MADOFF from 1A

But it hasn't been easy. The toll has been high, particularly in Palm Beach County. Madoff, now serving a 150-year prison sentence, owned a \$7.9 million mansion in Palm Beach and trolled the Palm Beach Country Club and other high-end haunts for investors.

"We were the epicenter," said Jeffrey Klein, chief executive officer of the Jewish Federation of Palm Beach County.

The shock waves reached far beyond those who gave him their money based on his track record for big returns. Leading foundations failed. Charities closed or cut back. Working people lost their jobs. Shopkeepers watched empty stores.

Nonprofits were particularly hard hit. Klein said the federation's donations were down 25 percent this year. Four philanthropic organizations launched a special drive this summer and gave \$1.3 million to distressed charities.

"What makes people angry or upset is that he stole from some of the most philanthropic and generous people I know," said Paul Gionfriddo, president of the Quantum Foundation.

People might not sympathize with a multimillionaire who is forced to trade his \$40 million jet for a \$20 million model, attorney Guy Fronstin said. But it means two pilots lose their jobs and the guy who sells fuel sees sales plummet.

"It's had an amazing

impact," he said.

For Fronstin's clients, 67 people who lost a total of \$250 million, the toll has been great.

Some moved in with relatives. Others traded \$2 million mansions for farfrom-luxury homes. Retirees went back to work.

With their \$4.5 million investment gone, retired ophthalmologist Gerald Blumenthal and his wife, Renee, sold their Boca Raton home for \$800,000 and bought a smaller home in Boynton Beach for \$350,000. Renee, 75, went to work as a preschool teacher. Blumenthal, 79, worked as a security guard at the Broward County

Convention Center before the drive took its toll.

"We got some money back from the IRS and between that and the sale of the house and a few other things, we're managing," Blumenthal said.

Victims have battled for

compensation.

Ambrosino has spent the year organizing campaigns to persuade Congress to force the court-appointed trustee who is overseeing the liquidation of Madoff's bankruptcy to change the way he is distributing money.

Trustee Irving Picard is using a "cash-in cash-out" approach. If someone took more out of their Madoff account than they invested, they get nothing. They could be forced to pay back money, although Picard has said he isn't pursuing small investors.

According to Picard, Ambrosino is entitled to \$135,000 of the \$1.6 million Madoff said was in her account. She said she and her husband never would have traded their house for an RV and quit their jobs had they thought they had only \$135,000 to sustain them.

Further, the Securities Investment Protection Corp., which uses fees paid by mortgage brokers to help victims of securities fraud, has a \$500,000 per-customer limit.

The cap hasn't been raised since 1978. If adjusted for inflation, it would be about \$1.6 million today.

Ambrosino and about 25 other victims were in Washington this week to plead with a House subcommittee to make Picard honor the last statements Madoff sent and to increase SIPC payouts.

Committee members were sharply critical of the U.S. Securities and Exchange Commission for not detecting Madoff's 20-year fraud and voiced some support for increasing the SIPC cap.

They also questioned whether Picard's formula was fair to those who never guessed Madoff's statements were phony.

Still, no vote was taken. On Feb. 2, a judge will consider whether Picard's system passes legal muster.

Joining the victims in their appeal is Carl Shapiro, 96, a women's clothing magnate and Palm Beach philanthropist. Shapiro, who was Madoff's mentor and friend, says he lost more than \$400 million.

Although Shapiro hasn't been sued by Picard, as other friends of Madoff have, he has been asked to return \$1.5 billion.

He is to be deposed Monday in a conference room at The Breakers hotel. His health has suffered greatly since Madoff's arrest, court papers say. He is nearly blind and has heart disease.

Others say a lot of information was lost when failed foundation head Jeffry Picower, a friend of Madoff's who was sued, had a heart attack and drowned in the pool of his Palm Beach mansion in October.

It's also upsetting that Madoff hasn't talked, said Sydelle Meyer, who lost both of the charitable foundations she and her late husband created.

"It's all very sad," Meyer said. "And the saddest part of it is that you can't trust anybody."

Staff writer Christine Stapleton contributed to this story.

@ jane_musgrave@pbpost.com

South Florida BISINESS JOURNAL JOURNA

Breaking down the Madoff scandal

ARRESTED

Bernard Madoff, 71, serving a 150-year prison sentence. Frank DiPascali, the former chief financial officer in Madoff's investment firm, pleaded guilty in August to 10 felonies; faces 125 years in prison.

David G. Friehling, 49, auditor, pleaded guilty in November to various financial crimes; faces maximum 114 years in prison.

Jerome O'Hara, 46, and George Perez, 43, computer programmers, charged in November with various crimes, including conspiracy and falsifying documents; awaiting trial

BEING SUED

The court-appointed trustee, Irving Picard, is liquidating Madoff Investment Securities to repay the people and institutions who invested with the firm. Besides selling off Madoff's property, he can sue others alleged to have benefited from Madoff's scheme to collect money to repay the investors. Notable defendants include:

Palm Beachers **Barbara and the late Jeffry Picower**, for \$7 billion Palm Beacher **Robert Jaffe**, for \$150 million.

Ruth Madoff, Madoff's wife, for \$45 million.

Four other Madoff relatives — brother **Peter**, sons Mark and Andrew, and niece Shana — for \$199 million.

