

# Newsday

July 2, 2009

## Will legal fight turn to her \$2.5M?

- **Litigation considered** to recover funds from wife
- **Many lawyers** believe she'll get to keep it

BY ANTHONY M. DESTEFANO  
anthony.destefano@newsday.com

Under her agreement with federal investigators, Ruth Madoff will get \$2.5 million as soon as she vacates the Manhattan penthouse apartment she has lived in for nearly 30 years with her convicted swindler husband Bernard Madoff.

Now the issue is whether Ruth Madoff, who has not been accused of any wrongdoing, would have to fight with others over her government-approved grubstake.

A bankruptcy trustee picking over the corporate bones of the Madoff Ponzi scheme said in May that "at the appropriate time" he would sue Madoff family members to recoup investor money allegedly used to fund their lifestyle. Bankruptcy court

papers filed by trustee Irving Picard alleged that Madoff company money was used to fund some of Ruth Madoff's interests in business ventures and to pay her American Express bills.

Legal sources familiar with the case who did not want to be named said she is unlikely to be prosecuted. However, Ruth Madoff's agreement with the government — she walks away from more than \$80 million in real estate and other assets — says Picard is not prevented from suing her to recover money. The sources said litigation to recover funds is still being considered.

There is also a pending lawsuit against Ruth Madoff and others filed by the pension fund for the town of Fairfield, Conn., to recoup losses suffered in the Ponzi scheme.

David Golub, the attorney representing the pension fund, told Newsday yesterday the town is mulling its options. Town officials realize Ruth Madoff's pact with the federal government is entitled to some deference, he



Ruth Madoff, who has not been accused of wrongdoing, will get \$2.5M in court deal.

AP PHOTO

### THE CLAIMS

Investor Claims Approved for Payment in Madoff Case (As of July 1)

Total Claims Filed:

**8,000** (est.)

Approved Claims:

**543**

Amount of Approved Claim Payments:

**\$231 million**

Value of All Claims:

**\$2.972 billion**

**Note:** Investors with Bernard Madoff have until midnight tonight to file claims to receive up to \$500,000 from the Securities Investor Protection Corp. SOURCE: SIPC

said. But "\$2.5 million is a lot of money," said Golub, adding that the decision of whether to keep Ruth Madoff in the case will be made soon.

Picard's legal papers stated that Madoff company funds were used to pay her American Express bills — more than \$29,000 between late 2007 and 2008. She charged charity contributions in New York, clothes at Giorgio Armani in Paris and movie tickets in Palm Beach, court records show.

Peter Chavkin, who represents Ruth Madoff and negotiated her agreement with the federal government, didn't respond to a request for comment yesterday.

But at least one attorney, Jerold Reisman of Garden City, who is representing some cheated investors, said he had no basis to sue Ruth Madoff because she has not been charged with a crime.

While investors have been outraged over the opulent life Ruth Madoff lived, some lawyers believe there is no basis to accuse her of wrongdoing, particularly since the government is letting her keep millions.

One attorney, who didn't want to be named, was sympathetic toward her.

"She lived like a Queen but that doesn't mean she should live in hell," he said.