

Lets go back in time 10 years and look at 2 typical investors, Jack and Jill. Both are in the same tax bracket, have worked hard and saved a lot of money, \$250,000 . Its their life savings. Everyone says they should put their money in the market, where it will grow and fund their retirement. So they did.

One thought they got the break of a lifetime and through a friend was able to invest with the one and only Bernie [Madoff](#). The other put half their money, \$125k, in a mutual fund that matched the performance of the Dow Jones, and half in a mutual fund that matched the performance of the Nasdaq.

Neither touched the money other than to cover the fees and any taxes, which for the sake of this example we will say were the same for both.

Who has more money today ? The person who invested "wisely" or the person who invested with a crooked Ponzi Scheme ?

The mutual fund investor bought their Dow Jones Fund when the market was 9550 in Feb of 1999. That \$125k investment has shrunk to about \$95k. They bought the Nasdaq Fund when the index was at 2342. Today that \$125k would be worth about \$77k. Their \$250k nest egg of February 1999 is now worth \$172,000 . Thats bad , but not as bad as Madoff's sucker, right ?

Maybe not. Because the Madoff investor had less than \$500k invested, there is a good chance that they could be protected by the [SIPC, who is already sending out claim forms](#). So when its all said and done, the Madoff investor could not only get all their \$250k back, but they are also eligible for a share of any funds recovered. While that number may be miniscule, it could mean that SIPC eligible and paid Madoff investors actually made money over the 10 year period, while those that put their money in the market got hit very hard.

The sad thing is, that the same comparison could be made for many blue chip stocks that are down 50, 60, even 90pct or more.

Which begs the question, who suffered more stress along the way ? The market investor who has had to endure 10 years of ups and downs and ups and way down in the market, or the Madoff Ponzi investor who lived happily and stress free for 9 plus years and must now face the uncertainty of their SIPC and other claims to get their money back ?