PROPERTY SOLD AT AUCTION

Madoff's New York Mets Jacket, with his name stitched across the back: \$14,500

Madoff's Rolex: \$65,000

Stationery with 'Bernard Madoff' printed on top: \$2,500

Montauk, N.Y., oceanfront home: \$9.41 million

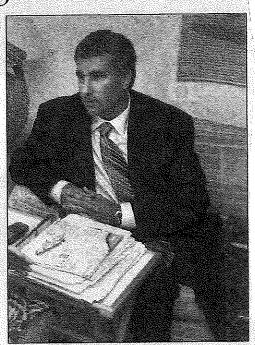
Helping Madoff victims poses unusual challenges for law firms

BY PAUL BRINKMANN

Lawyers hoping to help South Florida victims of the Bernard Madoff scandal have encountered some unexpected challenges, such as the need to help retiree victims find jobs and caution some to be mindful of their health.

One newsletter from Miami-based Berger Singerman said the firm had already noticed the emotional impact of the economic crisis before Madoff disclosed that his \$50 billion scheme had wiped out personal wealth for many investors.

The firms recent missive on the "Madoff disaster" lists some practical advice about taxes and securities claims, plus adds a note on health concerns: "Without intending to sound presumptuous, we are encouraging impacted individuals to take care of their health, to look after their family and their business colleagues and friends, and to reach out for professional health care as needed."



SEE MADOFF | 29

Deal is in victims' best interests,

legal observers say

VICTIMS from 1A

victims of financial fraud. Some, like retired Broward County teacher Karen Audet, who invested her \$225,000 retirement check in a feeder fund, aren't eligible for help from the brokerage industry's safety net.

Most galling to some is that Madoff's wife, his sons, his brother and in his phony investment house have not been charged with crimes,

a former Delray Beach officials who are continuresident, was in the New ing to investigate. York courtroom when Madoff, a former chair- Bernard Madoff in jail,

man of the Nasdag stock exchange, was sentenced. pay up to \$500,000 each to Her husband, Dominic, was one of nine victims who addressed the court. calling the scam an "indescribably heinous crime."

While cathartic, the sentencing didn't change the plight of Madoff's investors, she said.

'Madoff victims are no better off today than they

were yesterday," she said. Still, she hopes the others allegedly involved harsh punishment sends a powerful message to the trustee who is determining how much victims will Ronnie Sue Ambrosino, receive and government

"It's bigger than putting

'Madoff victims are no better off today that a large chunk of Ruth was "embarrassed and than they were yesterday."

RONNIE SUE AMBROSINO, former Delray Beach resident

she said. "It's sending a last week is ultimately in message that justice must the victims' best interests. be done."

in Palm Beach.

agreement hammered out

Most victims said they the government on all the going to last her that long." were appalled that Ruth assets and tied them up Madoff gets to keep \$2.5 for two to five years," said expect the couple's sons, has sold his home in New million while forfeiting West Palm Beach attorney \$80 million in assets, Guy Fronstin, who has 67 including a \$7.5 million clients who lost a total of a \$7 million Long Island beneficial to the victims. ment has all these assets But lawyers who are that will be used to pay the watching the case said the victims."

Madoff's money will go to ashamed." her lawyers.

enal rate," said Greenfield, make them whole. who represents about two

Madoff's younger brother, Jupiter on the market. Peter, to be slapped with return their gains.

she was clueless, Ruth Madoff, who had served as her husband's book-New York attorney Rich- keeper, denied knowledge

ard Greenfield suggested in a statement saying she

Victims. meanwhile, "The family is consum- said they were focused on ing lawyers at a phenom- how the government will

"I knew he would go to dozen victims. "The \$2.5 jail for life. That's where "She could have fought million is illusory. It's not he belongs. But it doesn't change a thing for me,' Attorneys also said they said Richard Roth, who Mark and Andrew, and Jersey and has his home in

Still, Werber said, she Manhattan penthouse, \$250 million. "It's really civil suits demanding they tries not to be consumed by bitterness and anger.

beach house and the cou-She turns title over and Although most victims "We're going to survive ple's \$7.4 million mansion immediately the govern-say they can't believe each day and we're enjoying life," she said. "May he enjoy his 150 years in prison.

pjane_musgrave@pbpost.com

The Jewill IMA DE Them Do It

KEPT BOCA IN HIS CROSSHAIRS AS HE MASTERMINDED A PONZI SCHEME FOR THE AGES. LOCAL RESIDENTS, STILL REELING FROM THEIR DEALINGS WITH THE MIDAS OF WALL STREET, DISCUSS HOW THE CON ARTIST TURNED THEIR LIVES—AND FORTUNES—UPSIDE DOWN.

In another portrait, he wears a different uniform: black and gray prison stripes, with matching cap. He seems more like himself (although some would argue the first rendering does him more justice); the face is fleshier, the features more lifelike. As in the first portrait, he looks down. A Mona Lisa smile crosses his lips. He seems strangely resigned to his fate.

The jig is up.

The artist has dubbed the 11-by-14-inch pastel drawings "Before" and "After." A better title might well be "The Devil and Bernie Madoff," for, in both cases, that's who the subject is—Bernard Madoff, the architect of the biggest Ponzi scheme in history.

The artist is Boca Raton resident Bernard Hoffman.

"We invested with Madoff after my [in-laws] had been with him [as clients] for more than 20 years," says Hoffman, speaking from his vacation home in Pennsylvania. "We didn't have the kind of money [Madoff] was interested in, but my wife convinced him because of the family connections."

