

FINAL MADOFF MYSTERY: *DID HIS SONS KNOW?* 116

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one success—to be able
to spend your life in
your own way."
—CHRISTOPHER MORLEY*

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MADOFF SCHLEPPED HERE

The Southampton home of Monica and Walter Noel, center; Walter's Fairfield Greenwich Group was Bernie Madoff's biggest feeder fund. The house can be rented this summer for \$230,000 for July and \$275,000 for August.

As summer begins, what better way to measure Wall Street's health than a real-estate tour of the Hamptons? For every mansion on the sales or rental market, there's a story—sometimes involving Bernie Madoff—and brokers are shell-shocked. MICHAEL SHNAYERSON surveys the deals, no-deals, lawsuits, divorces, and teardowns that characterize this strange, dark season

The Hamptons Stress Test

It was the deal of the season—the deal, that is, that epitomized this dark, down, fraud-ridden year—in the once extravagant, now somber Hamptons.

John Veronis, a founding partner of Veronis Suhler Stevenson, the media-based private-equity firm that bears his name, thought he had a buyer last summer for his 10,000-square-foot oceanfront home, on Meadow Lane in Southampton's prized estate section. Just how much he and his wife, Lauren, had been motivated to sell by the spec house going up beside them is unclear, since the Veronises declined to speak to *Van-*

Then came the Wall Street meltdown. The Veronises could congratulate themselves for having sold at or near the market high—until two days before the closing. That was when Nicholson called Sotheby's. He was backing out. He knew he would lose his \$3 million deposit, but the world had changed. McHugh could see his commission dwindling with the stock market. "Let's renegotiate," he urged.

The Veronises were not happy. At first, suggests one broker, they considered pocketing the deposit and putting the house back on the market. But *was* there a market now? Besides, moving vans had left the Meadow Lane house with the last of their belongings. Grudgingly, they chose to renegotiate; a new price of \$27 million was struck, and the deal closed in mid-December.

Just after Christmas, McHugh heard again from Nicholson. "Let's put it back on the market," he said.

"But... why?" sputtered the broker. "We're not going to be able to enjoy the house this summer," Nicholson said coolly. "We're going to go to Europe with the kids." All too soon, Nicholson's plans changed yet again. On the morning of February 25,

he'd described to the Hamptons broker: he intended to marry his mistress and run away with her to Fiji. "There's no evidence he intended to flee," counters his lawyer, Erika McDaniel Edwards. "He and his wife were trying to work things out."

Now McHugh has the listing again—only the owner is the federal government. "It's not a fire sale," he insists. The asking price is \$33 million, but one local broker thinks that a sale in the mid-20s is more likely.

The crash of Hamptons real estate has been widely chronicled of late, with unmistakable Schadenfreude, and since real estate in the Hamptons is the Hamptons, a distant reader might be forgiven for imagining life here had stopped altogether: hedge-fund managers on the Maidstone Club's grass tennis courts frozen in mid-serve, the Friday-night crowd at Nick & Toni's (Howard Schultz of Starbucks, developers Harry and Billy Macklowe, architect Charles Gwathmey, director Steven Spielberg) an eerily silent *tableau vivant*. It's so bad that even the brokers have stopped trying to deny it.

"IT'S LIKE TRYING TO CATCH A FALLING KNIFE," SAYS CORCORAN'S MALA SANDER. "LISTINGS THAT WERE \$6 MILLION LAST YEAR NOW ARE GOING FOR \$3.5 MILLION."

ity Fair. The burgeoning McMansion could hardly have surprised them altogether, since they once owned the land from which it was rising, and had sold it—reportedly for \$10 million—to the developer now building on it. But the scale of the new house upset them enough at one point that they had a lawyer enumerate their grievances in a lengthy letter to village officials. A lot of other neighbors were upset, too. It seemed time to go—and a breezy 42-year-old hedge-fund manager named James Nicholson stood ready to extricate the Veronises from the predicament they had, in part, brought on themselves.

John McHugh was the lucky Sotheby's International broker who'd shown Nicholson five other oceanfront properties. The fund manager had brought a wife, who struck McHugh as terribly sweet, and three young sons, who played in the dunes outside the Veronis house as their parents toured the place. Apparently unbothered by the spec house next door, the Nicholsons reached a deal at \$34 million, a respectable nick off the asking price of \$39 million; the closing was set for November 1, 2008.

2009, federal agents swooped down on his Saddle River, New Jersey, home and arrested him on charges of securities fraud and bank fraud. His Westgate Capital Management L.L.C., the government alleged, operated fake hedge funds that had bilked investors out of as much as \$163 million since 2004. Like Bernie Madoff, Nicholson had sent monthly reports to his investors, claiming uncannily positive results. The returns, said prosecutors, were bogus. (Nicholson has pleaded not guilty.)

As Nicholson awaits trial, in a cell in Brooklyn's Metropolitan Detention Center, unable to make \$10 million bail, his wife and childhood sweetheart, Donna, has sued him for divorce. His arrest, her divorce papers declare, has led to the seizure of all the family's assets, leaving her and her children penniless and without any means of support. For more than a year, she also alleges, her husband engaged in an extramarital affair. That charge is supported by prosecutors who say that, in bugged telephone conversations, Nicholson talked of travel plans rather different from those

"It's like trying to catch a falling knife," says Mala Sander, of the Corcoran Group in Sag Harbor. "Listings that were \$6 million last year which should have been \$4 million, now they're going for three and a half."

