

FOR THE LOVE OF MONEY

Accessing Information

- A 1** What associations come to mind when you think of the word “greed”? Make a list of your ideas.
- 2** Categorize the items in your list as follows:
- definitions of the word
 - the names of real people
 - characters in books or movies
 - specific situations and events
 - other
- 3** Share your ideas and make a class list.

- B** Did anyone write the name Bernard Madoff? Copy the fact file below and fill in any information you know about him.

FACT FILE

Name: Bernard Madoff
Date of Birth: April 29, 1938
Occupation: ...
Charges against him: ...
Punishment: ...



- C** Now read the text and complete the fact file.

investments into a Ponzi scheme. He began an aggressive marketing campaign to attract new investors and used the money they invested to pay earlier investors who were leaving the fund. When a financial crisis struck in 2007, people and organizations needed the money they had invested – but Madoff couldn’t pay.

20 Who were the victims?

The saddest aspect of the Madoff scandal is the great number of people who gave Madoff money they couldn’t afford to lose. Many lost all of their investments. However, it wasn’t only individuals who were affected. Banks, universities, companies, and organizations of all kinds were also hit hard. Banks like Bank Medici of Italy, the Royal Bank of Canada and the Royal Bank of Scotland suffered great losses. Universities like Columbia, New York University Law School and Yeshiva University were severely hurt. Companies like Mitsubishi, Clal Insurance, Harel Insurance and Korea Life Insurance, to mention just a few, also suffered. Some have not recovered from their losses to this day.

Even charities were affected by Madoff’s scheme. The Elie Wiesel Foundation for Humanity, Hadassah, the Jewish Federations of Los Angeles and Washington and The Steven Spielberg Wunderkind Foundation are just a few of the many charities that had to cut down on their philanthropic activities. Others, like JEHT (Foundation for Justice, Equality, Human Dignity and Tolerance) were forced to shut down entirely. Formed for the purpose of helping the needy, these charities ended up helping the greedy.

35 Why did he do it?

So who is the real Bernie Madoff – a respectable businessman or a common crook? And what drove him to set up a 50 billion dollar Ponzi scheme? According to one theory, Madoff is a greedy manipulator who wanted to accumulate a fortune and didn’t care who got hurt along the way. Or perhaps he simply stole for the fun of it. Former FBI agent Gregg McCrary believes that Madoff can be compared to a serial killer. Serial killers, he explains, have control over the lives and deaths of other people. They enjoy playing God and feeling superior. McCrary thinks that Madoff did the same thing. He played at being a financial god – taking people’s money and ruining their lives.

Whatever his motive, Madoff now has a lot of time on his hands to reflect on it. In June 2009, Madoff was found guilty of fraud, theft and perjury, and sentenced to 150 years in prison. Hopefully, he has been using his time to think about the harm he has done.

*NASDAQ = the American stock market

- D** Bernie Madoff was generally considered to be a successful man. What do you think? In small groups, discuss what it means to be successful in life. List your ideas and then number them in their order of importance (1= the most important). Share your conclusions with the class.

E A CLOSER LOOK

Read the article on pages 36-37 again and answer the questions in your notebook.

1. What made the Madoff scandal “one of the biggest financial scandals of all time” (line 1)? Give ONE reason.
2. A Ponzi scheme is (-). (lines 6-10)
 - a. a sure way to make money
 - b. an exclusive men’s club
 - c. an ancient Egyptian structure
 - d. an unethical plan to cheat investors

Made of Greed

Who is Bernard Madoff?

In December, 2008, one of the biggest financial scandals of all time made headlines around the world. The legendary Bernie Madoff – charismatic and well-respected stock market trader – had run the biggest Ponzi scheme in history, cheating investors out of fifty billion dollars.

- 5 Some believe that no financial crisis has ever been as serious.

What is a Ponzi scheme?

A Ponzi scheme is a dishonest plan to get rich quickly. It is structured like a pyramid in which money “invested” by newer members is used to pay the people higher up in the pyramid. Once the plan stops attracting new members, however, those at the top of the pyramid get rich, while those at the bottom lose everything.

- 10

How did he get away with it?

Madoff’s primary tool for making the scheme work was the respect he had earned during his long career on Wall Street. Madoff had been the chairman of NASDAQ*. He had also been running a successful investment fund for many years and had built up a large clientele of investors. At some point, Madoff’s fund ran into trouble, and he decided to convert his clients’

- 15