It's a familiar story by now: investors being made to feel as if Madoff, the Midas of Wall Street, was somehow doing them a favor by taking them on as clients, when really all he was doing was taking them to the cleaners. Most investors never even met Madoff. They would invest their money through friends or relatives or as part of a hedge fund or other collective. Hoffman was an exception.

"I wanted to see the man I was giving my money to," he remembers, adding that Madoff preferred checks—no transfers of stocks or bonds, please. Hoffman delivered his money to Madoff's New York City office in May 2006, and the two men met briefly. "He was magnificently well-dressed, well-groomed," Hoffman says, "and extremely cordial."

Other than that initial impression, Hoffman remembers little of his interaction with Madoff that day. Nothing profound was said. Nothing memorable happened. Hoffman just handed Madoff his check, thanked him, and left.

"I finally felt I was financially secure in my private life," says the 78-year-old retired advertising executive, who declined to be photographed for this story. "Until my son

called me [in December 2008] and told me [Madoff] was arrested."

That, too, is usually how it happened for Madoff's investors. The end came not with a bang but a whimper. They got up one morning, poured themselves a cup of coffee, turned on the television and discovered they were a lot poorer than when they went to bed.

Almost 50 years ago, Hannah Arendt, writing about the Holocaust, coined the phrase "the banality of evil," in which she speculated that unspeakable evil could simply be the end result of a series of otherwise unremarkable acts; a man shakes your hand, pats you on the back, fills out some paperwork—or doesn't—and then one day, your life is destroyed. For the perpetrator, it's business as usual. For the victim, it can feel like being struck by lightning out of a clear blue sky.

"It's more of a psychological blow," says Hoffman, who lost more than \$700,000 with Madoff, enough that he needed help from his son to pay off his mortgage. "The biggest thing right now is fear of the future." While he waits for the future to get here, Hoffman, perhaps trying to tell himself that he should have been able to see Madoff for what he was all along, draws portraits of his nemesis as Lucifer.

INFILTRATING BOCA RIO

Other Boca residents victimized by Madoff have similar stories to tell. All of them are trying to regain their financial and emotional footing. Not all of them are willing to be identified by name. Piecing their stories together, one begins to get a clearer picture of Madoff's impact on the community, the extent of his presence here and the enduring effects of the damage he inflicted.

"Bernie Madoff would occasionally come

to Boca Rio," says one woman whose father was a member at the exclusive golf club. "When he walked in, he was like the President of the United States."

At Boca Rio, as at so many of Madoff's preferred fishing holes, it was his legendary aloofness that proved to be his most effective lure. "The guy was so arrogant and cocky," she says. "Everybody



NOT YOUR ORDINARY GUY

BOCA LAWYER GUY FRONSTIN OFFERS HIS SERVICES TO VICTIMS OF THE MADOFF SCANDAL

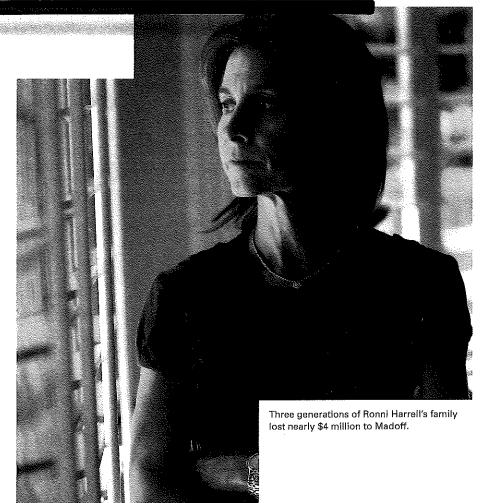
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TVIEN FOUND OUT INNAT HAD HAPPENED TO NY MONEY I... I WAS SCARED," SAYS RONNI MARKELL. "I DIDN'T SAY ANYTHING, I COULDN'T DISCUSS II."

was a like a child around him; you know how a child puts a parent up on a pedestal? You just didn't go up to him. I mean, you had to have permission to go to his table at lunch."

Sitting in the Boca Rio dining room, gazing out over the club's lush 200-acre golf course, Madoff expertly conveyed disinterest in other people's money. "He made it seem like an investment [situation] that was very difficult to get into," says the woman, whose father was a Madoff investor for nine years, until he woke up to find his money was gone. "You were made to feel you were very lucky to get in with him. The more people talked about it, the more people wanted in."

Boca Rio, founded more than four decades ago, limits its membership to 150. Admission doesn't come easy; to even be considered, a prospective member must be sponsored by an existing member. Initiation fees and annual dues are not published (one source pegs the annual dues at approximately \$25,000). It was the perfect target for Madoff, an insiders' bastion where exceptionally successful people came together to congratulate each other on their good fortunes. Until, that is, Madoff was arrested on Dec. 11, 2008. "It's a small club and people are very close there," the woman says.



BOCA RATON ATTORNEY GUY FRONSTIN SAYS THAT THE PHONE CALLS BEGAN ALMOST IMMEDIATELY. It was

December 2008 and Bernard Madoff had just been arrested. Fronstin had a lot of clients and friends who were Madoff investors. They were distraught. "[People] were in a complete daze," remembers the criminal prosecutor-turned-defense lawyer. "They weren't in a mind-set to trust anybody. They didn't know what to make for breakfast. Their belief in people, in good and bad, was shaken."

