

TOP STORIES

International perfumeries sniff out space on Madison Ave.

PAGE 3

This year's marathon attracts more runners, more TV

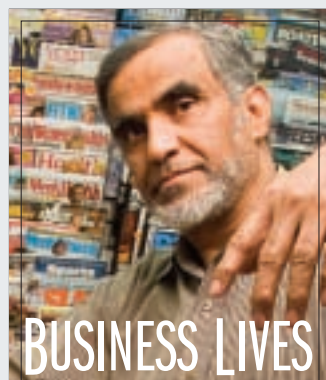
PAGE 2

Forget the Dow. Why taxi medallions are a hot investment

IN THE MARKETS, PAGE 4

Guess it's never too early: Let the 2013 mayoral race begin

THE INSIDER, PAGE 8



BUSINESS LIVES

GOTHAM GIGS

Selling magazines ain't what is used to be P. 27

• ANNE FISHER says the twittering generation is missing something P. 27

• MOVERS & SHAKERS Wall Street legend talks about reform P. 28

• WEEK ON THE WEB Swine flu is back in the headlines P. 30

• GAEL GREENE on a meatpacking newcomer in a familiar space P. 31

INDEX

SMALL BUSINESS	7
CRAIN'S ONLINE POLL	10
ALAIR TOWNSEND	11
CLASSIFIEDS	21
FOR THE RECORD	24
EXECUTIVE MOVES	27
RÉSUMÉ REVIEW	28
WEEK ON THE WEB	30
THE WEEK AHEAD	31

