

# Thief: The Bizarre Story of Fugitive Financier Martin Frankel

*J. A. Johnson, Jr.*

*Lebhar-Friedman Books, New York, 2000*

WHEN I FIRST LEARNED OF THE EXISTENCE OF THIS BOOK, I HAD TO BUY A COPY. This is because many of the companies Martin Frankel defrauded of millions of dollars had been my clients. What I found was a story that was rather hastily put together, but in which the author, J. A. Johnson, Jr., does a remarkable job of getting the details of Frankel's background.

Johnson is the reporter who first broke the story in *Greenwich Time*, after learning of a suspicious fire on an estate that turns out to have been the Connecticut equivalent of the Playboy Mansion.

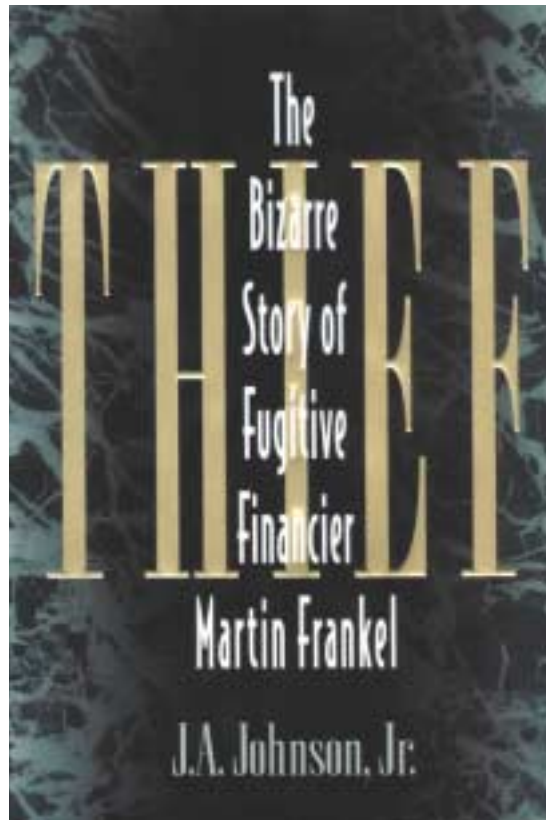
Frankel, the owner of the mansion, grabbed a suitcase full of diamonds and, accompanied by several of his young female assistants, took off for Europe—where he was eventually captured.

Although three or four actuaries are mentioned in this book (only one isn't listed in the Directory of Actuarial Memberships), Johnson doesn't seem to have gone very deeply into the insurance aspects of the crimes. For example, he repeatedly says that Frankel would "use the reserves of each company to buy more companies." It wasn't reserves, of course; it was assets, but the story is truly bizarre nonetheless.

Frankel had grown up as a loner, spent a little time actually in the securities business, then started producing scams. His first few were intended to look like mutual funds. Friends lost fairly sizable amounts of money in them, and he was barred from future activities by the Securities and Exchange Commission.

Not deterred by this, he borrowed the name of an actual securities dealer and set up trusts. He used one of those to buy several small life insurance companies in the southern part of the country—the locations being selected because of lax insurance regulation. Real assets were transferred to the bogus securities office, then to a Swiss bank. An elaborate set of earnings statements showed apparent yields of between 13 percent and 14 percent on 7-percent Treasury bonds.

Frankel is now in jail in Hamburg. If he's extradited, it's thought that Tennessee will have the hon-



or of the first U.S. court case, but several other states want him, too, as do federal authorities.

— W. Keith Sloan

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**By David A. Bennahum (Editor)**

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The entire September/October issue of *Contingencies* is now available online. Visit us and explore more aspects of the topics in this issue at [www.contingencies.org](http://www.contingencies.org).

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