They did, however, trust Fronstin. There was only one problem. Given the magnitude of Madoff's Ponzi scheme, Fronstin had no idea how to begin addressing his clients' concerns.

"i called the head tax attorney for one of the nation's top law firms," he remembers, "and he was swimming in all of this stuff. I said, 'Boy, we're going to need some help here."

It was then that Fronstin got what he calls "an idea from above."

He assembled a group of experts—investment counselors, tax attorneys, psychologists—and dubbed it the Dream Team. "We helped people find real estate lawyers," says Fronstin, who functions as a kind of quarterback for the team. "We even helped them find jobs."

At the time of this writing, Fronstin represents 67 former Madoff "investor-victims," mostly from Palm Beach County. Their losses range from \$50,000 to \$100 million. "You're talking about entire families being affected," says Fronstin. "The father and mother, who are 65–80 [years of age], their child, who is 40, and their child, who is 10." It's a predicament that strikes a chord with Fronstin, which is why he's offering his services pro bono. "My fee agreement," he notes, "is that there would be no fee whatsoever."

One observer, marveling at the role reversal, says: "Guy's a criminal defense attorney who's gone to the other side."

THIS STUATION WOULD NOT EXIST," STEPHANIS HALLO SAYS, "IF THE SEC AND THE GOVERNMENT HAD BEEN DOING ITS JOS."

"In the [days after the news broke], Boca Rio was like a morgue."

THE WOODFIELD CHRONICLES

Ronni Harrell, who belongs to Woodfield Country Club, another prominent community in Boca disproportionately affected by Madoff, knows the feeling. "People initially were very depressed," she says. "When I found out [what had happened to her money], I didn't say anything. I was scared. I couldn't discuss it."

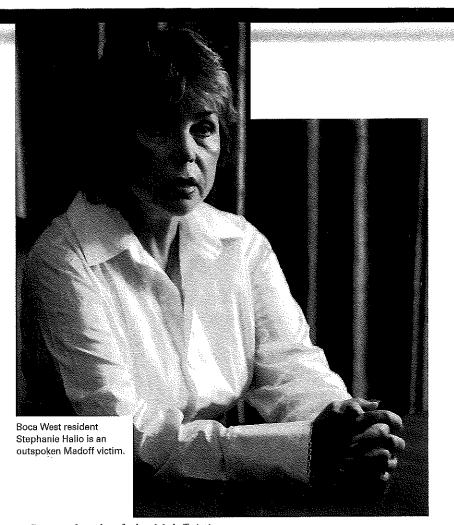
Three generations of Harrell's family lost nearly \$4 million dollars with Madoff. "My mother, who was paying for my kids' college, lost her savings," she says. "My husband and I lost all of our savings, and my kids lost all of their money."

For Harrell, investing with Madoff was a family affair from the very beginning. "My mother had a first cousin named Jerry Horowitz [who] was Madoff's auditor," she explains. "When my mother came into some money in the 1980s, she opened a Madoff account through Jerry. Then, in 1989, we decided I should have an account, too."

Woodfield Country Club is part of an extensive real estate development on Boca's western edge. It caters to a much larger membership than Boca Rio—close to 4,000. Membership at the club is mandatory for residents of the development's 20 or so well-maintained, upscale suburban enclaves. Houses in the various Woodfield developments can go from as little as \$400,000 to as much as \$15 million. As at Boca Rio, Madoff's scheme spread like a cold in a kindergarten class.

"There's a guy here who got all his friends to invest, and they all lost their money," says Harrell. She often wonders why she never referred anyone to Madoff. If she had, we might have been hearing about it on HBO's "Real Time."

"I have a very wealthy cousin, Bill Maher," she says of the comedian/social commentator. "Thank God I never suggested to him, "Why don't you open a Madoff account?' I never did. We never got into anybody's financial business."



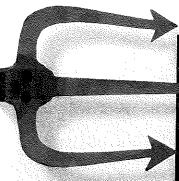
Compared to a lot of other Madoff victims, Harrell, a volunteer social worker whose husband is a physician, considers herself lucky. "My aunt, who is 68 [and who also lost big with Madoff], is a total wreck," she says sympathetically. "There are other people who've lost their houses, people who've gone back to work in their 70s and 80s."

These days, like a lot of parents, Harrell is more concerned about her son's prospects in the post-Madoff, post-housing-bubble economy. Alex, a former punter for the University of Florida football team, graduated last May with a master's degree in finance and, unable to find a job or internship, devoted a lot of

CONTINUED ON PAGE 204

MADOFF FOR DUMMIES

HAVE BASIC QUESTIONS ABOUT THE BETTHE MADOFF SCANDALS WE'VE GOT THE BASIC ANSWERS.





How many people were victims of Madoff's Ponzi scheme?

Madoff's firm handled approximately 8,000 accounts in 2008. That estimate, however, includes feeder funds and excludes clients who may have had accounts previously—so the number of people affected undoubtedly is much greater.

How much money did Madoff steal?

It depends on how you do the math. The figure that gets thrown around is \$65 billion, but that includes not only the original investments but also the fictional profits that Madoff claimed to have generated. Reports in late October placed the tally at \$21.2 billion, though that number likely will increase as investigators continue to disentangle Madoff's financial records.

How did he get away with it for so long?

