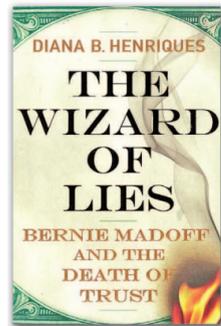


The Chronicler of The Wizard of Lies

Unlike typical conmen who are flamboyant and charming, the unassuming Bernie Madoff makes you feel charming, says author Diana Henriques



"this was a very bad man and everybody hated him". So I tried to get behind the emotional uproar and find the more enduring story. But I certainly understand the intense public fascination with the man and his crime—after all, it engaged virtually every waking minute of my life for more than two years!"

While Henriques has won international acclaim for this work, criticism is rife that she didn't offer

cogent answers to why Madoff ripped off his family and close friends. She says, "This story is such a human drama, I can understand why people react to my book a bit as if it really is a novel—and therefore assume that I can enter into the minds of my major characters and explain their motivations and drives."

"If I'd created the character of Bernie Madoff, I could do that. But I'm dealing with a real man, one who lived an unexamined life of lies for more than two decades," Henriques argues. "The book does offer discerning readers enough biographical and circumstantial material to allow them to conduct a bit of armchair psychoanalysis on their own—his expressed need for approval, the trauma and embarrassment of his father's serial business failures, his inability to admit failure to those who admired him. And no one admired him more than those closest to him," she says.

She lashes out at critics of her so-called failure to capture the first-person glimpse of the conman's charm. "There is a public expectation that con artists—most notoriously, Ponzi schemers—are warm, outwardly engaging and charming people. While that is almost always true, Madoff was a singular exception—which disarmed his victims, who (like these critics, apparently) expected all con artists to be charismatic charmers straining to impress them. Instead, he was quiet, reserved, a little detached and distant—which, perversely, impressed them even more," says Henriques. "An aspect of his appeal was his quiet mastery of his subject—and that is on full display in the many long sections of Madoff's SEC testimony and public speeches that I detail in the book. His interaction with me about and during my prison visits also show the Madoff touch, I think."

But most importantly, Madoff's charm was that he made you feel charming, says Henriques. "And that is a little hard to capture."

"The point is," she notes, "the man who talked to me of bankers and others being greedy is not the typical swashbuckling Ponzi schemer."

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ruary this year. In the August meeting, Henriques felt that Madoff, dressed in a khaki short-sleeved shirt and trousers, came across as the "same person" she met first more than 15 years ago.

"He was accessible, bright and warm," she says. She interviewed him in a jailroom in the presence of his attorney. In the second meeting many months later, she found Madoff shattered and depressed, after his son's suicide. In all, she did four hours of interview with him in prison, and exchanged as many as 48 e-mails between October 2010 and now. The whole interview was on the record. She believes what helped her pull off a successful interview was that—thanks to her four decades of experience covering markets—she "had enormous amount of background... and that helped".

"I also made him feel like I didn't make him feel like a crook... frankly it also helped that I knew a lot about the stock markets," she says.

Henriques had only a team of two to help her in her research for the book, one for archival study and another for preparing supplementary questions. Henriques started writing the book in the fall of 2009. "It has been a very satisfying, but strenuous couple of years." She also had to simultaneously write news stories for *The New York Times*.

But just how did she tide over the media overkill? "So much more was available by the time I got to the final stages, and many people who were reluctant to talk in the initial 'feeding frenzy' were willing to contribute to a better understanding than was available in the immediate stages of the story. And there was that greatest gift of time: perspective."

"That's hard to hang on to in the rush of daily deadlines," she insists. Henriques adds that during the "fierce firestorm of public outcry in the months after Madoff's arrest, I stuck to 'my own standards and those of *The New York Times*'. And that included 'demanding multiple credible sources for any allegations of wrongdoing against his family (there were none) and treating all his victims with respect, regardless of whether they were rich and famous or poor and obscure'."

Says she: "Writing for history is different from writing for the emotional mood of the moment; generations from now, people aren't going to be satisfied with a book that simply says

Atypical Schemer

After reading Diana Henriques' stellar book on him, *The Wizard of Lies*, jailed American fraudster Bernie Madoff sent her an email via Corrlinks, the official email system of the Bureau of Prisons that helps inmates communicate with the outside world: "Diana, I was taken aback by the sensationalism of your choice of title."

Henriques wrote back saying that she didn't have absolute control over the book's title, and that her original one was *The World of Lies*. But when

the publisher came up with a final title, she completely agreed with that decision. She also told Madoff that no title made sense without the use of something he used as currency for his business growth before his phenomenal fall from grace: lie.

Then, as a postscript to his reply, Madoff said: "On a lighter note, thanks to your title, I am now referred to [as] THE Wizard here (prison)."

Her book, an outcome of years of research, interviews with more than 100 "sources", including Madoff himself, has drawn excitement from readers, millions of traders and investors, and also from Hollywood. A proposed film from HBO based on her book will have Robert De Niro playing Madoff, who was jailed for 150 years in 2009, for siphoning off billions of dollars from Wall Street clients of his Ponzi scheme who included Hollywood names such as Steven Spielberg, John Malkovich and Kevin Bacon.

