

# MOUNTEBANK TAMALPAIS

## To his Marin ponzi-scheme victims, Bernie Madoff is the gift that keeps on giving...

By Ronnie Cohen



A week after Bernard Madoff's arrest in December, a dozen Marin County victims of the \$65 billion Ponzi scheme gathered to support one another and share a potluck dinner in Fairfax.

One of the ripped-off investors asked the group, "If you had it to do over again, would you do anything differently?"

The answers at first surprised Matt Weinstein. Reeling from the shock of learning that Madoff stole everything he and his wife socked away for retirement, the 61-year-old motivational speaker who lives in Nicasio says he listened in awe as his friends talked about what they call GOMs—Gifts of Madoff.

"The first two people who spoke said, 'I wouldn't do anything differently,'" Weinstein says. "The acceleration in their spiritual growth and how awake and alive they were feeling at the moment—no amount of money can buy you that. "And these are people who were millionaires the week before."

With their investments and income from the returns on their investments wiped out, other Marin County investors on the fallen financier's client list say they toss and turn all night worrying about money. One couple had to sell their Inverness house. Many fear they will lose their homes because they can no longer make the mortgage payments or because regulators will try to clawback money earned in the world's biggest Ponzi scheme. But, once the initial tremor passed and they could pull themselves out of bed in the morning again, many have found silver linings in the clouds Madoff cast over Marin.

Investors say they flocked to send their money to the man who committed the biggest investment fraud in U.S. history not only because Madoff guaranteed curiously consistent, though not always eye-poppingly high, returns, but because Bernie was their guy.

He faces 150 years in prison and is scheduled to be sentenced on June 29. Madoff himself described his crime as a worldwide Ponzi scheme, "one big lie," as he told his sons, who tipped law enforcement officers, just before his arrest. Observers have also described the swindle that could date as far back as the 1970s as an affinity scam. East Coast investors admired Bernie as a self-made Jewish businessman who pioneered computerized trading and modeled charitable giving. Madoff's clients thought of their investments as "Jewish T-bills." They trusted the former chairman of the NASDAQ Stock Market and sought entrance to his elite, often closed, club.

Madoff opened his door to Marin investors through a variety of means. His

client list had 66 Marin County accounts. Many more investors, like Weinstein, do not appear on the list because they bought into Madoff through so-called feeder funds.

Marin investors include artists, writers, a flutist, an entrepreneur, a psychotherapist, a once prominent civil rights attorney and last year's California lawyer of the year. A Mill Valley investment adviser also is on the list. He claims he never invested any of his clients' money but kept his inheritance in the Madoff account his father had established. Numerous Marin residents who were Madoff clients say they inherited the accounts when their fathers, contemporaries of the 71-year-old Wall Street legend, died. Other local Madoff clients say they invested with the high-flying financier through family and friends on the East Coast.

Another group of local investors heard about Madoff through San Rafael lawyer Richard Glantz.

### 'We're going to lose the house!'

Despite losing millions, Glantz led an Esalen Institute weekend workshop titled "Money and Spirituality" this month. An Esalen biography describes him as a business and mediation attorney with an accounting and investment background who has been on a spiritual path for 35 years. While Madoff attracted Jews, Glantz attracted spiritual seekers, many of them, like him, people in their 60s who donated their time and money to charities.

Glantz's name or address appears on 21 of the 66 Madoff accounts in Marin. He connected investors from Marin to Madoff—investors like Weinstein, Gordon Bennett of Inverness and Dale Borglum and Ken Macher of Fairfax. Weinstein still sees Glantz as having given him a gift by allowing him into the exclusive group. "Richard thought he was doing his friends and family a favor by getting them into something safe and solid so they could sleep at night," Bennett says.

Around 1991, Bennett put the proceeds from his 1988 sale of Westbrae Natural Foods into a Madoff account.

The steady returns on his investment allowed Bennett to devote himself to his passion—protecting the environment. Late on a wintry night, he was working on a Sierra Club project in his Inverness home when he opened a friend's e-mail with a link to an MSNBC story. Bernie Madoff had been arrested.

