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Madoff accountant pleads guilty to fraud in Ponzi scam

November 3, 2009 By ANTHONY M. DESTEFANO anthony.destefano@newsday.com

QUICK SUMMARY Madoff auditor pleads guilty in Ponzi scheme and tells judge he helped Bernard, and "others" file false tax returns.



Photo credit: AP | Accountant [David Friehling](#), whose firm served Bernard Madoff's business as an auditor, leaves federal court in [Manhattan](#). (July 2009)

[Bernard Madoff's](#) longtime accountant and auditor pleaded guilty Tuesday to federal charges stemming from the massive Ponzi scheme and said he agreed to cooperate in the continuing probe of the fraud.

[David G. Friehling](#), 49, admitted he filed false financial statements of Madoff's company with the [Securities and Exchange Commission](#) and also said he helped Madoff and "others" file false tax returns with the [Internal Revenue Service](#).

Friehling, of Rockland County, admitted that he made the false filings by not conducting an independent audit of the financial condition of Bernard L. Madoff Investment Securities when he had assured the SEC he had done so. However, Friehling also claimed to have been a victim of Madoff's scheme, which most recent estimates show accumulated losses of \$21 billion for thousands of investors.

"At no time was I ever aware that Bernard Madoff was engaged in a Ponzi scheme," Friehling told [Manhattan](#) federal Judge Alvin Hellerstein. Friehling said he and his family had more than \$500,000 invested with Madoff, a fact that he said also destroyed his independence as an auditor of Madoff's firm. Friehling noted his family savings were lost.

Friehling is the third person, after Madoff and Madoff aide [Frank DiPascali Jr.](#), to plead guilty in the case. DiPascali is in jail and cooperating with the probe, and Madoff is serving 150 years.

By cooperating, Friehling is hoping to get a break when he is sentenced for [securities fraud](#), false filing of reports and other crimes. He faces a maximum of 108 years, but prosecutors will write the court to ask for a lower sentence if he significantly cooperates.

"It might help somewhat," said Manhattan attorney Joseph DiBenedetto, who is not involved in the case. But he said the scope of the fraud would work against Friehling's getting a significant sentence reduction.

Friehling was originally arrested in March on charges of [securities fraud](#) and filing false reports with the SEC. But the charges he pleaded guilty to also included three new counts of obstructing the enforcement of IRS proceedings.

The IRS-related offenses raised the suggestion that Friehling not only helped Madoff file false tax returns - as he admitted to Hellerstein - but also may have done so for other Madoff clients. Assistant U.S. Attorney Lisa Baroni didn't explain to Hellerstein what she meant by "others."

Hellerstein allowed Friehling, who is married and has three children, to remain free on a \$2.5-million bond cosigned by eight other people who pledged their property.