"I want a really good script writer," says Henriques about the movie, laughing.

Sure, she deserves one, considering the feat of her portrayal of the man once lauded as one of the pioneers of paperless trading and celebrated as a Nasdaq veteran.

Madoff himself considers the book superb, in parts. In a mail from the Butner, North Carolina prison, where the disgraced investment banker will likely spend the rest of his life, he wrote: "I thank you for the very fair and sensitive way you handled my family, and the conclusion you reached about their innocence. As to me, of course, it was painful to relive the past thru (sic) your vivid detail even though those details are what people want to know. The most important criticism is your conclusion about the start date of my being dis-



Enduring Story

honest (1962), and your conclusion about the Ponzi starting in the 1980s." That is it. From Henriques we know that Madoff had started lying even as early as the 1960s, not later as reported widely. She also exonerates

his family—wife and two sons who turned him into FBI—of any complicity in his crime; it took her eight months to manage an interview with Madoff after chasing prison authorities, and she interviewed him twice, first in August 2010 and then in Feb-

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Beauty Biz

Shahnaz Husain, like her products, is like a force of nature herself. "Oh, you must have some lunch – just simple Indian home food." Before you can protest that it's 4 pm, lunch has arrived – and she's off like a whirlwind to deal with some visitors. "You don't mind, do you? They're some society officials, I need to talk to them," she says. Apparently, she confides to me later, they had some complaint or other, as she's in the process of buying another flat in the same building and doing it up.

After about 10 minutes of undiluted Shahnaz in full flow, the two bewildered officials end up taking their photographs with her – a photographer is on call – discuss cats and therapies, and leave beaming, without even remembering what they came to talk about. While eating my lunch and trying to fade into the background, I've just been treated to a demonstration of the skills – a charm offensive leavened with shrewd business and negotiating sense – that has made this woman India's first beauty business diva. I'm there to talk to her, I remind her gently, about her lecturing business students. After a debut in Harvard Business School last year, Ms Hussain seems to have become a favourite in the B-school lecture circuit. She's just done a guest lecture at Oxford University's Said Business School, is doing another at the prestigious London School of Economics this week, and headed to Kellogg in the autumn. So what does she talk about?

Dressed in flowing red and gold, she settles back in the sitting room of her flat in central London's Portland Square. The setting itself is dramatic as Shahnaz – a cornucopia of floral themes, with antiques thrown together with post-modern furniture, photos of her family all over the walls, and the ever-present entourage floating in and out. It just never stops. But it's no Regency lady's boudoir – there's no doubt that it's the nerve centre of the Shahnaz Hussain beauty empire, the phone's ringing off the hook, and business papers and chequebooks lie alongside curios on dainty side tables.

She thinks for a bit, and tells me she talks about her passion. "I tell them to never give up, to just keep on with your passion," she says. Yes, we know. It's often hard to get her off the subject of Ayurveda, and her herbal products and so on. That though, isn't only how she managed to build up a company with a global turnover of USD 40 million – the only number the company will reveal – that's present in 100 countries, with 350 plus differ-

From Lipsticks to Lectures

In some ways, the Shahnaz Husain brand depends on the fact that she's selling Ayurveda, and India, not just her products. That's probably why Ms Husain seems to have become a favourite in the B-school lecture circuit



Case Study

Never give up, keep on with your passion, is Shahnaz Husain's message to students

ent formulations. That's also not why Harvard Business School has decided to use her for one of its hallowed 'case studies', so I probe a bit harder about her strategies. In a moment of introspection, she admits, "I was in the right place at the right time. The world was looking for an alternative to chemical products, and there I came along with Ayurveda and herbal solutions. My big break came when Mrs Gandhi got me for the India festival here."

The Harvard case study is about how to build a global brand without using formal marketing or advertising techniques, because she doesn't believe in advertising – only in the power of her products. "They said I violate every norm they teach about advertising and publicity," she says. "Advertising is a paid form of publicity, I have never relied on it. I strongly feel that

when I pay to tell people that we are good, that does not prove our credibility. But if people use our products and say that we are good that is an unsolicited and unpaid form of mass acceptance. If you use my products, and say they're good, that's the best form of advertising," she says. She's more chuffed about being invited to take part in President Obama's business summits twice, she's now espoused the lecture circuit with enthusiasm.

Back to branding, her franchise and distribution network strategy is key to her strategy. The company uses a mix of shop-in-shops, with advisors, clinics, salons, spas, and also franchises out products to other FMCG companies. Scratch the

surface and the strategy is that mass-market products are handed out to others, while the company keeps a close watch on premium products. "I franchise out my products, and the franchisees can advertise and promote them if they want to," she says.