He was smart, and he was thorough. Madoff kept meticulous records of every transaction he was supposedly making on behalf of his clients. Problem was, he wasn't putting their money into anything but his own pocket. (To borrow an analogy, Madoff was like a

bookie who would manufacture a winning ticket after the horse race was over, showing he had put your money on the winning entry; he just hadn't bothered to place the bet.)

Madoff typically produced returns for his clients of 10-12 percent a year. The investors he felt were more likely to pull out their money were given smaller returns. Those he thought were more likely to keep their money with him were given bigger returns, it all worked pretty well until the economy tanked in 2008 and too many of his clients wanted to pull up stakes at the same time. Madoff didn't have елоидh money to pay out the kinds of profits he claimed to have generated for them, so the whole scheme fell apart.

Is there any insurance for investors whose brokerage firms go bust?

Yes. The Securities Investor Protection Corporation (SIPC), an industry-financed insurance fund, provides up to \$500,000 of compensation on lost investments resulting from a firm's insolvency. Madoff victims are eligible. (So far, more than 15,000 Madoff-related claims have been filed.)

Has the government provided any aid to Madoff's victims?

Yes. The Internal Revenue
Service is allowing Madoff
victims to amend their tax
returns for the past five years.
Victims can claim a theft-loss
equal to 95 percent of their
investments. They also can take
a deduction against profits they
were told they had received
from Madoff (but that turned out
to be no profit at all). The first
refund checks went out earlier
this year,

Now that Madoff has been sentenced to 150 years in prison, will the government go after any of his alleged accomplices?

At press time, Frank DiPascali, a longtime Madoff aide, has pleaded guilty to 10 felony counts, including tax evasion and conspiracy. Madoff's accountant, David Friehling, charged with essentially rubber-stamping his boss's phony transaction reports, has pleaded guilty to nine criminal charges.

Meanwhile, the Securities and Exchange Commission has filed civil fraud charges against the owners of Cohmad Securities, alleging that the company co-founded by Maurice Cohn and Madoff essentially worked as Madoff's marketing arm, paying out large commissions to operatives who brought investors into the Ponzi scheme. The government also is suing stockbroker Robert Jaffe, who is believed to have been Madoff's chief sales rep in Palm Beach.

Philanthropists Jeffry Picower and Stanley Chais, two other Madoff clients, also were sued, but not by the government. They've been sued by Irving Picard, the trustee overseeing the Madoff firm's bankruptcy. Picard alleges that Picower and Chais cooperated with Madoff to manufacture the illusion of huge profits and that the billions of dollars they withdrew over the years from their Madoff accounts was actually payoff for their services. Money recovered by Picard could ultimately go to Madoff's victims.

In late October, Picower, 67, was found dead at the bottom of his pool in Palm Beach.

Reporting by The New York Times and Wall Street Journal was used to compile this information.

Attorney guy fronstin forms dream team to represent Madoff victims

Within hours of Bernard Madoff's arrest, attorney Guy Fronstin received more than a dozen calls from friends and family who were heavily invested with Bernard Madoff. Investors told Mr. Fronstin they were "overwhelmed, depressed, not thinking clearly, and had no idea who to turn to for legal guidance in response to the effect of the Madoff fraud."

Mr. Fronstin said, "it quickly became clear that investors needed assistance at many levels from emotional support to expert legal counsel. However, one person could not provide competent advice and counsel for all the areas needed." Therefore, "I recognized a **team approach** was needed to respond to the Madoff crisis and after thoroughly studying the situation, established a 'dream team' of experts from around the country to assure that investors are not victimized further." Michelle Ball, an investor from New York, referred to Mr. Fronstin as a "quarterback" who "does not charge for his role of coordinating all the parties and orchestrating a highly sophisticated and unprecedented strategy and response to this Ponzi Scheme."

Mr. Fronstin observed that "immediately after establishing the **team approach**, investors felt much better since they no longer had to spend every hour stressing over how to handle this situation. "Although a specific strategy will not be implemented until more information about the crime is revealed, "investors find tremendous relief knowing they are receiving accurate information, literally as the investigation unfolds, and that they have a team of experts pursuing every angle to assure they will receive the greatest possible recovery."

Some of the areas Mr. Fronstin addresses on his Dream Team are:

- 1. Legal tax advice and accounting experts to advice on amending tax returns and filing future year tax returns.
- 2. Applying for and assuring the greatest return on SIPC claims.
- 3. Protecting against claw-back lawsuits and redemption lawsuits
- 4. Insurance experts to review investor's insurance policies and determine any coverage that exists, such as with homeowner's insurance.
- 5. Legislative allies at Federal and State levels to assist in legislation and IRS policies helpful to Madoff victims.
- Counsel from where the investor resides to address interests specific to the investor's home State as well as NY counsel familiar with NY laws since Mr. Madoff's business and the investigation are located in NY.
- 7. Individuals close to the investigation that can provide accurate and timely information to the investors.
- Bankruptcy experts to monitor the Madoff bankruptcy proceedings.
- 9. Psychiatrists and psychologists to address the emotional trauma investors are experiencing.
- 10. Philanthropy counsel to handle the substantial charitable commitments investors previously made but can no longer fulfill.
- 11. Plaintiff's attorneys to evaluate investor's situations individually and determine what claims each investor has and then proceed with filing lawsuits.
- 12. Criminal prosecution representation to assure Mr. Madoff is prosecuted to the fullest extent of the law in every possible jurisdiction and that restitution is required as part of any sentence.

