

## Brazilians Caught in Madoff's Ponzi Scheme Are Keeping Mum

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Wealthy Latin Americans, among them Brazilians, are among the biggest victims of an alleged US\$ 50 billion Ponzi scheme orchestrated by financier Bernard Madoff, The Wall Street Journal reported on Monday.

Even so, according to the WSJ "many in the region are reluctant to step forward due to the private nature of Latin American fortunes, worries about security, and concerns about tipping off local tax authorities."

It added that some of those affected were brought into the Madoff investment fund through Spain's Banco Santander, which has major operations in Latin America.

"Other investors appear to have been introduced to the scheme through their friendship with Andres Piedrahita, a socially prominent, Colombian-born banker living in Madrid and London," the newspaper said.

Piedrahita is a son-in-law of Walter Noel, founder of Fairfield Greenwich Group, whose Fairfield Sentry fund was Madoff's single biggest investor with 7.5 billion USD in the purported Ponzi scheme.

Santander, Spain's biggest bank, acknowledged this month having invested - and losing - more than 2.3 billion euros (3.28 billion USD) in Madoff's fund.

Ernesto Canales, a leading corporate lawyer in Monterrey, Mexico's industrial capital, told WSJ that Santander clients in the northern city "were invited to invest in that fund."

He estimated that Santander's Mexican clients may have lost some 300 million USD.

Members of Monterrey's wealthy Clariond family, which earned hundreds of millions of dollars from the sale of multinational steelmaker IMSA to Argentine industrial group Techint, lost millions in Madoff's presumed fraud, WSJ said, citing sources familiar with the matter.

No investors in Brazil have come forward to declare their losses, although local fund managers say that some Brazilians invested in Madoff's fund.

"Lawyers say the likely reason for investors' silence in Brazil is that they invested overseas without declaring that money to Brazil's tax authorities, a relatively common practice in Brazil due to heavy regulation and high tax rates," the business daily said.

"It was not declared money, and if that is the case, the victims are not going to appear," Marcelo Trindade, an attorney and former head of the CVM - Brazil's equivalent of the US Securities and Exchange Commission - told WSJ.

The Fairfield Greenwich Group had a presence in Brazil and, according to its Web site, it employed a representative in that country - Bianca Haegler, the niece of Walter Noel.

Noel's wife, Monica, is from a wealthy Rio de Janeiro family whose members are fixtures on the society pages of Brazilian newspapers.

According to the CVM, Haegler was not registered to sell investments in Brazil and WSJ said that, after it made inquiries about her, Fairfield Greenwich removed her name from its Web site. In Brazil, it is illegal to active market a fund based in another country.

Fund managers consulted by the daily said that wealthy Brazilians invested in Madoff or Fairfield Greenwich's funds via private-banking units or foreign banks such as Safra and UBS.

Safra said it bought Madoff's products for some of its private banking clients, while UBS indicated it may have offered its clients access to Madoff's fund, but neither bank offered further details.

Two of Chile's most important brokerages admitted they had been hard hit by losses linked to Madoff-controlled investments.

And, in Colombia, financial magazine Poder said local investors may have lost US\$ 200 million in Madoff's purported Ponzi scheme through Fairfield Sentry, which Piedrahita had promoted in the country over the past 15 years.

"A lot of wealthy Colombians got burnt," a prominent Bogota businessman told WSJ. But thus far no one has acknowledged incurring any losses in the alleged fraud.

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