



*United States Attorney
Southern District of New York*

**FOR IMMEDIATE RELEASE
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**ACCOUNTANT FOR BERNARD L. MADOFF INVESTMENT SECURITIES, LLC
PLEADS GUILTY IN MANHATTAN FEDERAL COURT
TO FRAUD AND TAX CHARGES**

PREET BHARARA, the United States Attorney for the Southern District of New York, JOSEPH M. DEMAREST, JR., the Assistant Director-in-Charge of the New York Field Division of the Federal Bureau of Investigation ("FBI"), and PATRICIA J. HAYNES, the Special Agent-in-Charge of the New York Field Office of the Internal Revenue Service ("IRS"), announced today that DAVID G. FRIEHLING, the accountant for Bernard L. Madoff Investment Securities, LLC ("BLMIS"), pleaded guilty in Manhattan federal court before United States District Judge ALVIN K. HELLERSTEIN. FRIEHLING pleaded guilty to a nine-count Superseding Information charging him with securities fraud, investment adviser fraud, four counts of filing false audit reports with the United States Securities and Exchange Commission ("SEC"), and three counts of obstructing or impeding the administration of the internal revenue laws. In addition to pleading guilty, FRIEHLING has agreed to cooperate with the Government in its ongoing investigation of Bernard Madoff's fraud.

FRIEHLING, 49, faces a statutory maximum sentence of 114 years in prison. He is also subject to mandatory restitution and faces criminal fines up to twice the gross gain or loss derived from the offense. Moreover, pursuant to the cooperation agreement entered into with the Government, FRIEHLING has agreed

to forfeit to the United States \$3,183,000 (the "Forfeiture Money Judgement"), representing the total amount of compensation he received from BLMIS for his accounting and tax services, plus the amount that he, his wife, and his children withdrew from their BLMIS investment advisory accounts. FRIEHLING also agreed to forfeit his interest in certain real properties, to the extent that those properties constitute, or were derived from, the securities fraud charge to which he pleaded guilty. The forfeited real properties will be used to partially satisfy the Forfeiture Money Judgement. The statutory maximum sentences for each of the charged offenses are set forth in the attached chart below.

Following the guilty plea, Judge HELLERSTEIN released FRIEHLING on a \$2.5 million bond on the condition that the bond be co-signed by eight financially responsible individuals and secured by equity in five properties owned by the co-signers valued between \$1 million and \$1.2 million. In addition, FRIEHLING's travel is restricted to the Southern District and the Eastern District of New York. He is required to maintain land line telephone service and will continue to be subject to regular pretrial supervision. FRIEHLING's wife was required to surrender her passport. (FRIEHLING had surrendered his passport at the time of his arrest.)

Judge HELLERSTEIN set a sentencing control date for FRIEHLING on February 26, 2010, 2010, at 11:00 a.m.

United States Attorney PREET BHARARA said, "David Friebling was one of the key enablers of Bernard Madoff's historic fraud. With his guilty plea, Friebling has taken responsibility for his crimes and will now assist us in holding others accountable for their involvement in Madoff's epic fraud against so many victims."

Mr. BHARARA praised the investigative work of the FBI and the IRS. Mr. BHARARA also thanked the Securities and Exchange Commission for its assistance.

Assistant United States Attorneys MARC LITT, LISA A. BARONI, WILLIAM J. STELLMACH, BARBARA A. WARD, and SHARON FRASE are in charge of the prosecution.

09-356

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STATUTORY MAXIMUM PENALTIES

United States v. David G. Friehling (09 Cr. 700)

<u>Count</u>	<u>Charge</u>	<u>Maximum Penalties</u>
ONE	Securities Fraud	20 years in prison; 3 years supervised release; fine of the greatest of \$5,000,000 or twice the gross gain or loss; mandatory \$100 special assessment; restitution
TWO	Investment Adviser Fraud	5 years in prison 3 years supervised release; fine of the greatest of \$10,000 or twice the gross gain or loss; mandatory \$100 special assessment; restitution
THREE FOUR FIVE SIX	Making False Filings with the Securities and Exchange Commission	20 years in prison; 3 years supervised release; fine of the greatest of \$5,000,000 or twice the gross gain or loss; mandatory \$100 special assessment; restitution
SEVEN	Obstructing or Impeding the Administration of the Internal Revenue Laws 1991-1997	3 years in prison; 1 year supervised release; fine of the greatest of \$250,000 or twice the gross gain or loss; mandatory \$100 special assessment; restitution; costs of prosecution
EIGHT	Obstructing or Impeding the Administration of the Internal Revenue Laws 1998-2003	3 years in prison; 1 year supervised release; fine of the greatest of \$250,000 or twice the gross gain or loss; mandatory \$100 special assessment; restitution; costs of prosecution
NINE	Obstructing or Impeding the Administration of the Internal Revenue Laws 2004-2008	3 years in prison; 1 year supervised release; fine of the greatest of \$250,000 or twice the gross gain or loss; mandatory \$100 special assessment; restitution; costs of prosecution