

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 68203 / November 9, 2012**

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 3500 / November 9, 2012**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-15089**

**In the Matter of**

**IRWIN LIPKIN,**

**Respondent.**

**ORDER INSTITUTING ADMINISTRATIVE  
PROCEEDINGS PURSUANT TO SECTION  
15(b) OF THE SECURITIES EXCHANGE  
ACT OF 1934 AND SECTION 203(f) OF THE  
INVESTMENT ADVISERS ACT OF 1940  
AND NOTICE OF HEARING**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”), and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Irwin Lipkin (“Lipkin” or “Respondent”).

**II.**

After an investigation, the Division of Enforcement alleges that:

**A. RESPONDENT**

1. Lipkin, age 74, began working as the controller of Bernard L. Madoff Investment Securities LLC (“BMIS”) in or around 1964, and became BMIS’s Financial and Operations Principal in 1991. He retired from BMIS in or around 1998.

B. ENTRY OF RESPONDENT'S CRIMINAL CONVICTION

2. On November 8, 2012, Lipkin pled guilty to, among other things, one count of conspiracy to (a) commit securities fraud, (b) falsify the books and records of a broker-dealer, (c) falsify the books and records of an investment adviser, (d) make false filings with the Commission, and (e) falsify statements in relation to documents required by the Employee Retirement Income Security Act ("ERISA"); and one count of falsifying statements in relation to documents required by ERISA (the "Criminal Counts") before the United States District Court for the Southern District of New York, in United States v. Irwin Lipkin, 10 Cr. 228 (LTS). The cumulative maximum sentence for the Criminal Counts is 10 years imprisonment. As of the date of this Order, Lipkin has not been sentenced.

3. The counts of the criminal information to which Lipkin pled guilty alleged, inter alia, that at the instruction of BMIS' principal, Bernard Madoff ("Madoff"), Lipkin made deceptive entries in BMIS' books and records to manipulate the firm's reported financial results. In particular, Lipkin made false entries in the firm's accounting records, including the general ledger, related sub-ledgers, and stock record. These false entries were reflected in FOCUS reports and annual financial statements that BMIS filed with the Commission and provided to various BMIS investors. The criminal information also alleged that Lipkin requested other BMIS employees to reflect fake trades in BMIS accounts belonging to Lipkin and his family members, including for the purpose of artificially reducing taxable gains. The criminal information further alleged that Lipkin arranged for "no show" jobs at BMIS, which allowed Lipkin and his wife to receive a salary and benefits that they were not entitled to receive, even after Lipkin retired from BMIS.

**III.**

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary, appropriate, in the public interest that public administrative proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act; and

C. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 203(f) of the Advisers Act.

#### IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondent personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 210 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

For the Commission, by its Secretary, pursuant to delegated authority.

Elizabeth M. Murphy  
Secretary