

INTERNATIONAL  
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## Santander sweetens offer to Madoff victims, but few accept

By Victoria Burnett

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**MADRID:** Lawyers representing clients of Banco Santander who lost millions of euros in Bernard Madoff's alleged Ponzi scheme said Tuesday that the investors were unswayed by a sweetened offer of compensation from the bank.

Santander last month became the first - and so far only - bank to offer to compensate private clients for money lost in the Madoff fraud. The bank offered to give customers the equivalent of their original investment in preferred stock, which would pay an annual coupon of 2 percent.

But lawyers for Spanish and Latin American investors said Tuesday that Santander had approached some of their clients in recent days, offering, in addition, to extend to them a loan equivalent to 85 percent of their original investment. The bank would charge 3 percent annual interest on the loan and the preferred shares would serve as collateral.

A spokesman for Santander, who spoke on the condition of anonymity in accordance with company rules, said the offer made in January was nonnegotiable. He declined to comment further.

Santander said in December that it had an exposure of  $\square$ 2.3 billion, or \$2.9 billion at current exchange rates, to Madoff's firm, the largest of any commercial bank. The money was invested through Optimal Investment Services, the bank's hedge fund unit in Geneva.

Marcelo Gebhardt, a partner at Aguirre Saravia & Gebhardt in Buenos Aires, said some of his wealthier clients had been approached but were not impressed with the offer. Gebhardt represents about 30 clients who each had investments in Optimal funds that were valued, before the scandal broke, at \$500,000 to \$1 million.

"What they are offering to do is help these clients out with their liquidity problems," Gebhardt said. "But it's a temporary fix: You have to repay the money just like with any other loan."

Gebhardt was in Madrid on Tuesday to meet with an international group of lawyers representing people who say they were victimized by Madoff.

Horacio Tomás Liendo, partner with Liendo & Castiñeyras in Buenos Aires, said three clients, each of whom invested several million dollars in Optimal, had been approached in the past few days with the same offer. He said they would "wait and see."

Jordi Ruiz de Villa, partner of Jausas, a law firm based in Barcelona representing about 150 Madoff-related investors, said Santander had approached two of his clients, each with  $\square$ 2 million to  $\square$ 5 million invested in Optimal funds, with the loan offer. But he said their reactions were "very negative."

Lawyers said they believed that Santander was offering the loan mainly to clients in Latin America, where investors have been less responsive than their Spanish counterparts to the original compensation offer.

Javier Cremades, a partner at Cremades & Calvo-Sotelo in Madrid, said Tuesday that about 75 percent of Santander's affected clients in Spain had accepted the first offer. This is probably because class action lawsuits are not possible in Spain, the lawyers said.

On Tuesday, Cremades & Calvo-Sotelo became the central point of a "global alliance" in which 34 law firms from 21 countries would share information to help coordinate legal action on behalf of clients in the Madoff case.