

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

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

WITNESS: Number 66

PAGES: 1 through 16

ORIGINAL

PLACE: Securities and Exchange Commission  
100 F Street, N.E., Room 6735  
Washington, D.C.

DATE: Friday, June 19, 2009

The above-entitled matter came on for hearing, pursuant to notice, at 3:11 p.m.

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1 APPEARANCES:

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3 On behalf of the Securities and Exchange Commission:

4 HAROLD KOTZ, ESQ.

5 Securities and Exchange Commission

6 Office of Inspector General

7 100 F Street, NE

8 Washington, DC 20549

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10 On behalf of the Witness:

11 WHITTEN PETERS, ESQ.

12 Williams & Connolly, LLP

13 725 12th Street, NW

14 Washington, DC 20005

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P R O C E E D I N G S

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MR. KOTZ: We will go on the record at 3:11 p.m. on June 19th, 2009. This is a telephonic interview, and I am at the United States Securities and Commission Office of Inspector General.

I'm going to swear you in, Chris, if that's all right.

MR. COX: That's fine.

MR. KOTZ: Could you please raise your right hand?

MR. COX: All set.

Whereupon,

CHRISTOPHER COX

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

EXAMINATION

BY MR. KOTZ:

Q Could you state and spell your full name for the record, please?

A Christopher, C-h-r-i-s-t-o-p-h-e-r, Cox, C-o-x.

Q Okay. My name is David Kotz. I'm the Inspector General of the United States Securities and Exchange Commission. This is an investigation by the Office of Inspector General, Case Number OIG-509.

I'm going to ask you certain questions and you'll have to provide answers under oath. The court reporter will

1 traditionally he would, but I don't believe --

2 BY MR. KOTZ:

3 Q So there's no clear -- kind of clear-cut  
4 supervisor?

5 A Right.

6 MR. PETERS: That's correct.

7 THE WITNESS: I think I'm the CEO and head of the  
8 Agency and Chairman of the Commission for that purpose, and  
9 that's the best description I could relay.

10 BY MR. KOTZ:

11 Q Okay, great. In what year did you leave the SEC?

12 A 2009.

13 Q Do you remember when in 2005 you began at the SEC?

14 A I don't remember the precise date in August, but it  
15 was in August.

16 Q And the month that you left in 2009?

17 A January.

18 Q Did you ever hold any other job with the SEC?

19 A No.

20 Q Okay. When did you first hear of Bernard Madoff or  
21 Bernard Madoff Investment Securities?

22 MR. PETERS: Are you saying in his official  
23 capacity?

24 BY MR. KOTZ:

25 Q In any capacity.

1           A     That would have been the week of the press release  
2 announcement. My recollection is that that was mid-week, and  
3 I would have heard about it the day that we issued the press  
4 release.

5           Q     Okay. So December of 2008?

6           A     Yes.

7           Q     At the time that you heard the news that Bernard  
8 Madoff had confessed, you hadn't been familiar with that  
9 name?

10          A     No, I had not heard his name before.

11          Q     Or the name of his company?

12          A     No.

13          Q     And have you ever met any member of the Madoff  
14 family?

15          A     No.

16          Q     Prior to December 2008, prior to the news coming  
17 out about a confession by Bernard Madoff, were you aware that  
18 the Enforcement Division of the SEC had received numerous  
19 referrals questioning legitimacy of Madoff's claimed returns?

20          A     No.

21          Q     Prior to December 2008, were you aware of Harry  
22 Markopolis giving a complaint to the Enforcement Division  
23 alleging that Madoff was running a ponzi scheme?

24          A     No.

25          Q     Okay. Had you heard the name Harry Markopolis

1 prior to December 2008?

2 A No.

3 Q Prior to December 2008, were you ever aware that  
4 the Office of Compliance, Inspection & Examination had  
5 performed examinations of Madoff?

6 A No.

7 Q And how did you first hear that Madoff's ponzi  
8 scheme -- that he had confessed to running a ponzi scheme?

9 A I would have learned the outlines of this of -- at  
10 once with learning about the emergency action that the SEC  
11 was bringing.

12 Q Were you told anything specifically about the  
13 history of the Enforcement Division's involvement with  
14 Madoff, about their decision to close the investigation?

15 A Not at the time that I first learned of this, but  
16 essentially immediately upon learning of it the Deputy Chief  
17 of Staff and the General Counsel inquired in my behalf of the  
18 Division of Enforcement and OCE seeking as much background on  
19 this as they could as much forthwith provide.

20 Q Okay. And what specifically do you recall them  
21 telling you about the history of Enforcement's involvement  
22 with the investigation of Bernard Madoff?

23 A Well, you know, over the next few days the outlines  
24 of what I now know in greater detail began to emerge, and  
25 some of the documents early on emerged. Though I did see

1 Madoff at the time that he became the Chairman of NASDAQ.

2 Q Do you recall which Chairman that would have been?

3 A No.

4 Q Okay. Anything else you can recall?

5 A I think that's it.

6 Q Now, I sent you a copy of an April 26th, 2006  
7 letter from a concerned citizen to you, and it states "Your  
8 attention is directed to a scandal of major proportions which  
9 was executed by the investment firm Bernard L. Madoff, 885  
10 Third Avenue, New York, New York. Assets well in excess of  
11 \$10 billion owned by the late Norman F. Levy, an  
12 ultra-wealthy, long-time client of the Madoff firm had been  
13 co-mingled with funds controlled by the Madoff company with  
14 gains thereon being retained by Madoff. This action may have  
15 been taken with the knowledge and consent of the late Norman  
16 F. Levy in an effort to take it with him by avoiding federal  
17 and estate taxes on these billions of dollars. This is an  
18 extreme example of uncontrollable greed which should be  
19 investigated by the proper authorities."

20 Did you see this letter that I just read and that I  
21 sent to you at that time in April of 2006?

22 A No.

23 Q Okay. Did you see that letter at any point in time  
24 prior to Bernard Madoff confessing the ponzi scheme?

25 A No.

1 Q And just because the letter is addressed to you,  
2 that doesn't mean that you would read every correspondence  
3 you would get; is that right?

4 A Of course. In fact, even letters that, unlike this  
5 one, are not anonymous and not as brief as this one that  
6 might look more regular, and even letters that under normal  
7 Agency procedures the Chairman would be expected personally  
8 to sign would first go to the Correspondence Unit. Then  
9 staff would make a decision about whether it should go to the  
10 Chairman or whether it should go to some other senior staff  
11 person or member of the staff. And that is I believe what  
12 happened to this letter based on the fact that it is stamped  
13 "Chairman's Correspondence Unit."

14 Q And you never saw any other version of this letter  
15 as well, is that right, before December 2008?

16 A No.

17 Q And you did not ever see any letter that was sent  
18 in to the SEC with a complaint against Madoff prior to Madoff  
19 confessing in 2008?

20 A That is correct.

21 Q Okay. Is there anything else that you'd like to  
22 add that you think might be relevant that I haven't asked  
23 about?

24 A Well, not knowing the parameters of your  
25 examination in its entirety, I don't think so.