

BUSINESS

Palm Beach may see some Madoff victims selling homes, yachts, jewelry

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Tuesday, December 16, 2008

Madoff mania may be flooding the island, but signs of panic may be more anecdotal than factual. With the economy already in the doldrums, it can be difficult to divine the reasoning behind island residents' financial moves. While some island real estate brokers and shop owners have reported an increase in homes and merchandise up for sale since investment broker Bernard Madoff's alleged Ponzi scheme was revealed last week, others say it's business as usual.

Tara Pearl is vice president of both Palm Beach Real Estate and Palm Beach Trash and Treasures, a shop that helps sell estate items. On Tuesday, Pearl said she fielded at least six calls in 24 hours from people inquiring about putting their home on the market or about selling items like fine art to stay afloat. "I'm hearing things like 'half of someone's wealth' to 'complete utter loss of funds,'" Pearl said. Pearl said Madoff investors with condos and homes everywhere from the lakefront to the ocean side to the estate section are contemplating selling.

Palm Beach County Economic Forum President Rebel Cook said she is still "reeling" from news of the alleged scam. She predicts many wealthy Palm Beachers will be forced to cut back on their personal staffs, creating a trickle-down effect of growing unemployment. In the coming weeks, area restaurants, which are already hosting fewer patrons and coping with reduced staffs, will likely receive even less business, and charitable foundations will try to survive with dwindling donations, Cook said. The only South Florida industry that might be spared from the fallout is the legal industry, which will feed off the inevitable slew of lawsuits, Cook said. But even that's not a sure thing. "Will lawyers do well?" Cook said. "Yes, if their clients can pay them."

Nadine House of Northstar Homes of the Palm Beaches represented both the buyers and sellers for two multimillion-dollar Breakers Row condominiums that were placed on the market Friday and sold Monday. The sellers of one of the condos, which went for \$7 million, put the property on the market because of the poor economy in general, House said. The sellers of the \$8.6 million oceanfront condo, however, were Madoff investors, House said. "They were caught up in this, and they thought it was a good time to sell," said House, who will try to find an island home for the couple to rent. House said the two sales prices are quite strong for the times, but she encourages homeowners to resist panic and rash decisions. "I think everyone should sit back and take a breathing spell," she said.

But both broker Dana Koch, of Corcoran, and new Palm Beach Board of Realtors President Clare O'Keeffe haven't noted any recent trends and don't foresee any type of local real estate panic. O'Keeffe said she believes the volume of available homes is consistent with the busy season. "Palm Beach is a little impervious to many things," O'Keeffe said. "Certainly there have been some people affected by Bernie Madoff, but I don't see a push to put homes on the market."

Bill Sanderson, a yacht broker at Camper & Nicholsons in Palm Beach, said he hadn't heard of any owners selling to raise cash, and it's too early to tell whether such a trend will develop. "In the boat business, we wouldn't see that necessarily, or we wouldn't see it that quickly," he said. Tim Johnson, a broker with Palm Beach Yacht Brokerage Inc., said he expects to see some transactions as a result of the scandal, but it can be difficult to determine the reason

an owner wants to sell. "Generally these people are very discreet about their financial situation," he said. "We do know there are some people who will be selling their boats. I fully expect there will be some fallout locally from this." Johnson said he'd recently received a call from a prospective client who was looking into selling both a yacht and an aircraft, although they didn't share their reasons. "They want to do a couple of different things to raise some capital," he said. "You could call it coincidental, but the timing is a little suspect."

While few West Palm Beach pawnshops are reporting an unusual number of goods recently unloaded from the island, some estate jewelers here, such as Patti Esbia, have noticed more people inquiring about selling since investors learned of their lost funds. "For the last couple of days, it's been a lot of phone calls, and many people have been coming in already," Esbia said. "I know it's connected." Adele Kahn of House of Kahn Estate Jewelers said she's been busy with sellers throughout the month, but the past week was quieter than usual. She thinks people are taking a wait-and-see approach to the Madoff situation and not reacting too quickly. Nobody has been coming in to buy, though, she said. "It's very sad," Kahn said. "It's very depressing. This whole scam, this Madoff scam, has even depressed me."

Daily News City Editor Michael Kaiser contributed to this report