

V.I. Catholic schools, diocese hit by Madoff investment losses

ST. THOMAS, Virgin Islands – The Diocese of St. Thomas and two diocesan schools are among investors who have apparently lost funds entrusted to Bernard Madoff, the Wall Street broker facing criminal charges for securities fraud.

In a letter read at Masses the weekend of Dec. 18, Bishop Herbert A. Bevard disclosed that funds invested by St. Patrick's Parish in Fredricksted, by St. Mary's School in Christiansted and by the diocese were "gone in what appears to be the largest security fraud in history."

He said the losses to the diocesan savings and the schools' endowment funds are not expected to cause cuts in services. The Associated Press and a Virgin Islands daily newspaper said the diocese estimates total losses at about \$2 million.

Bishop Bevard, who has headed the diocese only since September, said in the letter that over the years returns on the investment had been good, "but not so good that they raised warning flags. The income supplemented the two schools' operating budgets, allowing them to keep tuition costs low for the students on St. Croix."

He said the diocese researched Madoff before funds were invested decades ago and found him to be "a highly regarded figure on Wall Street and the former chairman of the NASDAQ stock exchange. We were considered 'lucky' to be taken on as clients."

Madoff was arrested Dec. 11 by FBI agents investigating what has been described as a massive Ponzi scheme, a pyramid type of investment fraud, wherein new investors' funds are paid out to previous investors. The complaint filed in U.S. District Court in New York quoted Madoff as saying the scheme had lost \$50 billion.

Bishop Bevard's letter said there's no indication anyone connected with the diocese is guilty of any wrongdoing. Regular monthly statements from Madoff's firm had reflected apparently normal stock transactions.

"I do not yet know if we will be able to recover any of this money, but it would seem

that such a hope is not well-founded,” the bishop wrote. He said the diocese and the Redemptorist order that runs St. Patrick Parish would seek repayment of the funds.

“We shall recover from this blow to our financial well-being,” Bishop Bevard wrote.