

Mass. probes Ponzi scheme

Galvin seeks records in Madoff case

By JERRY KRONENBERG

State officials are subpoenaing all Massachusetts-related records of accused swindler Bernard Madoff, hoping to help local victims scammed by what's shaping up to be Wall Street's worst fraud ever.

"Our jurisdiction is extensive, especially when it comes to fraud," Secretary of State William Galvin said yesterday as his office served subpoenas on Madoff's New York offices.

Authorities arrested Madoff last week for allegedly running a \$50 billion Ponzi scheme. Officials say the former Nasdaq Stock Market chairman has admitted guilt.

Madoff, 70, allegedly preyed primarily on wealthy Jews and charities they had set up. Reputed victims include foundations funded by movie director Steven Spielberg and author/Holocaust survivor Eli Wiesel.

Local alleged victims include charities run by phi-

lanthropists Carl and Ruth Shapiro, as well as by former Stop & Shop owners Avram and Carol Goldberg.

Salem's Robert I. Lappin Charitable Foundation closed after allegedly losing its entire \$8 million endowment to Madoff, while the Massachusetts state pension fund lost as much as \$12 million.

"Most or virtually all (alleged victims) had multimillion-dollar investments — there was no one in this for \$50,000," said Galvin, who's heard from some 10 Bay State victims so far and expects more to emerge.

Galvin, whose office regulates all Massachusetts stock sales, has also subpoenaed Cohmad Securities, a New York firm that reportedly cultivated most of Madoff's Bay State clients.

Cohmad executive Robert Jaffe, the Shapiros' son-in-law, apparently served as Madoff's point man among wealthy Hub Jews. No one at Cohmad's New York office answered calls yesterday seeking comment, but Jaffe reportedly didn't know about the scam.

Galvin is seeking records of any monies that Madoff paid Cohmad, as well as a rundown of all companies that the alleged scammer did

business with. The secretary of state also wants a list of anyone who audited Madoff's books.

Galvin said he's trying to see if he can hold anyone other than Madoff — who will presumably wind up broke and in jail — liable for the alleged fraud. "If there's any hope of recovery here, it will be to locate entities and assets involved," he said.

Meanwhile, the state pension fund is weighing whether it can sue anyone to get its \$12 million back. "Obviously, if we can recover any portion of our money, we will," pension Executive Director Michael Travaglini said.

The pension indirectly invested with Madoff two months ago as part of plan to increase hedge-fund holdings.

Pension officials gave \$170 million to Austin Capital Management, a "hedge fund of funds" that in turn hired Springfield-based MassMutual's Tremont Capital division to oversee the money. A Tremont unit reportedly lost all \$3 billion of client assets — apparently including the Bay State pension's money — to Madoff.

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Made off with their money

Big banks, charitable foundations and the rich and famous were caught up in the alleged \$50 billion fraud scheme of Wall Street money manager Bernard Madoff.



Steven Spielberg
Film director



Fred Wilpon
N.Y. Mets owner



Mort Zuckerman
Real-estate magnate



Norman Braman
Former NFL owner



Carl Shapiro
Hub philanthropist



Elie Wiesel
Author



Leonard Feinstein
Bed Bath & Beyond founder



Frank Lautenberg
U.S. senator



Citizens Bank

RBS, Citizens Bank parent



Sovereign Bank

Grupo Santander, Sovereign Bank parent

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