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Madoff pyramid scheme not biggest money lie

REAL MONEY

By Rob Rikoon | For The New Mexican

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For those of you who don't know Bernie Madoff, let me assure you he is a good guy. He gives money to charity, loves his family and helps his fellow professional financiers regulate themselves. In the words of my bubba (Jewish grandmother), he was a mensch.

Turns out Bernie is also a pathological liar, one of a large cadre of salespeople whose sole genius is being able to schmooze. These are people we often respect, even idolize. These are the hedge-fund guys that made a billion dollars in 2007, the managers of America's financial empires, the road warriors who help raise money for cities and states.

Now that we are teetering between a recession and a depression, let's put Bernie alongside his compadres: U.S. Treasury Secretary Henry Paulson, former Merrill Lynch CEO Stan O'Neal and his successor John Thain, and a myriad of other bankers, lawyers, politicians, regulators and local real-estate magnates. They all are running a racket, taking the public's money and parlaying it into fortunes for themselves. Curious how few women are in these ranks.

Bernie allegedly has confessed to running a Ponzi scheme, where early investors get paid with later investors' money. Shame on him but shame on investors who put money in a brokerage firm with the same name on it as their adviser. No checks or balances there. If someone promises returns above CD rates with no fees or risk and you believe them, double shame. If it sounds too good to be true, then ...?

Insurance company annuities, real-estate partnerships, anything with guaranteed higher than market returns sound good, but these promises are never fulfilled. Our government is pledging \$750 billion for banks and mortgage companies, \$50 billion for car companies, \$1,000 billion (\$1 trillion) for infrastructure. All seem like good ideas, but who is going to pay for them in the end?

The biggest pyramid money ruse scheme in history is not Bernie Madoff's. The charities and universities and rich people who lost their life savings with him should have known better. Much bigger — and yet to come to light — is the debasement of the American dollar and the sale to foreigners of America's assets at wholesale prices that will be the result of the current policy of unlimited government bailouts.

The money lie we seem unwilling to face is that we cannot fix our problems by continuously borrowing from the future. The old-fashioned remedy for being in the hole is hard work, not more debt. Bernie Madoff will go to jail for taking from new clients to satiate old ones. Perhaps some

bankers, politicians, and captains of otherwise failed enterprises should suffer a similar fate.

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