

Madoff Investor Awaits Verdict on Whether 'Imbecile' or 'Dupe'

By Alan Katz

Jan. 5 (Bloomberg) -- Patrick Littaye, co-founder of Access International Advisors, lost his savings after investing with Bernard Madoff, expects to lose his house in his hometown of Saint-Malo, France, and says he'll canvass investors over the next few weeks to see whether he has also lost his business.

Littaye, 69, invested all of his own money with Bernard L. Madoff Investment Securities LLC last year, enticed by the firm's positive returns as other hedge funds slumped. His error was compounded because he borrowed money to increase the return on his investment, leaving him with \$4 million in personal debts, Littaye said in telephone interviews from Jan. 2 through Jan. 4. He declined to specify the amount he had lost.

"I'm going to sell everything I have and start over," Littaye said from Brussels, adding that he planned to subsist on his French social security payments.

"For Access, we'll go to our investors over the next couple of weeks and we'll see what they think of us."

Littaye's partner, Thierry Magon de la Villehuchet, chose a different course. The 65-year-old co-founder and chief executive officer of Access was found dead Dec. 23 at his office in New York. Villehuchet killed himself after it became clear he wouldn't be able to recover the funds he and his clients invested with Madoff, his brother, Bertrand Magon de la Villehuchet, said in a Jan. 2 interview.

"I will suffer all the trials that come my way," Littaye said. "Thierry was less passive in his outlook. He felt that he had decision-making authority over his days on Earth."

'Honest Imbecile'

Madoff's firm collapsed last month after he told his sons it was a \$50 billion Ponzi scheme, according to a complaint filed by the Federal Bureau of Investigation. Shortly before he was arrested, Madoff allegedly told employees he had \$200 million to \$300 million left, the complaint said.

"I don't know yet how our correspondents will receive us," Littaye said. "Maybe as an honest imbecile, or an honest imbecile like 40 million others, or someone duped by a fraud. I don't know yet."

Littaye, who has a wife and two grown children, said he hasn't yet grieved for his partner and friend of almost 40 years. "Right now it's really total incomprehension," he said.

"I just don't understand any of it."

About three-fourths of the \$3 billion clients placed with Access was invested through Madoff, a proportion that had risen steadily over the past 18 months, Littaye said.

Seeming Security

Access provided a "platform" through which investors could

put their money with a variety of fund managers, Littaye said. Clients who asked to invest with Madoff were first introduced to someone at the firm. If everyone agreed, Access would set up an account and put the money in a fund that was actually managed by Madoff, such as the \$1.4 billion LUXALPHA SICAV-American Selection, Littaye said.

As 2008 progressed, more clients opted for Madoff, Littaye said. Littaye and Villehuchet themselves placed all of their own savings with Madoff.

"We retreated to the fund manager who seemed to offer the most security," Littaye said.

LUXALPHA's A shares returned 6.84 percent last year through Nov. 17, compared with a 31 percent loss for similar funds, according to data compiled by Bloomberg.

Littaye said he wasn't sure about Access's legal liability and had so far received mainly messages of support from clients.

"I understand that people need to think of themselves first," Littaye said. "Access isn't a deep pocket now."

Market Maker

Littaye met Madoff in 1985 when a private banking client asked the Frenchman to check whether a put option the bank had ordered had been secured, and he confirmed the transaction with Madoff. After that, Littaye said, he was impressed with Madoff's ability to forecast the short-term direction of stocks based on order flows he saw as a market maker.

Madoff's firm was the 23rd-largest market maker on the Nasdaq Stock Market in October, handling an average of about 50 million shares a day, according to exchange data. It took orders from online brokers for some of the largest U.S. companies, including General Electric Co. and Citigroup Inc.

Littaye also appreciated Madoff's self-deprecating humor. Madoff liked to tell a story about the day in 1998 when he stepped in to protect his firm's interests after his sons told him one of its traders had lost \$200,000 investing in an Internet business, Littaye said.

"'What? \$200,000? That's out of the question. Stand back, the old man is taking over,' Madoff says," according to Littaye.

"His sons pull on his jacket to try to hold him back, shouting 'No Dad!' An hour later and \$2 million poorer he says 'All right, let's get out of this crap.'"

Ashamed of 'Foolishness'

Littaye said he saw Madoff several times a year and considered him a friend.

"I don't get it at all, I just don't," he said. "I'm ashamed of my foolishness, but not of our honesty."

Access managed \$3 billion and had 26 employees, according to marketing documents dated September. Littaye, who had taken a less active role over the past few years, said he is now running Access.

"There's no other choice," he said, declining to say whether the equity in the company was split evenly with

Villehuchet.

Villehuchet and Littaye founded Access in 1994. The two met in 1970 at Paribas, a French investment bank that is now part of BNP Paribas SA.

Access registered in Luxembourg to manage funds there on July 3, 2003, according to documents held by the Luxembourg register of companies, the Registre de Commerce et des Societes.

“That’s when things really picked up,” Littaye said. “Now we’ll go back to the way it was in the beginning. We’ll start over.”