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Wall St. Fraud Leaves Charities Reeling

By **STEPHANIE STROM**

When Jeanne Levy-Church created the JEHT Foundation in 2002 to promote justice, equality, human dignity and tolerance, she tapped into investments run by [Bernard L. Madoff](#).

Those investments were initially made more than three decades ago by her father, Norman Levy, who entrusted his real estate fortune to Mr. Madoff. Financed solely by regular contributions from Ms. Levy-Church, the foundation gave away more than \$75 million over the next few years.

But on Monday, the young foundation announced that it would cease operations by the end of January — a victim of the same investments that made it a star in liberal philanthropic circles. “The returns had been steady and strong for all these years,” said Robert Crane, the foundation’s chief executive. “It was shocking.”

Mr. Madoff’s investment firm, Bernard L Madoff Investment Securities, collapsed last Thursday when federal regulators arrested him on charges that he had masterminded a scheme defrauding investors of \$50 billion by his own estimate.

Elite Swiss banks, prominent billionaires, asset management companies and wealthy retirees have lost billions in the scandal.

Around the country, the nonprofit community is reeling from the Madoff scandal. At least two other foundations have been forced to close their doors, having lost virtually all their assets to what authorities describe as a Ponzi scheme that depended on new investment money to pay off on earlier investments.

Charities that depended on those foundations for financing, like the Innocence Project and the UJA Federation, and wealthy donors like Norman Braman, Mort Zuckerman and J. Ezra Merkin have now added the Madoff scandal to the list of reasons that fund-raising has been crimped this fall. In some cases, the foundations had placed their money with Mr. Madoff directly; others had invested with funds that turned assets over to him. And some nonprofits relied on a steady stream of money from donors, like Ms. Levy-Church, with now vanishing fortunes.

“It’s not catastrophic, but it does hurt us,” said Madeline deLone, executive director of the Innocence Project, which was supported by JEHT in its work to use DNA evidence to exonerate improperly convicted criminals and to reform criminal justice.

The [Elie Wiesel](#) Foundation for Humanity, the Ramaz School and [Yeshiva University](#) are among the charities that invested in the Madoff funds, often on the advice of wealthy donors on their boards, and are now grappling with the fallout.

“We are just waiting to understand exactly what’s going on,” Marc Winkelman, the chief of the Texas-based chain of Calendar Club stores and the treasurer of the Wiesel organization, said on Friday. “It’s of course an upsetting thing.”

According to its 2006 tax form, the most recent available, the Wiesel Foundation realized a \$310,520 gain that year on some \$37 million of securities traded on its behalf by Mr. Madoff. It is unclear what portion of the organization's endowment that \$37 million represents. Mr. Winkelman did not return a call seeking clarification.

The tax forms show trading of well-known stocks like [Johnson & Johnson](#), [PepsiCo](#) and [I.B.M.](#), as well as government bonds, all of which may have led the Wiesel organization to believe that its portfolio was well diversified.

Yeshiva University lost \$100 million to \$110 million on investments in Madoff's funds, having already seen its endowment drop to \$1.4 billion, from \$1.8 billion, after turmoil in the markets.

In a letter to donors, the Jewish Federation of Greater Washington said it had \$10 million invested with Mr. Madoff, about 8 percent of its endowment as of Nov. 30. The organization said it would work to recover the money.

The North Shore-Long Island Jewish Health System reported that it had a \$5.7 million exposure to Madoff Securities in the form of a gift from a donor who insisted that it be invested that way. "The donor who contributed the funds has graciously agreed to reimburse the health system for any financial loss," the organization said in a statement.

The Ramaz School, where Mr. Merkin was on the investment committee, lost some \$6 million invested with Mr. Madoff, according to a letter sent to board members and two parents whose children attend the school.

"It is a small part of our endowment," said Rabbi Haskel Lookstein, the Ramaz principal. "We will be able to continue functioning normally."

Miriam Rinn, a spokeswoman for the Jewish Community Centers Association of North America, the umbrella organization for J.C.C. organizations in the United States and Canada, said it was still working to determine how much it might have lost in the Madoff scandal.

"We're shocked," Ms. Rinn said. But "we're still going ahead with all of our services."

The Carl and Ruth Shapiro Family Foundation, which supports organizations like the [Brigham and Women's Hospital](#) in Boston and the Jewish Federation of Palm Beach in Florida, said it lost \$145 million, or 45 percent of its assets at the end of last year, because of investments with Mr. Madoff. "I was stunned and saddened to learn about the allegations against Bernie Madoff," Carl Shapiro said in a statement. "It is devastating to think that so many charities, individuals and institutions that had put their trust in Mr. Madoff have had their lives so negatively impacted."

He said his foundation would work to recover its investment and would honor all its commitments. The SAR Academy, a Jewish school in the Bronx, had roughly a third of its \$3.7 million in assets invested with Mr. Madoff, according to an e-mail message it sent to donors and parents. That exposure was through the Ascot Fund, an investment fund run by Mr. Merkin, the chairman of GMAC. And [Steven Spielberg's](#) Wunderkinder Foundation, which supports organizations like the Cedars-Sinai Medical Center and the Chabad charity Children of Chernobyl, had investments with Mr. Madoff, although a spokesman said he did not know how much.

The Chais Family Foundation in Encino, Calif., announced over the weekend that its losses had forced it to stop operating, according to the Jewish Telegraphic Agency. The foundation had \$178 million in assets in May 2007, according to its tax form.

The Robert I. Lappin Charitable Foundation of Salem, Mass., had about \$7 million at the end of 2006, but was forced to shut down at the end of last week.

Ms. Levy-Church and her husband, Ken Levy-Church, supported JEHT each year with a contribution from their Madoff funds. There will be no more.

“Our programming is totally dependent on the ongoing funding, so for all intents and purposes it has ceased,” said Mr. Crane, JEHT’s chief executive. “People with grants currently in hand will keep that money, of course, but we can’t make good on pledges and grants that are for multiple years.”

The foundation’s 24 employees are losing their jobs, and organizations like Human Rights First, the Center for Investigative Reporting and the Juvenile Law Center are losing revenue.

Elisa Massimino, the executive director and chief executive of Human Rights First, said JEHT had been a “significant” supporter of the organization, particularly its work on national security and civil liberties.

Reporting was contributed by Javier C. Hernandez, Eric Konigsberg, Christine Haughney and Glenn Collins.