Mr. Fronstin promises "the team will be extremely pro-active and aggressive in recovering as much as possible for investors."

In Reversal of Mission ... Criminal Defense Attorney Guy Fronstin Forms Diversified and Integrated National "Dream Team" to Aid Madoff Victims

* Reuters is not responsible for the content in this press release.

Tue Dec 30, 2008 4:04pm EST

WEST PALM BEACH, Fla.--(Business Wire)-Within hours of Bernard Madoff's arrest, Florida-based attorney Guy Fronstin,
Esq., of the Law Offices of Guy Fronstin, P.A., received more than a dozen
calls

from friends and family who were heavily invested with Madoff and severely victimized by his Ponzi scheme. When investors told Mr. Fronstin they were "overwhelmed, depressed, not thinking clearly, and had no idea who to turn to for legal guidance in response to the effect of the Madoff fraud," it quickly became clear to Fronstin that investors needed assistance at many levels from emotional support to expert legal, tax, and insurance counsel.

Recognizing that one person or counselor could not provide the competent specialized advice and counsel for all the areas needed, Fronstin determined that a diversified and integrated team approach was required to effectively respond to the Madoff crisis. After thoroughly studying the situation, Fronstin

established a "dream team" of experts from around the country to assure that investors are not victimized further and seek possible ways in which to recoup

some of their financial losses.

Michelle Ball, a Madoff investor from New York, referred to Mr. Fronstin as a "quarterback" who "does not charge for his role of coordinating all the parties

and orchestrating a highly sophisticated and unprecedented strategy and response to this Ponzi Scheme."

"While a specific strategy will not be implemented until more information

the crime is revealed, investors have found tremendous immediate relief knowing

they are receiving accurate information, literally as the investigation unfolds.

and that they have a team of experts pursuing every angle to assure they will receive the greatest possible recovery," noted Fronstin.

Fronstin added that "upon his establishment of the `dream team` approach, investors have felt much better since they no longer had to spend every hour stressing over how to handle this situation, much less trying to figure out where to even start their recovery mission."

Some of the areas Mr. Fronstin and his Dream Team address are:

- 2. Applications for assuring the greatest return on SIPC claims.
- 3. Protection against claw-back lawsuits and redemption lawsuits.
- 4. Insurance counsel and review by industry expert of investor's insurance policies to determine if any coverage exists, such as with homeowner's insurance, as well as ways in which to recoup portfolio losses through other forms of insurance.
- 5. Support of legislative allies at Federal and State levels to assist in legislation and IRS policies helpful to Madoff victims.
- 6. Knowledge and support of counsel from where the investor resides to address interests specific to the investor's home state as well as NY counsel familiar with New York state laws where Madoff's business is located and the investigation is underway.
- 7. Accurate and timely information provided to the investors by individuals close to the investigation.
- 8. Counsel of bankruptcy experts to monitor the Madoff bankruptcy proceedings.
- 9. Support of psychiatrists and psychologists to address the emotional trauma investors are experiencing.
- 10. Expertise of philanthropy counsel provided to handle the substantial charitable commitments investors previously made, but can no longer fulfill.
- 11. Counsel by plaintiff's attorneys to evaluate investors' individual situations, determine what claims each investor has, and then proceed with lawsuit(s) filings.
- 12. Counsel and strategy provided by criminal prosecution representation to assure Madoff is prosecuted to the fullest extent of the law in every possible jurisdiction and that restitution is required as part of any sentence.

Fronstin promises "the team will be extremely pro-active and aggressive in recovering as much as possible for investors."

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Homestead laws could protect Madoff mansion in Palm Beach

By SONJA ISGER and CHARLES ELMORE Palm Beach Post Staff Writers

Monday, March 16, 2009

Ruth Madoff's money for any role she may have played in her husband's * Full coverage of Madoff scandal Federal prosecutors served notice Monday that they intend to go after Ponzi scheme, but property records show she has filed for and been granted a 2009 homestead exemption on her \$9 million Palm Beach mansion - a move that could make it much harder for victims to collect from that property.

Investors burned by financier Bernard Madoff are incensed at the thought of her keeping the luxury home, Boca Raton attorney Guy Fronstin said.

"They're furious about it," said Fronstin, who said he represents 63 investors who lost a total of more than \$200 million.

"They are saying, "We are destitute and she's still living a lavish lifestyle."

Government prosecutors said they hope to seize from Ruth Madoff properties including the Palm Beach home, \$10 million in home furnishings, a \$7 million yacht in France, a \$39,000 Steinway piano, a \$65,000 silverware set, two Mercedeses and a 2007 BMW 530i, among other assets.

Ruth Madoff had tried to get a homestead exemption for the home at 410 Lake Way in 2007, according to the Palm Beach County property appraiser's office. She was denied because she already had a New York City penthouse that was homesteaded in that state.

But when Madoff applied again in September, three months before her husband was arrested, she had dropped the New York exemption.

On Jan. 12, her Florida exemption was granted, the property appraiser's office confirmed.

Ruth Madoff, 67, has held a Florida driver license since November 2006 and is registered to vote in Florida. She cast her last vote at St. Edward Catholic Church on North County Road.

Why does the homestead change matter?

