

Search for hedge-fund crook despite suicide note

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In this April 14, 2008 file photo, Bayou Group hedge-fund founder Samuel Israel III, right, arrives at the U.S. Courthouse in New York. A car found abandoned Monday June 9, 2008 on the Bear Mountain Bridge, about 40 miles north of New York City, with the phrase "Suicide is Painless" written into the dust on its surface, is registered to Israel who was supposed to report to federal prison, state police said Tuesday. (AP Photo/Craig Ruttle, File)

By Jim Fitzgerald, Associated Press Writer

WHITE PLAINS, N.Y. — A hedge-fund swindler who was supposed to be driving himself to prison abandoned his car on a bridge with the phrase "Suicide is Painless" scrawled on its hood, but no body has been found in the river below -- and the victims of his fraud say they doubt he killed himself.

The FBI and state police are skeptical, saying they're still looking for Samuel Israel III.

Israel, 48, a co-founder and chief executive of the now-collapsed Bayou hedge funds, was sentenced in April to 20 years in federal prison for conspiracy and fraud, to begin Monday afternoon. He was also ordered to pay \$300 million to his victims.

Prosecutors said he and two other men persuaded investors to put \$450 million into the Stamford, Conn.-based company by announcing nonexistent profits and providing fake audits. Meanwhile, they made millions in commissions on trades that lost money for investors. The fund's collapse prompted calls for stricter oversight.

Ross Intelisano, who represents 20 investors who lost \$25 million, said Tuesday his clients are skeptical that Israel committed suicide.

"Their comments to me are, 'Show me the body, I'll believe it when I see the body,'" he said. "My gut tells me he's not the type to jump off a bridge."

State police investigator Bruce Cuccia said no one's rushing to conclusions.

"It looks like it could be either a suicide or a staged suicide, a fake suicide," he said. "Without a body, we don't have conclusive evidence either way." He said no one saw a jumper.

The car, a 2006 GMC Envoy, was found at 12:30 p.m. Monday, its key in the ignition, near the middle of the Bear Mountain Bridge, 150 feet above the Hudson River. The 84-year-old span, near West Point and about 40 miles north of New York City, affords a scenic view of the river valley.

On the SUV's hood, etched into the dust and pollen, were the words "Suicide is Painless," the name of the familiar theme song for the classic "MASH" television show. The song was sung during a fake suicide in the original movie.

No other note was found, Cuccia said. Police aircraft and boats searched the river Monday and Tuesday.

"The FBI is actively looking for Sam Israel," agency spokesman Jim Margolin said.

Israel had a 2 p.m. Monday deadline for reporting to the federal prison in Ayer, Mass., Cuccia said. A girlfriend at Israel's home told police he left between 8:30 and 9 a.m., saying he was driving to the prison. Israel is divorced.

Israel's attorney, Lawrence Bader, did not return a call seeking comment. The U.S. attorney's office, which prosecuted Israel, had no comment, spokesman Herb Hadad said.

At his sentencing in Manhattan in April, Israel asked for leniency, saying he had major heart problems and had endured surgery on his back nine times, Intelisano said. But Judge Colleen McMahon called Israel the mastermind of the Bayou fraud and said the prison term was meant to show that "people who commit crimes while wearing a tie do not get a break."

As the search continued beneath the bridge Tuesday afternoon, Cuccia said bodies have been found for all but one of the 25 to 30 suicide jumps from the bridge since 1980.

"If he's down there, he'll come up," he said.