



**Bernard Madoff: the founder of the broker and a former chairman of the Nasdaq stock market was released on a \$10m bond**

AP

## Investors fear \$50bn loss in Madoff's 'big lie'

By Joanna Chung and Henny Sender in New York and James Mackintosh in London

Investors around the world were yesterday rushing to assess potential losses from what could be Wall Street's biggest fraud – a multi-billion-dollar scheme allegedly perpetrated by investment manager Bernard Madoff.

The case threatens to stoke fears among investors and encourage withdrawals from hedge funds struggling to raise cash to meet redemptions. At least one civil lawsuit had been filed yesterday on behalf of Madoff investors seeking to recover money.

"These people went to sleep Wednesday night thinking they had a comfortable retirement and now they are thrown into a spiral of horror," said Stephen Weiss, a lawyer representing people who had invested a combined \$1bn with Mr Madoff. "Some of these people don't know how they are going to pay their mortgage."

Mr Madoff, former chairman of the Nasdaq stock market, was released on a \$10m bond on Thursday after prosecutors said he told senior employees, including his sons, that his operations were "all just one big lie" and "basically, a giant Ponzi scheme [similar to a pyramid scheme]". Prosecutors said Mr Madoff put his losses at about \$50bn but that estimate has not been independently confirmed.

Mr Madoff apparently came to grief over redemptions. He told a senior employee this month he was struggling to meet \$7bn in redemption requests from clients, the criminal complaint said.

Mr Madoff's investors ranged from his friends in New York financial and charitable circles to globally known fund managers. Funds that invested with Madoff – including Tremont, a US fund of hedge funds that had put more

than \$1bn in his hands – were particularly active in recent weeks in soliciting new money for his vehicles, say people who received the requests.

The biggest exposure appears to be Fairfield Greenwich, a US group with a \$7.28bn fund managed by Madoff. Sterling Equities, flagship company of Fred Wilpon, owner of the New York Mets baseball team, was another investor.

In Europe, two funds from Pioneer Investments, an arm of Italy's UniCredit, had "substantially all" their \$835m of assets

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invested with Madoff. Other investors include Switzerland's Union Bancaire Privée, London's Man Group, Spanish bank Santander's Optimal division and UK fund manager Nicola Horlick's Bramdean Alternatives.

The Securities and Exchange Commission obtained an order to freeze assets of the firm. Experts questioned whether regulators could have acted earlier. "You have to wonder why the SEC did not know anything about this ... if this has been going on for years," said Bradley Simon, a former federal prosecutor.

Dan Horwitz, Mr Madoff's lawyer, did not return calls for comment. He said on Thursday that Mr Madoff "is a long-standing leader in the financial services industry. We will fight to get through this unfortunate set of events".