"The Florida Constitution provides that a civil creditor cannot force the sale of a person's homestead to collect a civil judgment," said Jonathan Alper, an Orlando attorney who edits a Florida asset protection blog. "There is no dollar limitation so that homestead properties are exempt from forced sale by creditors regardless of how much money the debtor invests in his homestead. New York, like most other states, has a dollar cap on their homestead exemption."

Exceptions to homestead protection include when a person uses the proceeds of a fraud to buy a Florida homestead, he said.

Ruth Madoff is entitled to keep as much as \$69 million, her lawyers are reportedly prepared to argue, asserting the assets were in her name and unrelated to alleged fraud. Peter Chavkin, a lawyer for Ruth Madoff, declined to comment to The Associated Press.



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Bernard Madoff, 70, pleaded guilty Thursday to securities fraud, perjury and nine other charges. He will be sentenced in June and could be sent to prison for up to 150 years.

The Palm Beach home was purchased in 1994 for more than \$3 million. There is no mortgage on record. Ruth's name is the only one on property records.

Most Florida residents seek a homestead exemption for the \$50,000 break in the taxable value of their homes and the guarantee that taxable value won't rise more than 3 percent a year. But experts said that would be small change for the Madoffs. Their tax bill in 2008 totaled \$157,142 on more than \$9 million.

The real appeal, they say, is the way Florida protects its homeowners from creditors.

"Florida is universally known as a state that protects debtors," said Harvey Oyer, a real estate attorney with the West Palm Beach firm Shutts and Bowen. "We have historically attracted all sorts of deadbeats and debtors to the state."

O.J. Simpson is among the celebrities who moved to Florida and quickly filed for bankruptcy to gain protection from creditors. But it wouldn't necessarily make sense for Ruth Madoff to file for bankruptcy, because that would require offering reams of financial documents that victims and the government are clamoring to get, said Aleida Martinez-Molina, a bankruptcy attorney at Becker & Poliakoff in Coral Gables. "It really would be a feeding frenzy for creditors," Martinez-Molina said.

Even without bankruptcy, the homestead exemption throws up considerable obstacles to anyone who wants to collect money, experts say.

"Unfortunately there's a long history of Florida law permitting people to get away with that kind of thing," said Richard Greenfield, a New York attorney and part-time Palm Beach resident who said he represents 13 victims who lost about \$300 million. "I'm sympathetic with people keeping their homes, but they shouldn't be multimillion-dollar homes. Some of my clients have lost everything."

Staff writer Jeff Ostrowski and staff researchers Niels Heimeriks and Michelle Quigley contributed to this story.

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From the Minneapolis / St. Paul Business Journal :http://www.bizjournals.com/twincities/stories/2009/06/29/daily7.html

Madoff gets 150 years in prison

Minneapolis / St. Paul Business Journal by Paul Brinkmann and Susan R. Miller

Date: Monday, June 29, 2009, 2:48pm CDT

Bernard Madoff will spend the rest of his life in prison and that has his victims celebrating.

"I'm not surprised. That's what he deserved," said Adele Fox of Tamarac, Fla., who lost thousands of dollars to Madoff's scheme.

The mastermind behind the biggest Ponzi scheme in U.S. history was sentenced on Monday morning in federal court in Manhattan to 150 years behind bars, the maximum requested by federal prosecutors.

Madoff's attorney had asked for a far more lenient sentence of 12 years.

In sentencing Madoff, U.S. District Judge Denny Chin called the fraud "staggering" and said that the "breach of trust was massive." The judge described his acts as "extraordinarily evil."

"No other white-collar case is comparable in terms of the scope, duration and enormity of the fraud and the degree of the betrayal," Chin said.

Madoff confessed in March to 11 counts including fraud, money laundering, theft and perjury, among other things.

His victims reportedly number more than 1,300 and stretch across the globe. Their losses are estimated at more than \$13 billion.

Prior to sentencing, Chin heard from nine of the victims who talked about the devastation Madoff's fraud had caused to their lives and their families.

Many of Madoff's wealthy clients lived in South Florida and lost their life savings to his scheme.

Fox, 86, said she is still furious that the Securities and Exchange Commission and the federal government didn't expose Madoff's fraud earlier.

"The SEC is just as guilty as Madoff and they failed us. Nobody seems to do anything about it," Fox said.

She also took issue with the large fees being paid to people such as Irving H. Picard, the trustee who is handling the liquidation of Bernard L. Madoff Investment Securities.

"The trustee Picard is making his own rules. They're paying these guys millions of dollars. It would be better to pay the investors directly," Fox said.

Fox, a widow who once worked as secretary in New York, said she invested \$50,000 in 1987 because she was related to Madoff's accountant, Jerry Horowitz.

She said she was able to get some money back from Social Security payments she'd made over the years on "phantom" income from Madoff accounts. However, she is worried that her disbursements may eventually be targeted in clawback efforts by the trustee in bankruptcy proceedings who has begun sending out letters demanding the return of profits derived from their investments.

Guy Fronstin a Boca Raton, Fla., attorney who has advised Fox, said the government has "been good about refunding taxes quickly" but there are delays in processing claims to the Securities Investment Protection Corporation.

"Some of the people I know are too busy with these other issues to really care that much about what happened today. They believed he would spend the rest of his days in jail," Fronstin said.

Jan Atlas, an attorney with Adorno Yoss, said he believes the court had little choice but to levy the maximum sentence on Madoff.

