



METS OWNER SUED IN BAYOU COLLAPSE

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Mets owner Fred Wilpon's Sterling Stamos investment fund was sued for allegedly profiting in the collapse of what turned out to be a massive Ponzi scheme at bankrupt Bayou Management.

The trustees of Bayou Management, a hedge fund that spectacularly collapsed in the summer of 2005, sued the \$2 billion Sterling fund for booking nearly \$30 million in "fictitious profits" from the Stamford, Conn.-based Bayou fund.

Bayou, which held itself out to dozens of defrauded investors and institutions as a slick \$450 million hedge fund, turned out to be little more than a classic pyramid scam, as both federal prosecutors and the SEC quickly pressed charges. The fund's two principals have pleaded guilty and are awaiting sentencing.

The Bayou trustees charged Sterling with reaping fake profits from later-stage investors when it pulled out in February 2005. The trustees call the money returned to Sterling "nonexistent principal and fictitious profits."

"[Sterling Stamos] knew or should have known that the Bayou Entities were operating a fraudulent scheme," charged the Bayou trustees. They also argued that Sterling was "tipped" about troubles at the fake hedge fund, although it did not provide any evidence of this.

The claim alleges that by repaying a high-profile investor like Sterling, Bayou was able to continue its scam by attracting dozens of smaller investors.

The Bayou trustee also sued DB Structured Products, a unit of Deutsche Bank, for \$16 million. The Trustees' arguments against Deutsche Bank appeared to be identical to those made in the Sterling claim.

A call and e-mail to Sterling were not returned. A spokeswoman for Deutsche Bank declined comment.

Ross B. Intelisano, a Manhattan attorney who represents investors who lost more than \$20 million, stated: "From what we know, Sterling Stamos may have taken more money out of the Bayou fraud than any other client. The investors look forward to retrieving some of their losses from this case."