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## Probe deepens in missing U.S. hedge fund manager

Sat, Jun 14 2008

By Svea Herbst-Bayliss

BOSTON, June 13 (Reuters) - U.S. authorities were trying to determine on Friday whether a fugitive financier who was thought to have faked his suicide will have enough money to sustain life on the run.

Four days after Samuel Israel III, manager of the Bayou Group hedge fund, failed to report to prison to serve a 20-year sentence for stealing \$450 million from wealthy investors, speculation over his whereabouts was rampant.

The words "suicide is painless" were scrawled on the dust covering his car, which was found on a bridge over New York's Hudson River. But his body has not been recovered.

"He's not Matt Damon in the Bourne movies who is going to escape using his physical agility," said Randy Shain, a private investigator who specializes in cases involving the \$1.8 trillion hedge fund industry, referring to the Hollywood thrillers in which Damon eludes a posse of authorities. and his car was found

Former investors in the Bayou Group that Israel co-founded speculated that his personal fortune could range from several hundred million dollars to less than \$1 million.

Forensic accountants, hired by the U.S. government years ago to track the Bayou money trail, were still working on the case to determine more details.

The FBI and the U.S. Marshals Service, which tracks fugitives, were investigating and had no comment on the matter.

"It would be very difficult to have any money stashed away because he had cooperated with the government to find it. But then he did wire funds around the world and he might have hid them some somewhere," said Ross Intelisano, a lawyer who represents cheated clients in the Bayou scandal.

U.S. Marshals have issued a "Wanted" poster with the warning that Israel, a heavy set man who suffers from back problems, may be "armed and dangerous" under his mug shot.

Israel's family and friends could be expected to be questioned and have their telephones tapped, said Aitan Goelman, a former federal prosecutor in Manhattan.

"A lot of it is kind of what you would expect -- going to family and friends," said Goelman, now a white-collar criminal defense attorney at law firm Zuckerman Spaeder LLP.

"Who was the last person who he talked to and what did he tell her? Did he pack a lot of stuff?" he said. "You don't need a lot of luggage if you're reporting for a 20-year prison term."

Another aspect that has fueled speculation that he fled, included in a police report, noted Israel told his girlfriend he was driving himself to prison for the 20-year stay.

"Do they have long-term parking at prisons now?" said Shain.

The case has made a splash on the Internet where Israel's business card was selling on online retailer eBay.

More than 213 people had clicked on the site to look at the card where the top bid for the piece of financial fraud history had climbed from \$6 to \$26. (Additional reporting by Martha Graybow in New York. Editing by Jason Szep, Leslie Gevirtz)

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