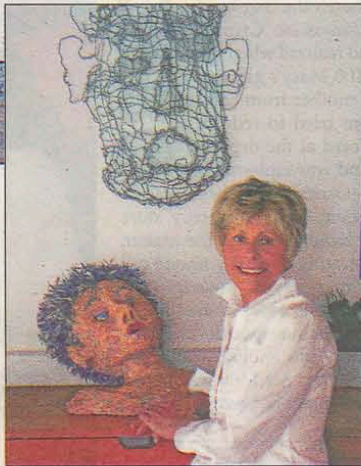
Soft-spoken, and at times sounding on the verge of tears, Bennett talks about learning his trusted money mogul was a fraud. "My wife was already in bed asleep," he says, "and I woke her up and said, 'We're going to lose the house.' She said, 'Go back to bed,' and I said, 'No. We're going to lose the house!'"

In early May, Bennett and his wife sold the Inverness home in which they planned to spend the rest of their lives. And, at 62 years old, after not doing paid work for more than 20 years, Bennett spends his days hunting for a job.

In the 1970s, soon after Dale Borglum earned a Ph.D. in mathematics, he started the "conscious dying" movement in the West with Ram Dass and Stephen Levine. A scent of incense burned during his morning meditation still pervades his book-lined Fairfax condominium in the late afternoon, when Borglum hesitatingly discusses life after Madoff. For more than 10 years, instead of paying



New York photographer Sonia Moskowitz's distorted rendering of Bernie Madoff, top left, is one way of looking at the grandfatherly figure who swindled \$65 billion from investors; Larkspur resident Roni Peskin Mentzer's sculpture 'Madoff Made Off,' above, is another.



Sculptor/Ponzi-victim Roni Peskin Mentzer credits rage at Madoff with her renewed passion for art.

SONIA MOSKOWITZ/ZUMA PRESS

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himself a salary as the executive director of the nonprofit Living/Dying Project, Borglum lived off returns from his investment with Madoff. Now, at 66, he must find a way to make money.

Ken Macher, a 60-year-old recently retired management consultant, had been talking to investment advisers about diversifying. He knew he was not supposed to have all his eggs in the Madoff basket, but he did not know where else to put his money. He was sitting at his desk in his Fairfax home when he got a call from one of the advisers he had interviewed. The adviser was watching the arrest of a guy by the name of Bernard Madoff on television. "Is this the guy you've had your money with?" he asked Macher.

Bernie took all of Macher and his wife's savings. As a result, Macher must come out of retirement and return to work. Another Madoff victim has moved into the Machers' home. They bike, cook and garden more. They also clip coupons.

In the weeks following Madoff's arrest, fear and anxiety gripped Macher. He would wake in the middle of the night terrified. He worried about having to live in a state-run nursing home or having to sleep on a piece of cardboard on the street.

"I thought, I could do that," Macher says. "I haven't felt so afraid after looking at all the worst-case scenarios. As a person involved in this, I have a choice about looking backwards and being angry. I actually feel free. We have financial stress, but we're doing fine. There's been so much support from friends. It just makes our marriage stronger.

**"... I woke her up and said, 'We're going to lose the house.' She said, 'Go back to bed,' and I said, 'No. We're going to lose the house!'"**

"I don't feel anyone has a free pass. What if a tsunami had come through here? I don't like this victim idea at all. I don't want to organize myself around that concept. I perceive myself

as sort of involved in an adventure that has taken a surprising turn.

"There's definitely a lesson here, that things are not permanent, that you cannot count on things. It doesn't make me embittered. It makes me feel more flexible. The lessons have been so valuable that I can't be all pissed off. I don't want to sugarcoat it. We're under financial pressure.

"I feel I've traded one kind of security for another kind of security—financial versus inner security. That I don't think can be taken from me. The only thing money meant for me was freedom and some kind of safety net. I don't feel the anxiety now. I feel sort of relaxed about come what may."

Not everyone in the New Age wing of the Madoff club has been able to turn their financial lemons into lemonade.