"This is beyond anything I've seen in 22 years," says Tara Newman, also with Corcoran. "I've gone from low expectations to no expectations."

"Where is the market?" sighs Peter Turino, of Brown Harris Stevens in East Hampton. "At all levels we're struggling to understand. We're still in shock. We've left a period behind. A period of history that's well behind us, it's gone."

So bummed are the brokers that they may be overstating the case. Houses do still sell in the Hamptons, and not even at 50 percent off, unless measured from the now historic high-end market peak of September 2006, as Town & Country Real Estate's Judi Desiderio points out. All winter, the story that kept spreading—details varied in the telling—was of a rich buyer who came to the Hamptons (from New York; from



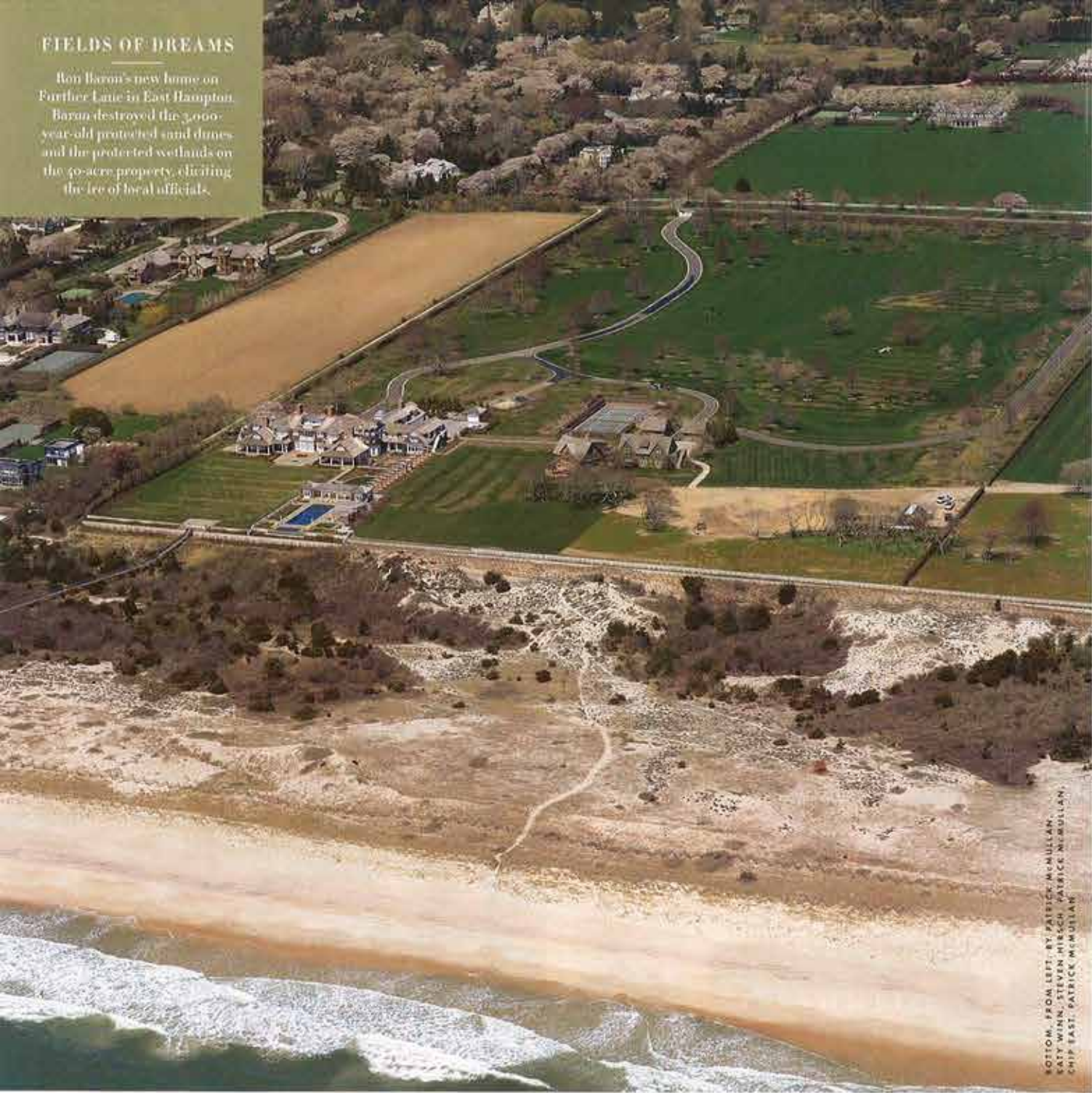
TAKE A WALK ON THE BOARDWALK

(1) The Villa Maria estate, a former convent renovated by Vincent and Louise Canuto, in Water Mill. (2) John and Lauren Veronis's former Southampton estate, on Meadow Lane. (3) Dragon Head, Calvin Klein's Meadow Lane teardown. (4) Jay and Kelly Sugorman's estate, also on Meadow Lane.

CENTER LEFT: BY STEPHEN WILKES

FIELDS OF DREAMS

Ron Baron's new home on Farther Lane in East Hampton. Baron destroyed the 3,000-year-old protected sand dunes and the protected wetlands on the 40-acre property, eliciting the ire of local officials.



