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IN THE NEWS

Second Firm Targets Madoff

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 By James Bernstein

A second major Long Island law firm said yesterday it will take legal action against Bernard Madoff, the prominent Wall Street money manager accused of operating a Ponzi scheme that cost investors \$50 billion.

Mineola firm seeks to recover income tax investors paid on gains they were told they made in alleged Ponzi scheme by money manager

Mineola-based Meltzer Lippe Goldstein & Breitstone Llp said it is seeking relief for Madoff investors who paid taxes on "fictitious income." It also said it did not believe a class-action - filed by another Long Island law firm - was an effective way to recover lost money.

Ruskin Moscou Faltischek of Uniondale said last Friday it was seeking class-action status on behalf of investors who say they lost money to the 70-year-old Madoff, who founded Madoff Investment Securities Llc in Manhattan in 1960.

Stephen Breitstone, an attorney at Meltzer Lippe, said Madoff investors may have paid income taxes on paper gains from their investments, and that they may be able to recover some of that money.

"A lot of investors, especially the real wealthy ones, would just roll over their investments and reinvest it, and that would cause the account to grow significantly," Breitstone said.

But recovering the money won't be easy, he added. There is generally a two-year statute of limitations on claiming refunds and a three-year limitation on amending a return. A key question may be how far back prosecutors determine Madoff's alleged scheme goes.

Breitstone also said his law firm did not believe a class-action was the best way to recover money. "I don't see a class-action being successful," he said. There are too many different types of investors - large, small, hedge fund, financial institution - to fit into a "class," he added.

Barbara L. Cerrone, a spokeswoman for **Ruskin Moscou**, said, "We are not going to comment on a press release issued by anyone at this stage."

Madoff, a former chairman of the Nasdaq Stock Market, was arrested last week at his Manhattan apartment, and allegedly told FBI agents that he had operated a Ponzi scheme that swindled investors out of \$50 billion. If that is so, it would be the largest such scheme in U.S. history.

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