### **'Why did I believe in Madoff?'**

"I'm not that evolved," says Glantz, 64. Sitting in an office in his posh hilltop San Rafael home—which is listed for sale for nearly \$2 million—the gray-haired attorney wears a black mock-turtleneck shirt and army boots and looks like he might be a lawyer for a rock band, which he was. In the early 1980s, he says he won a \$6.9 million judgment for Creedence Clearwater Revival.

Glantz chokes back tears as he talks about the turn his life has taken since December. "I'm basically scared and sad," he says, clasping his hands, a diamond sparkling on his ring finger. "I have such sadness. I've had tremendous wealth, and now it's lost, and I can't be the support to people I had been. In this case, I have to watch them suffer, and I'm suffering with them."

Other than to say that he and his family lost millions, Glantz would not say how much he lost personally or in the accounts he held on behalf of more than 40 friends.

Glantz never met Madoff. But his father, Edward Glantz, an accountant, knew the investment master. Glantz's father, who died about three years ago, shared office space in New York with Frank Avellino and Michael Bienes, who worked for Saul Alpern, Madoff's father-in-law. More than 40 years ago, Avellino and Bienes began investing other people's money with Madoff's investment-advisory business. Soon after, Edward Glantz fed Avellino and Bienes clients for Madoff's business.

In 1972, Richard Glantz, then a young lawyer who trained first as an accountant and briefly worked for the Securities and Exchange Commission, began investing with Madoff. Four years later, the younger Glantz began to funnel his friends' money to Madoff's investment business through Avellino and Bienes.

When he first started investing other people's money with Madoff, Glantz says, he kept 2 percent and gave his clients almost 15 percent.

It was easy money until 1992, when the Securities and Exchange Commission investigated the operation. In three separate actions, the SEC charged that Avellino and Bienes and both Glantzes failed to register their firms when they raised nearly half a billion dollars from more than 3,200 investors.

In 1993, Richard Glantz paid the SEC a \$350,000 fine for raising \$30 million from 350 investors in violation of securities registration provisions of the federal securities laws. Glantz says the authorities ordered Madoff to return the money on a Friday, and by Monday, he did. Glantz gave the money back to his clients and told them they could invest directly with Madoff. Many did.

Glantz continued to invest his and his family's money with Madoff. When friends would talk about needing a place to invest money or needing a way to raise money, the San Rafael attorney would tell them about the double-digit returns they could get with Madoff. And when friends who did not have enough money to invest directly with Madoff wanted to invest, he pooled



*Environmentalist Gordon Bennett was working on a Sierra Club project when he learned about Madoff's arrest. In May, the Bennetts had to sell their Inverness home; over the summer Gordon will try to find a job.*

their money into a Madoff fund.

But, Glantz says with a trace of a New York accent, from 1992 until late 2007, he took no money for himself from other people's investments with Madoff.

"I didn't think of it as being a feeder fund," Glantz says. "I was just extending what was for me and my family to friends. It was meant to help one person here or there, and it was just a natural snowball. I really meant the best for these people. I love these people.

"My lawyer says, 'Why are you doing this?' So I can help. It's natural if someone falls down to want to pick them up."

While earning nothing for his efforts, Glantz says, he stayed within the law. Someone would confide to him that they were in jeopardy of losing their house, and he would figure out a way for them to get into the fund so that they could generate an income stream. When a friend told Glantz that he did not have enough income to pay support to his ex-wife, Glantz suggested the friend give the ex money to invest in Madoff and let the returns support her.

Glantz's friends borrowed against their houses and invested the money in Madoff. They used the difference between the mortgage-interest rate and the return rate Madoff gave them to pay their mortgages, their children's college tuitions or to cover living expenses, he says.

At the end of 2007, Glantz says he registered with the SEC so he could pool investor funds into a leveraged Madoff feeder fund offering 19 percent returns—3 to 6 percent more than other

Madoff accounts. Closing his eyes and taking a deep breath, Glantz explains that he had planned to take a cut of the profit from the leveraged funds. Before the fund generated much of a profit, however, Madoff told authorities that since at least the early 1990s, he never invested a dime of the money.