TOP: FROM LEFT, BY PATRICK MCNULTAN; EASY WINN; STEVEN HIRSCH; PATRICK MCNULTAN; CHIP EAST; PATRICK MCNULTAN

Greenwich, Connecticut; sometimes from London) demanding to see ten \$5 million properties, then sneered that he'd take any or all of them for \$2.5 million apiece. The story's usual ending was that he bagged at least two that way. Corcoran's Diane Saatchi was so intrigued that she e-mailed brokers up and down the East End and asked if any could verify it. "Many had heard from clients as far away as England about the rumor," she reports, "but no one knew who it was. It was urban legend."

Sales have slowed to a trickle, and 25 percent off asking is where the haggling begins, not ends. But houses do change hands, and a new listing, modestly priced, stirs online inquiries from cash-hoarding buyers set to jump in at the right time. Scott Strough, of Strough Associates, has a Wall Street client—a Wharton quant, former George Soros hand, now with his own fund—who has looked at 700 to 800 houses. "Literally," Strough says. "He's drafted spreadsheets." The quant, Strough adds, is waiting for the market to dip to 1999 levels.

As for summer rentals, one broker in

There Goes the Neighborhood

Take a slow drive down Southampton's First Neck Lane, through the heart of the estate section, and what do you see? Hmm, there's Ralph Cioffi's house, on the market. Cioffi managed the two Bear Stearns hedge funds that imploded in the spring and summer of 2007, heralding the slide in mortgage-backed securities. Free now on a \$4 million bond, awaiting a September trial on securities-fraud and wire-fraud charges, Cioffi, like most other sellers in the Hamptons, clings to the hope of a profit in these parlous times. So the house he bought for \$10.7 million in February 2007 is on the market for \$11.7 million.

A block or so farther on First Neck is Walter Noel's place, a large shingled house with wraparound porches overlooking Lake Agawam. Noel's Fairfield Greenwich Group, Bernie Madoff's biggest feeder fund, took management fees of 1 percent, plus 20 percent of the illusory profits, on the \$7.5 billion that it claimed to manage wisely. Noel and Fairfield say they were unaware of Ma-

mesne, of lending an egg or a stick of butter. Not long after, Paulson bailed, and iStar's stock kept dropping. By March, it was down 90 percent from the summer of 2007, but a spokesperson for Sugarman declares flatly that the financier has no intention of selling. All this—in just three blocks.

Highfliers in trouble may not stir much sympathy, but how about Madoff victims? Howard Lorber, chairman of Prudential Douglas Elliman, is on the list. Lowell M. Schulman, the Westchester developer who built the Atlantic Golf Club, on Bridgehampton's Scuttle Hole Road, is on it, too, and has put his East Hampton house, on Lily Pond Lane, up for rent. ("He's asking \$395,000 for the summer," says one agent incredulously, "and it's not even on the ocean!") The Atlantic's largely Jewish membership was apparently hit hard by Madoff, who occasionally drove down from his Montauk house to play the course—and its members. "I go through my customer base, it's shocking how many of them were

A LAWYER FOR RON BARON CALLED THE 3,000-YEAR-OLD, LEGALLY PROTECTED DOUBLE DUNES ON BARON'S PROPERTY "A PILE OF DIRT."

early May reported that 50 percent of the stock was still free, up from about 10 percent at that time last year, and everyone's a bottom-feeder, though, as Memorial Day approached, some of the better houses were going—at a discount. "I had one client who demanded \$125,000 for August," says Prudential Douglas Elliman's Jane Gill. "An oceanfront house with pool. I got a customer who offered \$90,000. The owner balked: 'My husband says we can't take less than \$120,000.' Finally, after a week, she said O.K. By then the customer was irked. 'My new offer is \$69,000,' he said. 'Throw that at them.'"

But something more fundamental than prices has dropped with the times. The outrushing of money from the Hamptons, like the outflow of water from Georgica Pond when the coastal barrier has been breached, has left a stench, like pond-bottom muck, of fear, anger, and quiet desperation. Titans have been brought low, fortunes lost, a world transformed. And through that muck, curling around one Hampton estate after another, is the slithering trail of Bernie Madoff.

doff's \$65 billion Ponzi scheme, but angry investors have sued them for negligence. For the first time, the Noels have put their house up for rent. Like Cioffi, they're asking top dollar from a market that's all but vanished: \$350,000 for July, \$375,000 for August.

Turn the corner at Meadow Lane and there, just before the federal government's new oceanfront home, looms the long, high, limestone-and-glass-box palace of boyish financier Jay Sugarman, 47. Six years ago, when he commissioned the place, Sugarman was riding high with the commercial-mortgage-real-estate investment trust he'd founded, iStar Financial. Last summer, after the house was completed, he and his wife gave two huge parties. "People's jaws were on the floor," recalls one guest. "It's like the Getty Museum. The spaces are so vast. And then downstairs was a gym with an indoor pool."

By then, iStar's loans had begun splashing down as belly flops. As the news worsened last fall, Sugarman got help from a First Neck Lane neighbor. John Paulson, the billionaire short-seller, took a 1.1 percent stake in iStar: the equivalent, in a more humble de-

Madoff victims," says one broker. "A lot of them were members of the Atlantic."

