

Forbes | Suit Says UBS Feeder Funds Knew Madoff Was Fishy Back In 2006, By Robert Lenzner

In 2006, the UBS feeder funds to Madoff hired consultant [Chris Cutler \[President, Manager Analysis Services\]](#) to do probably what was the first due diligence on Madoff's operation since 1985, when the feeder funds first invested with Madoff. It took Cutler only four days to discover the smoking gun: the options volume that Madoff reported as executed by the feeder funds exceeded by far the total volume of puts and calls actually traded in those securities on the Chicago Board of Options Exchange.

In other words, these put and call executions could never have happened. There was not enough volume of trading to have fulfilled orders just from these two accounts - not to speak of all the other Madoff directed investment accounts.

...All of these revelations are included in the complaint filed last week in U.S. Bankruptcy Court by the Securities Investor Protection Corporation and its appointed trustee, Irving Picard of the law firm Baker and Hostetler, against Bernard L. Madoff Investment Securities LLC.

(Redacted)