for the Southern District of New York, announced today that ENRICA COTELLESA-PITZ, the former Controller at Bernard L. Madoff Investment Securities LLC (“BLMIS”), pled guilty in Manhattan federal court to a four-count Superseding Information charging her with conspiracy, as well as substantive counts of falsifying books and records of a broker-dealer, falsifying books and records of an investment adviser, and making false filings to the Securities and Exchange Commission (“SEC”). COTELLESA-PITZ pled guilty before U.S. District Judge Laura Taylor Swain. As part of her guilty plea, COTELLESA-PITZ has agreed to cooperate with the Government in its ongoing investigation of the fraud that occurred at BLMIS.

According to the Superseding Information, plea agreement and other documents filed in connection with the case:

COTELLESA-PITZ was employed at BLMIS from 1978 through December 11, 2008. In 1998, COTELLESA-PITZ became the Controller of BLMIS. Beginning in the late 1990s until the collapse of BLMIS in 2008, COTELLESA-PITZ, allegedly along with other co-conspirators, created false and misleading entries in the books and records of BLMIS and in reports filed with the SEC. The false and misleading entries were used to disguise transfers of funds from the BLMIS Investment Advisory (“IA”) business to BLMIS’s Market Making and Proprietary Trading operations. The transfers made the Market Making and Proprietary Trading operations of BLMIS appear profitable when they were not.

In addition, COTELLESA-PITZ, allegedly along with other co-conspirators, created false and fraudulent documents that were given to the SEC in connection with its audit of BLMIS. COTELLESA-PITZ, and allegedly other co-conspirators, also created false and fraudulent documents in connection with tax audits of Bernard L. Madoff.

* * *

COTELLESA-PITZ, 53, faces a statutory maximum sentence of 50 years in prison. The statutory maximum sentences for each of the charged offenses are set forth in the attached chart. COTELLESA-PITZ is also subject to mandatory restitution and criminal forfeiture and faces criminal fines up to twice the gross gain or loss derived from the offense. Pursuant to the

agreements entered into with the Government, COTELLESSA-PITZ has agreed to forfeiture of more than \$97 billion. The net proceeds from the sale of the forfeited property will be used to compensate victims of the fraud, consistent with applicable Department of Justice regulations.

Following the guilty plea, Judge SWAIN released COTELLESSA-PITZ on a \$2.5 million bond on the condition that the bond be co-signed by eight financially responsible individuals and secured by \$800,000 in cash and property. In addition, COTELLESSA-PITZ's travel is restricted to the Southern and Eastern Districts of New York. COTELLESSA-PITZ has surrendered her passport.

Judge Swain set a sentencing date for COTELLESSA-PITZ of June 22, 2012.

Mr. Bharara praised the investigative work of the Federal Bureau of Investigation. He also thanked the U.S. Securities and Exchange Commission and the Internal Revenue Service, Criminal Investigations Division for their assistance.

These cases were brought in coordination with President Barack Obama's Financial Fraud Enforcement Task Force, on which Mr. Bharara serves as a Co-Chair of the Securities and Commodities Fraud Working Group. President Obama established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated, and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

The case is being handled by the Office's Securities and Commodities Fraud Task Force. Assistant United States Attorneys Lisa A. Baroni, Julian J. Moore, Arlo Devlin-Brown, Barbara A. Ward, and Matthew L. Schwartz are in charge of the prosecution.

U.S. v. Enrica Cotellessa-Pitz, S5 10 Cr. 228 (LTS)

COUNT	CHARGE	MAXIMUM PENALTIES
ONE	Conspiracy to (1) Falsify Books and Records of a Broker-Dealer; (2) Falsify Books and Records of an Investment Adviser; (3) Make False Filings with the SEC; and (4) Obstruct and Impede the Lawful Governmental Function of the IRS.	5 years in prison; 3 years of supervised release; fine of the greatest of \$250,000 or twice the gross gain or loss; mandatory \$100 special assessment; restitution; and criminal forfeiture.
TWO	Falsifying Books and Records of a Broker-Dealer	20 years in prison; 3 years of supervised release; fine of the greatest of \$5,000,000 or twice the gross gain or loss; mandatory \$100 special assessment; restitution; and criminal forfeiture.
THREE	Falsifying Books and Records of an Investment Adviser	5 years in prison; 3 years of supervised release; fine of the greatest of \$250,000 or twice the gross gain or loss; mandatory \$100 special assessment; and restitution.
FOUR	Making False Filings with the SEC	20 years in prison; 3 years of supervised release; fine of the greatest of \$5,000,000 or twice the gross gain or loss; mandatory \$100 special assessment; and restitution.