Many Madoff victims in the Hamptons are rich enough to have sustained huge losses easily enough. Real-estate magnate and New York *Daily News* owner Mort Zuckerman, who lost \$25 million from his charitable trust and \$15 million in personal funds, still has an oceanfront house on Lily Pond Lane. Director Steven Spielberg's Wunderkind Foundation reportedly had 70 percent of its money invested with Madoff—the foundation has not released a figure—but Spielberg still has his Georgica Pond estate. Billionaire industrialist Ira Rennert, notorious for Fair Field, his Sagaponack compound of 100,000 square feet on a former potato field, has reportedly lost a bundle to Madoff. But there's no indication that Fair Field is up for sale.

Others are really hurting, though. Robert Halio worked his way up with a process-serving agency in Manhattan that he ran for 30 years with his wife, Stephanie. "Every time we got a buck," says Stephanie, "we threw it into Madoff." Not long ago, the Halios retired, to divide their time between Wainscott and Boca Raton, Florida. The mil-

<p>KELLY and JAY SUGARMAN The Sugarman's Southampton house reminds people of the Getty Museum, while shares in his iStar Financial were down 90 percent.</p>	<p>VINCENT and LOUISE CAMUTO The Nine West co-founder and his wife had put their Wooldon Manor compound up for summer rental at \$350,000.</p>	<p>JAMES NICHOLSON The government alleged that Nicholson's firm stole \$163 million, just after he closed on the Veronis house.</p>	<p>MONICA and WALTER NOEL The Noels, whose large, shingled place is on Lake Agawam, are being sued by angry investors in Walter's F.G.G.</p>	<p>RON BARON The billionaire mutual-fund manager paid \$103 million for his estate in 2007. He bulldozed its dunes and was slapped with eight town violations.</p>	<p>LAUREN and JOHN VERONIS The Veronises agreed to sell their house to Nicholson for \$34 million but settled for \$27 million.</p>

lions they've now lost represent, says Stephanie, 95 percent of their wealth. Stephanie, 66, has just gotten her real-estate broker's license: she's going back to work. Together with Robert, 68, she's also started doing modest services for neighbors: driving them to the airport or supermarket, or watching their houses when they're away. "I will just work for the rest of my life," says Stephanie.

There are, to be sure, titans in the Hamptons still building or renovating their dream houses—and guesthouses, and gatehouses, and pool houses—as this cruel spring gives way to summer at last. But the meltdown has cast a pall.

Take Vincent Camuto, who made a fortune with Nine West shoes. Camuto and his wife, Louise, live in Greenwich, Connecticut, and summer in Wooldon Manor, the old Woolworth compound on Southampton's Gin Lane, which they purchased years ago. Back in 2005, when they felt free to indulge their passion for fixing up old estates, the Camutos paid \$35 million for the 14.6-acre Villa Maria estate, in Water Mill. That's the old Dominican Sisters convent, through whose gates you get a gorgeous look at Mecox Bay as you sit in stalled traffic at the bottleneck that leads into town. (The Sisters had owned it since the 1920s, when they bought it from actress Irene Coleman.) At last, the Camutos' renovation is done. But the thought of selling it at a profit—the figure of \$100 million was bandied about last year—now seems quaint. So what to do with two huge, historic estates? To economize, the Camutos put up Wooldon for summer rental at \$950,000, but when no takers materialized, they took it off the market.

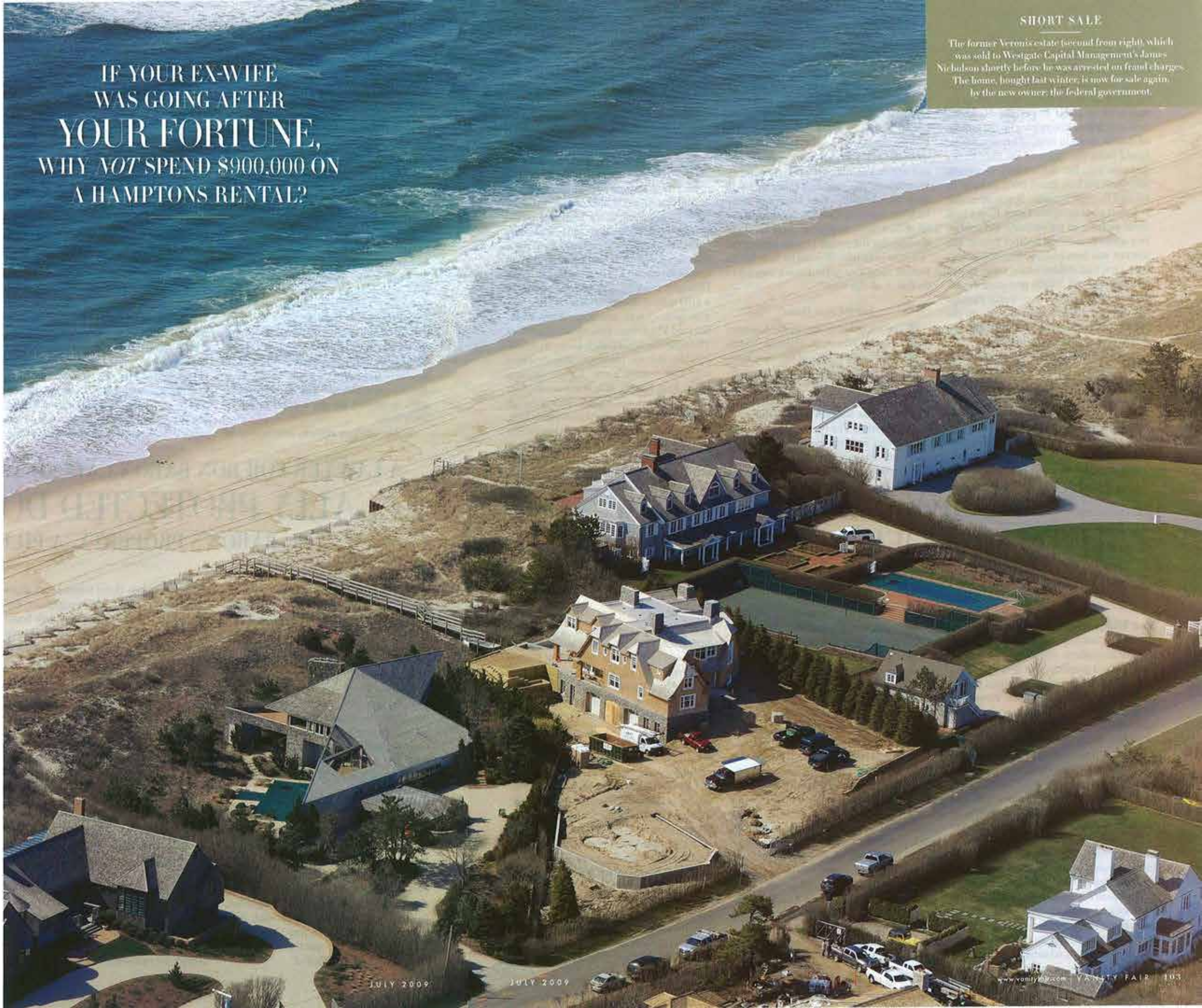
A bit farther south along Mecox Bay, work continues apace at Stephen Schwarzman's 9.9-acre estate, the one he bought for \$34 million in 2006 and has been transforming ever since. But the chairman and co-founder of the Blackstone Group, one of the world's largest private-equity firms, has overseen a precipitous drop in the company's stock, from its I.P.O. price of \$31 a share, in June of 2007, to less than \$5 a share. The company posted a \$1.33 billion loss in 2008, and Schwarzman was forced to take a 99 percent pay cut, down to his base pay of \$350,000. The 62-year-old probably does have assets to fall back on: he earned \$180.1 million in 2007, and took \$684 million in cash out of the company at the time of its I.P.O. But this can hardly be the situation he envisioned when he bought the old Susan Burden place.