The monthly statements Madoff sent to Glantz, Weinstein, Bennett, Borglum and Macher showing stock trades apparently were nothing but fiction. Like investors throughout the world, Marin investors sent their money to Madoff like they would to Charles Schwab.

"Why did I believe in Madoff? My family was with Madoff for 40 years, and he was chairman of the NASDAQ. I had almost all my money in Madoff. I believed too much," Glantz says.

"We got relaxed. We violated the rules of over-investing and not diversifying. There's a part of just seeing the good and getting greedy. I was nonchalant and cavalier because it went on so, so long and because of what his reputation was."

### **The Gifts of Madoff**

Madoff victims may be eligible to collect up to \$500,000 from the Securities Investor Protection Corporation, which is supposed to cover losses when brokerage firms fail. But people like Weinstein, who invested through feeder funds, do not qualify for SIPC reimbursement. And the trustee overseeing Madoff's bankruptcy has determined that investors will only be able to take out what they put in. Under the trustee's plan, people who withdrew returns equal to their initial investments would not be eligible for any SIPC money.

Investors who removed more than their initial investments have been meeting with \$500-plus-an-hour lawyers to figure out how to protect themselves from clawbacks. One San Anselmo man whose wife took \$2.5 million of inherited money out of a Madoff account to buy their house has dedicated himself to figuring out how to keep it. He fears he will have to sell the house at a fraction of what he paid because of the depressed housing market to pay the clawback.

Glantz has put up for sale not only his San Rafael house but his house in Big Sur. He also plans to sell his car. "Everything I own is up for sale," he says. "When I get done, I'll be destitute."

ROBERT VENTURA



Losing everything he owns hurts, he says. But he adds: "It's the clawback which is haunting my life."

Madoff provided such steady returns that several Marin residents say they moved some of their savings into other investments only to put the money back into their Madoff accounts. Other local Madoff investors did obey the cardinal rule of investing—diversification—and though they were burned, they did not lose everything.

Roni Peskin Mentzer of Larkspur, for example, gave her IRA to Madoff, but she and her husband invested the rest of their savings elsewhere. So, though Mentzer was enraged enough to make a metal sculpture she calls "Madoff Made Off," she has not had to look for work or contemplate selling her home.

Borglum has not been as lucky. Still, the Living/Dying Project director refuses to see himself as a victim and says he focuses on what he's gained from his loss.

"If I want true freedom, maybe an easy life isn't the best thing," he says. "It's easy to get a little lazy. Now because of the shock, I've learned things about humility and surrender I didn't know before. My heart has never been so open."

Weinstein counts among his Gifts of Madoff a creative surge. He has turned his loss into a funny and poignant motivational talk titled "What Bernie Madoff Couldn't Steal from Me." Weinstein's wife, author Geneen Roth, tells her version of the Madoff fraud in

a well-received essay called "What I Gained by Losing in Madoff." She plans to expand the piece into a book.

In the essay posted on The Huffington Post, Roth writes: "On this other side of loss, there is the necessity—the urgency—of staying in the moment. This breath. This step. This splash of sun. The money is lost, but if I wander into fear—what if my husband or I get sick and we can't pay the medical bills, what if there is an accident and we can't work, what we will do when we get old—I'm lost as well. Being fierce about staying in the present—where there already is enough—is an unexpected GOM [Gift of Madoff]."

Borglum has been trying to earn a living by running groups that merge psychology with meditation. "I wanted to dedicate myself to take care of dying people," he says. "I figured I was doing God's work, and God would take care of me. That was a little naive. If I really want to be a true spiritual guide for the dying, I have to find a depth in me to deal with Bernie Madoff.

"My life has become more complicated and difficult in some ways. But I certainly am not a victim. I feel gratitude for it, like I do for the sunset, and for lunch."

To hear Matt Weinstein's talk "What Bernie Madoff Couldn't Steal from Me," go to [www.youtube.com/watch?v=dlbkqUm\\_xKk](http://www.youtube.com/watch?v=dlbkqUm_xKk).

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