"I don't think the victims should have been victimized again by having him be able to leave prison one day," said Atlas, whose firm continues to advise clients about tax returns and possibly future claims against investment advisors who invested with Madoff.

"I'm wondering if the trustee will be able to locate more than the billion-plus that he's located, and what is the real loss," Atlas said.

In addition to his prison term, Madoff was ordered to forfeit nearly \$170 billion, which represents the proceeds of, and property involved in, certain of his crimes, according to a news release from the U.S. Department of Justice.

"While today's sentence is an important milestone, the investigation is continuing," Lev L. Dassi, acting U.S. Attorney for the Southern District of New York, said in a news release. "We are focused on tracing, restraining and liquidating assets to maximize recoveries for the victims."

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Madoff victims vent at government, family on eve of sentencing

By JANE MUSGRAVE Palm Beach Post Staff Writer

Sunday, June 28, 2009

Bernard Madoff will apologize for stealing billions of dollars from people who entrusted him with their futures.

Scores of his victims will rally in Foley Square near the federal courthouse in Manhattan, waving signs and demanding justice.

That much is known about events that will unfold Monday when the disgraced financier appears in U.S. District Court in New York to be sentenced for running a \$65 billion Ponzi scheme that ensnared victims worldwide, wiped out dozens of charities, turned millionaires into paupers and rocked the town of Palm Beach.

Whether the 71-year-old who mined a large chunk of his ill-gotten gold from fellow members of the elite Palm Beach Country Club is handed the 12-year sentence that his lawyer is seeking or the maximum 150 years that federal prosecutors are demanding is among the many uncertainties that still swirl around the case.

"There's still so many answers that are unknown," said Richard Greenfield, a New York attorney who represents two dozen victims. "I had fully expected by now - seven months after he confessed - that the government would have filed an indictment naming some of his co-conspirators."

That no charges have been filed against his wife, his sons, his brother or any of those who worked at Madoffs oncerevered investment house adds to the anger many of the victims feel toward the government.

First, it didn't protect them from the elaborate scam and now, some say, it's dragging its feet and making rules that could prevent them from recovering their money.

"How can his family, who were all complicit in his crimes, still be free today?" asked Boca Raton resident Stephanie Hailo, who watched her retirement nest egg disappear with Madoff's arrest. "How long does it take to indict the whole family? They should be stripped of every dime and every asset that they have because everything was bought with money stolen from us.1

Her sentiments are echoed by scores of other victims, who wrote letters to U.S. District Judge Denny Chin demanding Madoff be sent to prison for the rest of his life.

Attorneys say they understand the victims' frustration.

And most say they can't imagine that Ruth Madoff; the couple's sons, Andrew and Mark; and Madoff's younger brother, Peter, won't ultimately be stripped of their fortunes and possibly jailed.

But building a case isn't simple

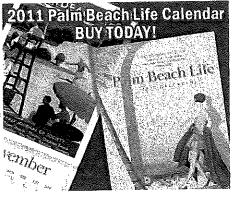
"The government already made huge mistakes in this case by not regulating Madoff in the first place," said Guy Fronstin, a West Palm Beach defense lawyer and former prosecutor who is representing 67 people who lost a total of

So investigators are understandably moving cautiously to make sure that whatever charges they file will stick.

Not only are his wife, sons and brother denying they knew anything about the long-running fraud, Madoff also has consistently said he acted alone.

"Everyone has been throwing Madoff under the bus, that's been the strategy," Fronstin said. "They have taken the position that our daddy or our husband did bad but we're doing everything we can to help.

Late Friday, Ruth Madoff, 58, agreed to the sale of \$80 million in assets, including the couple's \$7.5 million Manhattan penthouse, their \$7.4 million mansion in Palm Beach and a \$7 million New York beach house, as well as the homes' expensive furnishings.



In return, after she vacates the property, she gets to keep \$2.5 million as a "compromise of claims (she) would have pursued," according to the court order.

In addition, Madoff was ordered to forfeit \$170 billion - the amount prosecutors say flowed into his investment house since the scam began in the early 1980s. It's not the amount that was stolen or lost.

While there is no overestimating the bitterness felt by most of the investors, many simply want to move on.

"I'm more worried about what's going to happen to me," said investor Richard Roth, who has sold his house in New Jersey and has put his home in Jupiter on the market in an effort to stay affoat.

Like other investors, he said he doesn't understand why the trustee overseeing the liquidation of Madoff's assets is taking so long to process the claims from an estimated 8,800 victims.

As of June 23, 441 people had received the possible \$500,000 offered through the Securities Investor Protection Corp.

"To let the people suffer, it's ridiculous," he said.

Trustee Irving Picard said the process is complex because no computer records were kept; accounts have to be recreated from paper records.

Beyond going after Madoff's family, Greenfield said he wants to know why the Securities and Exchange Commission ignored warnings about the scam. Madoff's attorney, Irving Sorkin, said his client recently spent hours with a top SEC official

"The information exchanged ... will no doubt shape and fortify the future of Wall Street regulation and oversight," Sorkin wrote to Chin, appealing for leniency.

According to The Wall Street Journal, Madoff has offered few helpful details.

Like most victims, Boynton Beach resident iris Werber, who lost \$1.3 million, is hoping the judge shows no mercy.

Anything less than a sentence that would assure Madoff dies in prison would be "a tragedy," she said.

"It would be like another knife in our hearts."

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