Nor, surely, could mutual-fund billionaire Ron Baron have imagined when he

IF YOUR EX-WIFE WAS GOING AFTER YOUR FORTUNE, WHY NOT SPEND \$900,000 ON A HAMPTONS RENTAL?

SHORT SALE

The former Veroni estate (see out from right), which was sold to Westgate Capital Management's James Nicholson shortly before he was arrested on fraud charges. The home, bought last winter, is now for sale again, by the new owner, the federal government.



paid \$103 million for the 40-acre Adelaide de Menil estate, on East Hampton's Further Lane, and drew up grand plans for it, that his family of Baron funds would fall in the meltdown by about 40 percent. He *should* have anticipated that ripping up the protected double dunes in front of his new spread would bring the wrath of the community down on him. But that's what's so remarkable about the Ron Baron story. To judge by his own lawyers' remarks, Baron never did.

Local photographer Doug Kuntz took aerial pictures of the property in October. Two weeks later he did another flyover. The contrast was breathtaking. The billionaire's work crew had obliterated the entire stretch of 3,000-year-old, legally protected double dunes in front of his new property. Perhaps he'd wanted a clear ocean view from the guesthouse he planned to build, and the double dunes would have impeded it.

East Hampton Town's natural-resources director, Larry Penny, was aghast. He'd made a point of sending Baron a certified letter, through his attorney, when the land changed hands, advising him politely but firmly that Baron would need permits for any work that might affect the double dunes. They were, he later noted, "fossil" dunes, part of a unique, five-mile topography from

Hampton Star, Russell Drumm, called one of Baron's lawyers for an explanation. The lawyer "threatened litigation if a story appeared," the paper noted. Then *Newsday* reported that Leonard Ackerman, a local lawyer acting on Baron's behalf, argued that the dunes were just "a pile of dirt." Another Baron lawyer said, further, that Baron had ordered up his own environmental assessment of the site, and that there had been "no violation." East Hampton Town building inspector Don Sharkey had seen a lot of New Yorkers do a lot of crazy things, but ignoring the permit process altogether? "I'll have been here 20 years by June 19," he mused, "and I've never known anyone to do that in all that time."

Let It Come Down

In early February, East Hampton Town attorneys slapped Baron with eight counts of violating town code. At a court hearing, yet another Baron lawyer, Tina Piette, made the curious declaration that Ron Baron was not the owner of the property in question. The two parcels—Baron's old one and his new one—were owned by two trusts. The representative of the trusts, Piette told the judge, was someone else.

gance, then, may just be shyness and a yen for privacy. Whatever the reason, he's had to learn he can't roll East Hampton Town.

