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## Betrayed by Madoff, Yeshiva U. Adds a Lesson

By JAVIER C. HERNANDEZ  
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The Jewish social philosophy class at [Yeshiva University](#) was supposed to focus on repentance, but there seemed to be too much to atone for. In the eyes of the students, [Bernard L. Madoff](#) had deceived scores of people, turned billions of dollars into dust and ruined many lives. So instead, the graduate seminar of 15 began by debating whether Mr. Madoff's actions were sins, and whether it mattered that he was Jewish.

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Rob Bennett for The New York Times

Yeshiva University, which says it lost \$110 million tied to Bernard Madoff, views the loss as a reason to "focus on our core values."

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Rob Bennett for The New York Times

Josh Harrison, a Yeshiva graduate student, says that his brighter classmates want to be doctors and lawyers, not teachers.

One by one, the students in Rabbi Norman Linzer's class last week wrestled with the headlines and their emotions. Some said Mr. Madoff's religious affiliation was irrelevant; others worried that his Judaism might tarnish their own, that outside eyes would not be able to see past his faith.

Since Mr. Madoff was charged by federal prosecutors with orchestrating a \$50 billion fraud, each day has brought new pain to the nation's best-known Jewish institution of higher education — word that another familiar charity tied to Jewish causes had been thrust into financial uncertainty, another university family's savings depleted.

Yeshiva, a campus of about 7,000 students in Upper Manhattan, is grappling with a sense of personal betrayal that extends beyond the \$110 million it says it lost in investments with Mr. Madoff, who had been on the board of trustees since 1996. There is resentment; fear of the revival of ugly, old stereotypes; and, after the fall of a favorite son, uncertainty about how Jewish institutions like theirs should choose role models.

At a school that aims to inculcate ethics and interpersonal morals in its students along with academics — to train future doctors, lawyers, educators and financiers to not just be good at their jobs but to perform them in accordance with traditional Jewish ideals — the story of Mr. Madoff has turned into the

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consummate teaching moment.

Mr. Madoff, who is under 24-hour house arrest, has told prosecutors that his firm “paid investors with money that wasn’t there,” a [Ponzi scheme](#) that may have cost investors as much as \$50 billion.

He has resigned from the Yeshiva board, and his name has been wiped clean from the [university Web site](#). But in classrooms, coffee shops and late-night e-mail messages, his story is inevitably the hot topic.

In Intermediate Accounting I, undergraduates analyzed how he seemingly tap-danced around the Securities and Exchange Commission. In Rabbi Benjamin Blech’s philosophy of Jewish law course, students pondered whether Jewish values had been distorted to reward material success.

“This overrides everything else,” said Rabbi Blech, who has taught at Yeshiva for 42 years. “It is an opportunity to convey to students that ritual alone is not the sole determinant of our Judaism, that it must be combined with humanity, with ethical behavior, with proper values, and most important of all, with regard to our relationship with other human beings.”

Yeshiva is home to a seminary that ordains more modern Orthodox rabbis than any other. The school, which was founded in 1886, models itself on the Hebrew phrase Torah Umadda, which articulates the interweaving of secular and Jewish studies. Students do not have to be Jewish, but undergraduates do have to spend time studying religious texts.

For Mr. Madoff, Yeshiva was one of numerous Jewish executives and organizations that he seemed intent on helping and now has hurt, including charities set up by [Elie Wiesel](#), the Hollywood director [Steven Spielberg](#) and the publisher [Mortimer B. Zuckerman](#).

To Yeshiva, Mr. Madoff was also [a generous philanthropist](#) who regularly attended university galas and its annual [Hanukkah](#) dinner, and in 2001 made a major donation — university officials would not say how much — to its Sy Syms School of Business, where he had become chairman of the board the year before (he has resigned from that position, too).

The university awarded Mr. Madoff an honorary degree in 2001 and its trustees elected him treasurer the next year.

That was also the year he was joined on the board by a close acquaintance, J. Ezra Merkin, who became chairman of the investment committee. The university invested heavily in Mr. Merkin’s fund, Ascot Partners, [which in turn entrusted the money to Mr. Madoff](#), leaving the university with losses estimated at about 8 percent of the school’s \$1.2 billion endowment. (Mr. Merkin also resigned from Yeshiva when the scandal broke.)

Yeshiva’s president, Richard M. Joel, declined to be interviewed for this story, as did the dean of the business school and members of the board of trustees. [In a letter](#) distributed last Tuesday intended to quell concerns about financial aid and research funding, Mr. Joel announced that the school had hired lawyers and investment consultants to examine its conflict-of-interest policies and governance structures.

“We all should use these times to reflect on our blessings but also to reflect on our responsibilities,” Mr. Joel wrote. “The times are appropriate for us to focus on our core values, to practice and refine them and to share them with the world.”

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Some on campus said in interviews last week that [Mr. Madoff's arrest](#) showed those values were in need of realignment. Several students said they felt dual, even competing, pressures to achieve material success as well as religious devotion, and worried that some might be prone to follow immoral paths if the rewards were alluring.

"There's no such thing as wanting to be a professor in this community," said Josh Harrison, 23, a graduate student pursuing Jewish philosophy. "All my friends who are intelligent and interesting and asking questions are pre-med and beginning law school."

He added, "This will force a whole reassessment."

Rabbi Blech, who teaches the philosophy of law course, said he, too, worried that community expectations had steered students away from public-service professions like teaching and toward more lucrative jobs.

"In elevating to a level of demiworship people with big bucks, we have been destroying the values of our future generation," he said. "We need a total rethinking of who the heroes are, who the role models are, who we should be honoring."

In a coffee shop near campus last week, Edward Farbenblum, a third-year law student, looked at a list of charities whose survival was threatened because so much of their money was invested with Mr. Madoff.

"What does it say when this fraud is so intertwined with the Jewish community?" asked Mr. Farbenblum, 26, who is Orthodox and attended Yeshiva as an undergraduate. "One of our religious imperatives is to be morally upstanding, to be the exemplar of what it is to be a moral citizen, and this is a very public case of a failure of that religious ideal."

Lynn H. Levy, a social work instructor, had her philosophy class dissect the Madoff case through the lens of trust last week. Questions flew through the room: If we cannot trust business, why trust government? Will people be more skeptical of the Jewish community? How do we rebuild confidence in us?

"It is really important for students to look at and talk about and contextualize this," Ms. Levy said. "They see themselves as potential future agents of change, and we have to train them to reflect the morals of society in the most positive ways."

As it does each day, the Yeshiva community has turned to religion for strength, and to help shepherd it through a crisis.

Rabbi Shalom Carmy, chairman of the Bible and Jewish Philosophy Department, flipped through Genesis the other day looking for a passage, a sliver of spiritual truth, to guide students in a time of introspection. He stopped on the story of Jacob and his willingness to risk his life to ensure the integrity of his earnings.

"The righteous guard their money more than their body," he said in explaining the lesson he extracted. "If you make money honestly and if you're holding it in a trust for people, you have to be very careful."

Rabbi Blech, for his part, turned to the Ten Commandments, noting that some focus on a person's relationship with God, others on relationships with fellow human beings. He said that "both tablets are equally important."

"Just because you eat kosher and observe the Sabbath does not make you good," he explained. "If you cheat and steal, you cannot claim you are a good Jew."

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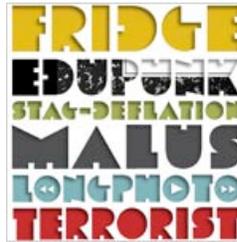
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