

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

 ORIGINAL

In the Matter of:)
) File No. OIG-509
OIG-509)

WITNESS: Number 18

PAGES: 1 through 16

PLACE: U.S. Securities and Exchange Commission
100 F Street, N.E.

Washington, D.C. 20545

DATE: Monday, May 11, 2009

The above-entitled matter came on for hearing, pursuant to notice, at approximately 2:34 p.m.

Diversified Reporting Services, Inc.

(202) 467-9200

1 APPEARANCES:

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3 On behalf of the Securities and Exchange Commission:

4 HEIDI STEIBER, Investigator

5 Office of Inspector General

6 Securities and Exchange Commission

7 100 F Street, N.E.

8 Washington, D.C. 20549

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10 On behalf of the Witness:

11 ROBERT P. TROUT, ESQ.

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C O N T E N T S

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WITNESS:

EXAMINATION

Linda Thomsen

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EXHIBITS:

DESCRIPTION

IDENTIFIED

1 12/13/08 Thomsen e-mail to Richards
and others

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P R O C E E D I N G S

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Whereupon,

LINDA CHATMAN THOMSEN

was called as a witness and, having been first duly sworn,
was examined and testified as follows:

EXAMINATION

BY MS. STEIBER:

Q Okay. When did you first hear of Bernie Madoff or
Madoff Securities?

A I don't know. I think I was generally aware that
they were a firm in the securities business for some number
of years.

Q Prior to 2008, had you heard of any tips or
complaints related to Bernie Madoff or Madoff Securities?

A Not that I recall.

Q Have you ever met Bernie Madoff?

A I don't know. It is possible that I have at some
event, but I don't remember knowing Mr. Madoff.

Q Do you recall any telephone conversations with
Bernie Madoff?

A No.

Q Have you met any other members of the Madoff
family?

A I similarly may have met other employees of the
Madoff firm or members of the family at SIA events and

1 whatnot. I don't remember it. I do know that in November of
2 2008, when I gave a speech substituting for Commissioner
3 Walter, who was ill, and I believe it was at Fordham -- it's
4 the Al Summer speech -- I was introduced to Shana Madoff and
5 possibly Peter Madoff. And the only reason I -- I believe
6 I've met them there.

7 Q Why do you recall that event?

8 A Well, the only reason I remember that I met them
9 was that someone sent me pictures that were taken after the
10 event, and after the SEC sued Bernie Madoff, and after there
11 had been publicity about Shana Madoff. And when I saw the
12 pictures, I thought that the woman in the picture was Shana
13 Madoff, based on what I had seen in the paper.

14 Q Have you had any social interactions outside of an
15 industry conference with any of the Madoff fly members?

16 A Oh, no. No.

17 Q When was the first time that you heard of Harry
18 Markopolos or his allegations that Madoff was running a Ponzi
19 scheme?

20 A December or -- December 2008 or January 2009.

21 Q How did you first hear that Madoff confessed to a
22 Ponzi scheme?

23 A I received a phone call from Martin Flumenbaum.

24 Q Excuse me. Could you repeat the name?

25 A Martin Flumenbaum, who was a lawyer, I believe, at

1 Skadden Arps.

2 Q And why did he call you?

3 A He called to report that his clients, who were
4 Bernie Madoff's sons, had met with him and had -- that had
5 grave concerns about Bernard Madoff's behavior.

6 Q And do you remember anything else from that
7 conversation?

8 A I think Mr. Flumenbaum went through what the sons
9 had told him, and their -- and why they were concerned, and
10 what Mr. Madoff had said in response.

11 Q Did you discuss Enforcement's 2006 investigation of
12 Madoff Securities with anyone at the SEC?

13 A Ever?

14 Q Ever?

15 A After -- some point after we sued Mr. Madoff in
16 December of 2008, perhaps right before we were constructing
17 what had happened in the past, we in Enforcement, we in the
18 Office of Compliance, Inspections, and Examinations, and I
19 learned something about that prior investigation then.

20 I learned very little because, as you know, this
21 office became involved pretty soon thereafter, and the
22 Inspector General advised those of us in Enforcement that any
23 inquiries we made about that, about prior enforcement
24 behavior, unless it related directly to the current
25 investigation, would amount to obstruction of the Inspector