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## San Francisco Firm Ordered to Pay \$750,000

By NATHAN BECKER

A San Francisco financial-services firm has been ordered to pay a family trust \$750,000 after recommending it invest in a fund that indirectly funneled money to imprisoned swindler Bernard Madoff.

In 2007, Lenore and Charles Bleadon, owners of a family trust long managed by brokerage firm Stone & Youngberg LLC, were approached by firm advisers who recommended the Bleadons invest in a fund that turned out to have indirectly funneled money to Madoff's company, according to case-related documents submitted to the Financial Industry Regulatory Authority by the Bleadons' lawyer, **Cary Lapidus**.

According to the document, Stone & Youngberg "did not engage in any meaningful due diligence in complete disregard to its fiduciary duty to its clients. Stone & Youngberg conducted no investigation of the ultimate destination of its clients' funds--Madoff Securities."

A message left with a Stone & Youngberg representative wasn't immediately returned.

The San Francisco FINRA arbitration panel ruled in favor of the Bleadons, who own the Kay Family Revocable Trust.

Other rulings have been made in similar cases, with arbitration panels awarding money directly from feeder funds to investors--but **Lapidus** said he thinks this is the first situation in which a brokerage firm, rather than the feeder fund itself, has been ordered to pay investors.

**Lapidus** said he expects "there will be a tsunami of lawsuits against brokerage firms that recommended Madoff feeder funds to their clients as a result of this award."

Madoff pleaded guilty to running a huge Ponzi scheme in March 2009. He is serving a 150-year sentence in a North Carolina federal prison.

Write to Nathan Becker at [nathan.becker@dowjones.com](mailto:nathan.becker@dowjones.com)