

## The Fraud of the Century

# Lawyers believe they will Sue Argentinean Companies over Madoff

Argentinean investors affected by the North American broker's swindle are approaching law firms in order to protect their rights. Very few who invested directly in his funds may recover up to \$500,000. Some entities in our country who invested the funds could be sued.

Argentinean investors hurt by Bernard Madoff's financial fraud will initiate legal suits not only against international entities headquartered in New York, Miami or Madrid but also against companies in Argentina. This fact was revealed to PERFIL by Argentinean lawyer Cristian Francos of Baach Robinson & Lewis, a law firm headquartered in Washington, DC, which advises a dozen Argentineans affected by the fall of Madoff's pyramidal Ponzi scheme. Coincidentally, the lawyer is the son of the president of Banco Provincia de Buenos Aires, Guillermo Francos.

His Argentinean clients lost between a few hundred thousand and several million dollars. "It will eventually happen" Francos reassured PERFIL, in reference to lawsuits against local intermediaries, "technically the possibility exists."

### Are there any Argentinean entities involved?

Several funds sold through Banco Santander held large

positions with the Madoff funds, and also other banks and prominent financial institutions. In general, the individual investor did not know that his money was invested with Madoff; he became aware after-the-fact.

### What are the next steps for affected Argentinean investors?

First, they should determine if they will be able to recover their losses through the SIPC, (the Securities Investor Protection Corporation, a corporation created by investment firms that acts as an insurer of sorts in cases of dissipated assets) which provides recovery up to \$500,000.

Most Argentineans invested through an intermediary's fund, a situation for which the probability of a significant loss recovery through SIPC is slim. It is likely that they will have to initiate lawsuits against third parties who sold their funds and invested with Madoff in order to recover losses.

Some of these third parties conducted little or no "due

diligence" (investigation or audits) of Madoff's stock market transactions, despite their expensive fees and the existence of red flags.

### What is your time frame?

On March 4, the time frame for clients to file claims with the SIPC expires. In terms of filing suits, the advice will vary, especially since the law will vary depending on individual facts.

### Are there Argentinean companies that could be sued? Which ones?

Any intermediary or investment consultant involved in investing through Madoff is a potential target.

We have seen many individuals who have lost their investments were placed with Madoff through Banco Santander, making it an obvious potential target, but there will be others of varying sizes.