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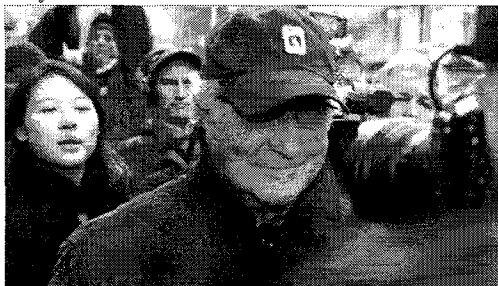
Hoist By His Own Picard

The Madoff-Mets case washes out in the minor leagues.

Fred Wilpon and Saul Katz are not the most sympathetic defendants, and public anger over Bernie Madoff's crimes is still high, but none of that excuses the way the owners of the Mets baseball franchise were pursued and vilified as alleged partners in his Ponzi scheme. So there's justice in their settlement this week with bankruptcy trustee Irving Picard, whose abusive quasi-prosecutorial methods backfired.

Mr. Picard is charged with unwinding the Madoff estate and paying back the victims. He originally demanded \$1 billion from the Wilpon-Katzes and sensationally claimed they "knew or should have known" about Madoff's scheme. He attempted to extort a quick cash payment and ruin their reputations with selective media leaks while hiding other exculpatory evidence under seal. Mr. Picard was entitled to do so under the bankruptcy code, if not the public trust he holds.

Related Video



Editorial board member Joe Rago and assistant editorial page editor James Freeman on the Mets-Madoff settlement.

The settlement throws out Mr. Picard's bad-faith charges with prejudice, which is an unconditional surrender. In the eyes of the law, the Wilpon-Katzes have been exonerated. The settlement also notches down the total amount they owe in fake "profits" to \$162 million. Earlier court proceedings had reduced their liability to \$386 million maximum and \$83 million minimum, so the settlement is on the lower end of that scale.

But the \$162 million will be diminished or perhaps wiped out because the Wilpon-Katzes also lost hundreds of millions of dollars under Madoff—about \$178 million in recoverable claims. Up to \$162 million will be applied against the deal over the next three years, depending on how much Mr. Picard recovers from other investors who were "net

winners" in the Big Con. The Wilpon-Katzes are only on the hook for the balance.

It's true that by settling out of court Messrs. Wilpon and Katz avoided a potentially ruinous judgment at trial and further airing of their investment mistakes and lack of due diligence. But Mr. Picard had as much or more to lose. The Mets case was collapsing amid many legal setbacks in bankruptcy court and increasing scrutiny of his methods from federal Judge Jed Rakoff. Given this climb-down, the parties that Madoff harmed deserve a new trustee.

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