

## SEC staff failed over Madoff

Published: January 18, 2026, 8:56 pm

---

[FT.com / Companies / Financial Services - SEC staff failed over Madoff.](#)

*The US Securities and Exchange Commission missed many chances to expose [Bernard Madoff](#)'s giant "Ponzi" scheme because the staff either did not know what to do or failed to follow up on detailed complaints, the agency's internal watchdog has concluded.*

In spite of eight credible complaints over the years, including one as recently as March 2008, "a thorough and competent investigation or examination was never performed," said a summary of the findings, released on Wednesday. The SEC "never took the necessary, but basic, steps to determine if Madoff was operating a Ponzi scheme."

I am not surprised. The efficient market hypothesis said pricing was always right. regulators assumed the market delivered what investors wanted. The assumption that prices could be fixed was scorned upon.

Regulation failed here, but it did so because it assumed the market is always right.

The answer is simple: change the assumption. Turner proposed that. Look what the City said.

Which is why he's right and they're wrong.

Much tougher regulation is the answer. And regulators must assume those they regulate are crooks. Why would they need regulation if they weren't?

Which is also why self regulation can never work.