Is it coincidence or a sign of these dark times that so many Hamptons houses are being knocked down? In Southampton, designer Calvin Klein is securing his last permits to raze Dragon's Head, the notorious oceanfront mansion renovated in the early 1980s by tax cheat Barry Trupin as, in the words of one critic, "part faux-Normandy castle, part Disneyland on LSD." In its place will rise an elegant, U-shaped series of glass-and-stone squares. Golf champion Greg Norman's ex-wife, Laura Andrassy, who won a \$103 million divorce settlement after Norman took up with tennis star Chris Evert, has paid \$7.5 million for a white gingerbread Victorian on Wyandanch Lane, in Southampton, that she plans to obliterate sometime after summer's end. A short distance away, Josh Harris, billionaire co-founder with Leon Black and Marc Rowan of Apollo Global Management, the private-equity firm, has bought his nearest neighbor's lots on Gin Lane for \$25 million and is about to supplant them with a 17,500-square-foot house that offers, among other amenities, a "master ter-

of their own in their 20s. "My husband's was called the Blotter, and his brother, who was an artist, had Pen Points, which was very tiny, with a boathouse at the edge of the pond."

Maude Sherwood Jewett, the boys' mother, was a well-regarded sculptress who worked in marble and bronze, and her life-size figures populated the Inkpot's sunken garden, where local artists would gather and "cocktails flowed like mad," as Cam Jewett recalls. Cam's son George e-mailed *The East Hampton Star* in dismay when he read of the Inkpot's destruction. "The planning board should declare all homes built before World War I as historic sites," he wrote, "and any changes would have to be approved!" But it hasn't: outside a few small historic districts, mostly in the heart of each village, nothing prohibits the wholesale destruction of any house, even grand old oceanfront places.

Thank God for lawsuits: only a bitter one has kept three houses from sprouting on the last full-size oceanfront field in Sagaponack—heart of the Hamptons for many. Instead, three former partners have fallen out, like the gold diggers in *The Treasure of the Sierra Madre*, and so it lies pristine, just to the east of Ira Rennert's capacious compound.

Michael Hirtenstein, fortysomething man-about-town, made his millions from voice and data systems used on stock-exchange floors. He's celebrated ever since by buying and selling trophy properties around the world: a dozen or so in all, he says. He flipped a \$15.7 million condominium on the 76th floor of the Time Warner Center, in Manhattan, for \$27 million; he may do the same downtown with a \$14.7 million Greek Revival mansion, which he bought on Gramercy Park South. Less fruitfully last year, he planned a vast, \$35 million duplex in the new Tribeca tower at One York, complete with outside pool and tree garden, but ultimately backed out, forfeiting a hefty deposit. By then he'd also taken a one-third interest in the 44-acre Sagaponack field that would be, when all the permits were secured, a Hamptons Eden for himself; Milton Berlinski, 52, a Goldman Sachs managing director who started up two Palm Beach restaurants (Aqua Marine Grill and Amazônia Churrascaria); and Marc Goldman, early 60s, former C.E.O. of Farmland Dairies.

Goldman was the one who'd bought the land initially, for \$22 million, according to a source with knowledge of the purchase. He then more than made his money back from the one-third shares he sold for \$15 million each to his new partners, who apparently understood that two-thirds of the field would be deeded to the Peconic Land

Trust as an agricultural reserve. According to the source, each of the three partners then would end up with five acres on the ocean. On the reserve would rise the most elaborate organic farm in the Hamptons. And another lot would house workers for the farm, along with a place to sell the products. To keep the field as rustic as possible, the partners' long access road would be kept as dirt.

Goldman chose the slice nearest to Rennert's compound. Hirtenstein took the middle slice, and Berlinski the slice down the field's east side. But then the town authorities informed the three that Goldman's slice would have to be pushed east as a setback because of frequent flooding of the dirt road between the field and Rennert's property. (Perhaps the name Peter's Pond Lane should have been a tip-off.) So Hirtenstein and Berlinski would have to trim their lots to accommodate that. Then they learned their bucolic dirt road wouldn't count as part of the set-aside land. The road would be considered part of their building lots, which diminished them even more. By the time Goldman claimed control of the agricultural-reserve land the fun was over. Now the three are locked in litigation.

Hirtenstein has had better luck with the 17-acre field that he and a partner bought two years ago on Sagaponack's Gibson Lane, leading down to the ocean. First they sold an adjacent oceanfront parcel, at what someone familiar with the deal says was a hefty profit for that piece, to pop star Billy Joel, who paid roughly \$17 million at about the same time for the oceanfront house of the late actor Roy Scheider, next door. Then, after marking off the middle of the field as an agricultural reserve, they drew up three lots right behind Joel's new house, and two at the field's north end. If the hope was to have Joel buy the three lots directly behind him for privacy, it hasn't worked out that way so far. Now it's too late. Hirtenstein has signed contracts on two of them. One observer close to the situation says the lots have sold in the \$7 to \$9 million range. If so, Hirtenstein has nearly doubled his investment, while Joel now has a house hemmed in from behind by future neighbors. And his house is perched on a dune that underwent erosion last winter.

Divorce, American Style

Over the Hamptons, it seems, marriages are ending, the economic meltdown a factor no doubt in some, though in others a less tangible sense of *fin d'une époque* may be more to blame, since the parties in question have money to spare. For tabloid pleasure, nothing beats 36-year-old Swedish countess Marie Douglas-David

wringing her hands in court at the prospect of trying to live on a paltry \$43 million a year, from soon-to-be-ex George David, former C.E.O. of United Technologies: in a bizarre psychodrama, she says her husband served her divorce papers at their Sagaponack beach retreat, withdrew them after sex, then served her twice more. Countess LuAnn de Lesseps, who, as a brazenly aspiring socialite on episodes of *The Real Housewives of New York City*, invited TV audiences into her Bridgehampton home, on Highland Terrace, now must face a very different future than she expected, since her husband of 16 years, Count Alexandre de Lesseps, 59, informed her abruptly not long ago by e-mail that he'd taken up with a younger woman.