In some ways, the Shahnaz Husain brand depends on the fact that she's selling Ayurveda, and India, not just her products – it's the subject for instance of her guest lecture at LSE. She's fond of saying that she sells India's 5000-year-old civilisation in a jar. Naturally, all this calls for a lot of media hype – possibly why media people have been known to run for cover at times when they see her troops approaching. "I've found that the media is very open to listening – they may like it, they may not, they want to talk to clients, but they listen," she says.

These days, she handles media and innovations, she says. "The company would run fine without me in every other way," she tells me. Innovation is her other favourite topic of conversation. "See, you go into a Selfridges, you want a lipstick, you have so many choices. My products are specific therapies and solutions. You want a particular product, you will go back to my counter," she says. It's this philosophy that keeps the Shahnaz labs churning out ever more exotic stuff, using gold, diamonds, platinum, stem cells, and what have you.

And then of course, there's the ultimate advertising channel. The self-styled princess – she traces her ancestry to the Hyderabad royal family through her mother – is known to make her grand way down Oxford street to visit the Shahnaz counter at Selfridges, with her characteristic cloak of hair, flowing robes, gold anklets, followed by an entire buzzing entourage, including a page boy handing out tiny Shahnaz goodie bags to gaping bystanders. Apparently, the dramatic approach translates into cash. Her company claims that Selfridges sold out all stocks even before the formal launch, and in two weeks hit the GBP 1000 a day mark.

She's been toying with the idea of taking up a Hollywood film offer for Noor Jehan, for some time now. "The trouble is for if you sign an American contract, you have to give them the commitment and time and I have so much to do," she says. Maybe later this year, she seems as if she'd like to do it. Now that's serious in-product placement. Her mind is already buzzing with ideas about how she can leverage that for her products.

Sudeshna Sen/London

A Gold Rush, Deep in Baghdad's Sewers

Glints of hope

Deep below the workshops in Baghdad's cramped, rundown jewelry district, unemployed men spend their days scouring the city's sewer system for the one thing they say can bring them money: flakes of gold.

Several times a month, men desperate for an income descend as far as 15 feet into the dark in search of gold bits that have been washed down the drain by craftsmen cleaning up after a day of etching and molding jewelry. With a flashlight in hand and a mask to help with the stench, they spend hours combing through the thick muck, reaching in with their bare hands to pluck out glints of gold. On a good day, the men say they collect enough to earn about \$20 from a smelter, which sells reconstituted blocks of gold back to the same jewelers whose pipes send the sewers.

"Because it's disgusting and dirty," said Ali Mohammad Freji, 30, "I do not tell my family what I do because I'm embarrassed." Freji is among a group of about a dozen men who search for gold on a daily basis. Their plight illustrates the larger problems that still exist in Iraq's economy eight years after the U.S. invasion. Despite the billions of dollars spent by the U.S. and other countries to try to rebuild the country's infrastructure and buoy its economy, there are still too few jobs, with as many as 40 percent of the workforce either unemployed or reliant on part-time work.

But the jewelry district is the one place where the wealth has trickled down, literally, from the jewelry shops to the sewers.

The men search about eight sewers once a month. When they are not underground, they sweep the streets of the jewelry district in search of gold dust that has been created in the process of making the jewelry. The men accumulate cigarette butts, food wrappers and dirt from inside and outside the shops. Then, beside a rusty boat on the shores of the Tigris River, they use water to sift through the trash until their pans are full of gold dust and small pieces of the precious metal.

Those remaining goldsmiths rely on more efficient machinery, and fewer flecks are washing into the sewers. "Whenever there's a new technology for making jewelry we are hurt because modern tools don't create lots of dust," said Freji, who said he has been trying to get a job with the government since 2008. He said he even paid a bribe to a government official several years ago in the hopes of becoming a police officer, but nothing came of it.

The work of sifting through sewage is dirty, smelly, and not surprisingly the men said they hated it. Their limbs are irritated from spending so much time in water and their legs ache from squatting to sift through their pans. In the winter, the cold water makes them shiver.

"The gold shop owners work with the gold and then clean up and wash their hands and the little pieces flow down to the pipes here," said Freji. "The gold collects in the sewers but the dust goes with the water into the river."

Although the price of gold has skyrocketed in recent years, the men here said they were making less money because of reverberations from the war and advances in technology in jewelry making.

After the U.S. invaded Iraq in 2003 and years of sectarian war ensued, many of the city's jewelers fled, leaving a void in jewelry production. With fewer tariffs on imports, cheaper and better designed jewelry from the United Arab Emirates and Turkey flooded into Iraq, making it difficult for the remaining jewelers to compete with the imports.

"Before, we considered ourselves lucky because there are so many workshops," Freji said. "The government's policy of not having tariffs hurts us because there are no longer many gold shops."

Now the only workshops that remain do special requests, like engraving. "I only sell imported jewelry because people would rather buy it, because it is has the best designs," said Mohammad Hashim, 46, a shop owner. "There are catalogs for the imported jewelry and television ads for the companies producing it."

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Michael S. Schmidt & Yasir Ghazi/NYT