For the Hamptons' newly jilted, life is hard, but with a good settlement it gets easier. Last fall, Penni Hirtenstein, ex-wife of Michael, plunked down \$5.3 million to buy one of the great old Sag Harbor Main Street houses, a few steps from town, which surely eases the sting of having her real-estate-juggling ex take up with a 22-year-old girlfriend. Lisa Kerkerian has had time to recover from the embarrassment, nearly a decade ago, when, after telling her then octogenarian husband, billionaire investor Kirk Kerkerian, that the baby she was carrying was his, the father turned out to be Hollywood investor Steve Bing. Now all she had to do was decide how low she was willing to go in selling her barn-style estate on Bridgehampton's Mitchell Lane. It was on the market for \$12.7 million in 2007, but she eventually reduced that to \$7.99 million and has reportedly accepted an offer below that. As for Joanne Corzine, the ex of New Jersey governor Jon Corzine, she's the big winner of the 2009 summer-tenant sweepstakes: her 6,200-square-foot, six-bedroom oceanfront Sagaponack house, right across Gibson Lane from Billy Joel's place, has been rented for five months, from Memorial Day through October, for the restorative sum of \$900,000.

But to whom, in this ravaged economy? While Corcoran's Susan Breitenbach, who brokered the deal, stayed mum, other sources mused the renter might be Henry Silverman, founder of Cendant Corp., which at various times owned Sotheby's International Realty Group, Avis Rent-a-Car, and Telemundo. Amid the meltdown last fall, Silverman told his wife of nearly 30 years, Nancy, that he was leaving her for another woman. As Nancy struggled to absorb the news that she was joining the diaspora of wealthy divorcees, her husband moved from their apartment on East 72nd Street to one at the newly completed 15 Central Park West with the 28-year-old yoga CONTINUED ON PAGE 118

"EVERY TIME WE GOT A BUCK, WE THREW IT TO MADOFF. [NOW] I WILL JUST WORK FOR THE REST OF MY LIFE."

East Hampton to Amagansett. The warning had a reason: Baron already owned an 11-acre oceanfront parcel directly west of the de Menil property, and he'd installed a wall in front of that, damaging that stretch of double dunes in the process. Those first 11 acres fell within East Hampton Village, which for some reason had voiced no objections. But the old de Menil estate lay outside the village, across an invisible line, in the larger realm of East Hampton Town, and the town, as Penny informed Baron, would certainly enforce what Baron could and couldn't do to double dunes, as well as to the wetlands and wildlife pond that also lay in front of the de Menil estate.

Baron, Penny saw from Kuntz's pictures, had apparently destroyed not only the double dunes but the wetlands and pond too.

As Baron's workers began building an 845-foot-long retaining wall along the front side of the property, about 12 feet deep into the ground, and an 8-or-9-foot-high wall behind that, a reporter from *The East*

The judge was unpersuaded. Piette was told to produce her real client—Baron—at a March court date or else. On that date, no Baron. But negotiations with the town, Piette informed the judge, were under way. Finally, in late April, an agreement was reached. Baron would remove 500 feet of the parallel walls by May 31. In an effort to keep the remaining 300-plus feet, he could apply to the town for permission. Theoretically, he may get the permit; in reality, says one town official, Baron's chances are "slim to none."

On Wall Street, says Chris Davis, a fund analyst at Morningstar, an investment-research firm, Baron is viewed as a smart stock picker who favors leisure-time companies—Vail Resorts, for one; Wynn Resorts, for another—and invests for the long term. "His investment approach," notes Davis, "is a lot more prudent than how he apparently handles his neighbors." Away from the job, says one person who knows him from the Hamptons, Baron can seem awkward and ungainly. What comes across as arro-

race" off the master office. (His wife gets a more modest terrace off her own office, so they could even wave at each other, terrace to terrace.) But for James Cohen, merely tearing down his new Hamptons purchase wasn't enough: he had it incinerated.

Cohen, whose father founded the Hudson News Corporation, let the East Hampton Fire Department do the honors, as a training exercise, which qualified for a tax deduction, after buying the oceanfront place on West End Road last year for \$26.5 million. The news surprised and saddened Camilla Jewett, 96, whose husband's parents had bought the place in about 1912 and called it the Inkpot.

"It was named the Inkpot because the center of the house was shaped like one of those inkpots you'd use with a quill pen," Jewett explains from the home on East Hampton's Main Street that she's lived in for 62 years. Behind the Inkpot, Jewett adds, the property sloped down to Georgica Cove, off Georgica Pond, and there the two Jewett sons—her husband and his brother—lived in small houses

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Miss Porter's



CONTINUED FROM PAGE 95 I wouldn't say timid, but she just reminded me of a little girl." She adds, "If such a place was so horrible to you, why do you still want to go back there?"

Perhaps because Bass, according to a source close to her, still loves the school and has faith that maybe the abuse she experienced was an aberration. The real issue, says this source, is that all of this—the cruelty, the cheating, the lawsuit—could have been prevented had the school's leadership stepped in. The family sued (for damages and to void the expulsion, among other things) because they believed they were given no other recourse. The clear implication is that Kate Windsor, the new headmistress, either was ill-equipped to handle the matter or believed that it didn't warrant her attention.

Windsor, 42, is a tall, rather glamorous-looking blonde who stands out from her somewhat earthier, New Englandy colleagues. Her last job was as head of the Sage

School, a K-8 school in Foxboro, Massachusetts, for academically gifted children. Her very being exudes an obsession with excellence; you might say she is a modern-day Mrs. Keep. On the day we meet, she's wearing tan wool trousers, leopard-print pumps, a string of black pearls, and a black cape with a fur collar. Though she won't comment on the allegations in the suit, she makes her views on coddling perfectly clear. She believes, essentially, we've become a nation of politically correct softies, afraid of distinguishing anyone from anyone else lest anyone's feelings get hurt.

"This idea of a structure of hierarchy or power has been really dismissed in our culture as being not part of the American way or the American Dream: 'We can all do, we can all be, and we're all successful,'" says Windsor, who speaks in a matter-of-fact, rather formal manner. "If you have kids and they play soccer, everybody gets the banner. It doesn't matter if you lose—sometimes you think, Did we even win?"

In her position as headmistress of Miss Porter's, Windsor is determined to rectify this unfortunate development—at least for the 330 girls who are in her charge. That's where the traditions come in. "One of the things that is awesome about our traditions, about our Old Girl, New Girl tradition, is that we actually create these rites of passage where girls *get* anxious. The positive side is that it teaches girls to be prepared. How do you prepare for the unknown?" Windsor believes that, as long as the situation is supervised by adults and no one is doing anything

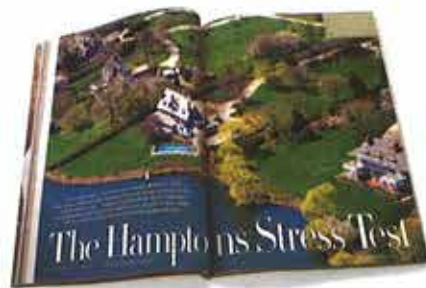
physically harmful, it's a good thing—they'll be more prepared and confident when they get to the other side.

Bass feels she never had the chance to make it to the other side. She's slowly putting her life back together. She's now enrolled in another private school, in South Carolina, and has received offers with scholarships from two colleges for next year. But in her battle against Miss Porter's she finds herself alone.

In Burch Ford's day, when a girl unleashed her meaner instinct, Ford attempted to rein it in. "One of the ways that you can establish you're cool is to put other people down," says Ford. "I'm thinking about one girl in particular. She was kind of a bombshell. She had learned one way to be popular, and it just wasn't working." Ford sat her down with a bunch of other students and explained, "You probably need to take a look at that because you may be coming across the way you didn't intend. . . . You don't have to like [people], but you have to be respectful. . . . That was the end of anything we heard. She actually became a very nice girl."

Windsor, it seems, is reaching farther back into Miss Porter's 166-year history, to a time when girls stoically forged ahead through the social minefield of adolescence on their own. Perhaps her tradition-fortified, tough-it-out approach will create an armada of winners, perfectly poised to compete in our increasingly challenging world. Still, one can't help but wonder at what price this comes to the losers. □

Hamptons



CONTINUED FROM PAGE 105 instructor he'd met in line at a Starbucks near Columbus Circle. (When the instructor, Karen Hader, asked who he was, he gave her his contact information and said, "Google me." Romance followed.) The Silvermans had reportedly married without a pre-nuptial agreement, and Nancy was said to be preparing for an aggressive divorce battle. According to one rumor, she was furious about the Corzine house rental, which she felt might constitute a deliberate wasting of marital assets.

The rumor did make sense, in a way: if your ex-wife was going after your fortune, why not spend \$900,000 on a Hamptons rental? (Henry Silverman's office had no comment; Nancy Silverman could not be reached.)

The biggest losers of the Hamptons downturn are builders, who were the biggest winners on the upswing. A few, who put up houses one at a time with real attention to detail, like Ed Bulgin, who builds for billionaires, and Phil Pape, who builds for millionaires, are doing fine. But some got over-ambitious. Bob Gianos dreamed of creating a whole new Southampton estate section on 44 acres of what is, in fact, the site of the town's 17th-century settlement. He brought in some 450 mature trees to help landscape lots for which he asked as much as \$25 million each. No house, no ocean view, just the lots. None has sold, and so Gianos is, as one broker put it, looking for an exit strategy. (Prudential Douglas Elliman's Jay Flagg, exclusive agent for the project, says Gianos is in for the long term, hasn't discounted the lots at all, and will soon begin

planting the project's eight-acre meadow. Even while tending his field of dreams, however, Gianos would sell at the right price, Flagg acknowledges.)

Then there's the Hamptons builder Michael Burns, who directed architect Peter Cook, supermodel Christie Brinkley's ex, to conjure up a mansion of mishmash styles on Bridgehampton's Sagg Pond, then put a reported \$27 million price tag on it. According to a source, one of Burns's companies had paid just \$5.3 million for the four-acre site in 2005, and could hardly have put in more than \$6 million building the place—that would be top-of-market at \$400 a square foot. With the company now in bankruptcy and the mansion foreclosed upon, he then turned around and rented his McMansion in north Bridgehampton for the 2009 summer season for \$140,000 to a Florida woman, who sent deposit checks for \$70,000 only to learn that creditors had seized the house as part of a bankruptcy and auctioned it off. The Florida woman sued for breach of contract, though an agreement is pending.