# CRAIN'S

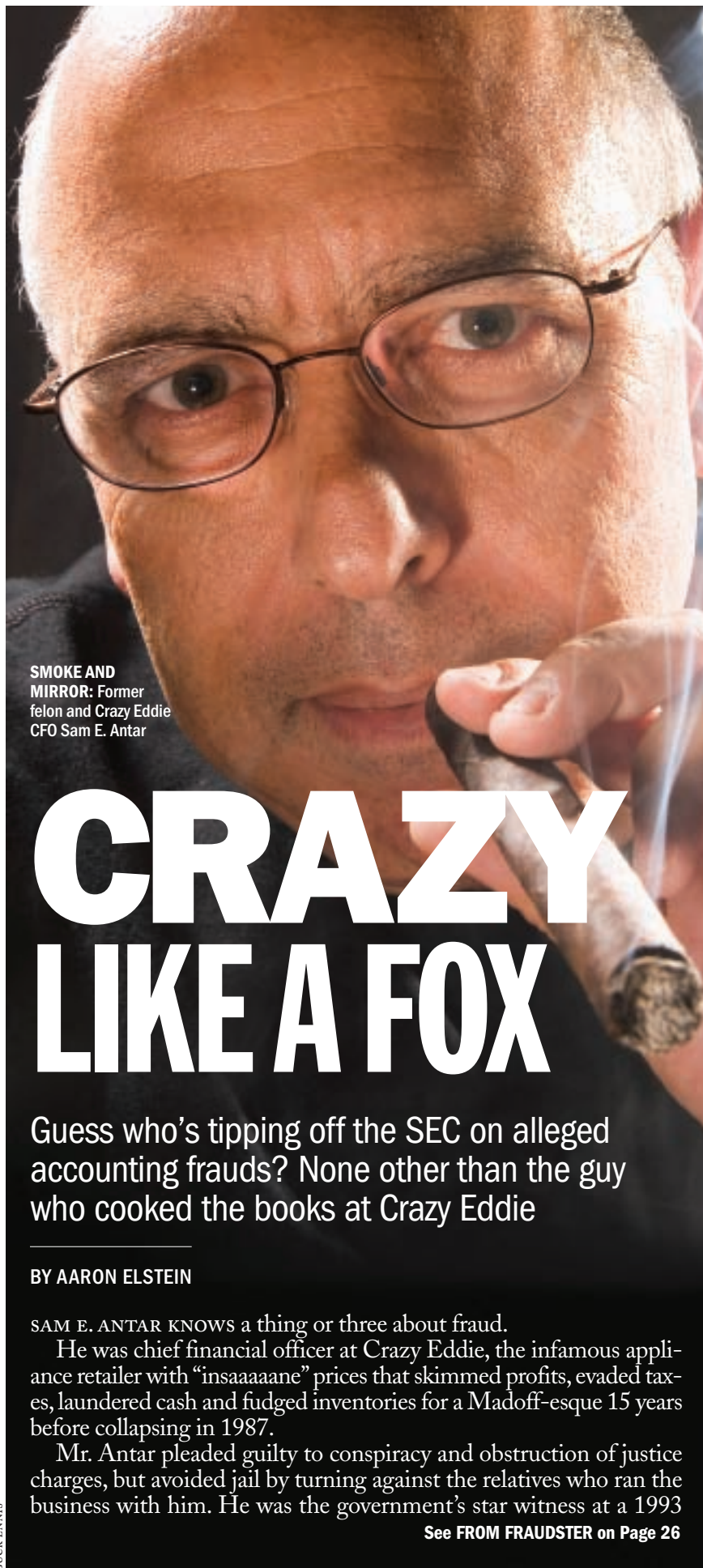
## NEW YORK BUSINESS

VOL. XXV, NO. 40 WWW.CRAINSNEWYORK.COM

### REPORT REAL ESTATE

Deal drought brings brokers era of more work for less pay  
**PAGES 13-20**

OCTOBER 5-11, 2009 PRICE: \$3.00



SMOKE AND MIRROR: Former felon and Crazy Eddie CFO Sam E. Antar

# CRAZY LIKE A FOX

Guess who's tipping off the SEC on alleged accounting frauds? None other than the guy who cooked the books at Crazy Eddie

BY AARON ELSTEIN

SAM E. ANTAR KNOWS a thing or three about fraud.

He was chief financial officer at Crazy Eddie, the infamous appliance retailer with "insaaaaane" prices that skimmed profits, evaded taxes, laundered cash and fudged inventories for a Madoff-esque 15 years before collapsing in 1987.

Mr. Antar pleaded guilty to conspiracy and obstruction of justice charges, but avoided jail by turning against the relatives who ran the business with him. He was the government's star witness at a 1993

See FROM FRAUDSTER on Page 26

## Lenox Hill calls end to solo act

Hospital issues RFP for merger; affiliation: three are interested

BY BARBARA BENSON

AFTER YEARS of struggling financially, Lenox Hill Hospital—one of the last independents in the city—is finally throwing in the towel. It has issued a request for proposals in the hope of arranging either a merger or an affiliation with one of its stronger rivals, according to four sources with knowledge of the matter.

While Lenox Hill has been open to affiliation talks for some time, this marks the first time it has gone so far as to issue an RFP to get a deal done.

Three institutions that now dominate the scene in



COST-CUTTING: Layoffs and more haven't put Lenox Hill in the black.

the New York area—North Shore-Long Island Jewish Health System, New York-Presbyterian and NYU Langone Medical Center—are in the early stages of exploring Lenox Hill's offer. North Shore-LIJ and New York-Presbyterian declined to comment. A spokeswoman for NYU Langone says the medical center had an obligation to explore all oppor-

See LENOX HILL'S on Page 12

## Bloomberg aims to lasso *BizWeek*

Move part of big push into consumer market

BY MATTHEW FLAMM

MAYOR MICHAEL BLOOMBERG is a name familiar to millions of consumers. Bloomberg LP, the financial news and information company he founded nearly 30 years ago, is not.

That may be about to change. Best known for data terminals used by Wall Street professionals, Bloomberg is widely seen as the front-runner in the race to buy *BusinessWeek*. The winner is expected to be announced this week, nearly three months after McGraw-Hill Cos. put its money-losing magazine on the block.

For Bloomberg, the acquisition would mark the organization's biggest step to date to expand the consumer side of its media empire, a goal it set for itself

See Bloomberg's on Page 25



'The more the brand is known, the more scoops you're going to get'

—Norman Pearlstine

### HITTING THE RIGHT NOTES

DESPITE ECONOMIC TROUBLES, the city's major arts institutions are attracting record audiences and a big reason is discounting. A report from *Crain's* NYC Performing Arts conference. Page 9

ELECTRONIC EDITION



# From fraudster to SEC tipster

**Continued from Page 1**  
trial. His cousin, Chief Executive Eddie Antar, ultimately went to prison for about seven years.

Now Sam Antar, 52, is using the expertise he gained as a criminal to uncover accounting problems at other companies. Exhibit A for him these days is Overstock.com Inc., an online retailer with a recent history of accounting issues.

In August, Mr. Antar posted on his blog a detailed report explaining how Overstock.com is, he claims, creating a “cookie jar” of reserves that it can use to sweeten future results. He forwarded his analysis to the Securities and Exchange Commission, which had investigated Overstock’s accounting practices from 2006 through last year without taking any action. But armed with what Mr. Antar boastfully calls “a bulletproof case,” the regulators decided to take a second look: Last month, Overstock acknowledged that the SEC is investigating it once again.

“I’m doing to Overstock what the FBI and SEC did to me,” Mr. Antar says in a raspy Brooklyn accent thickened by years of cigar smoking. “I take the numbers and work backwards to see how the company arrived at them. I know the scams. I know the games. I did them all 20 years ago.”

Overstock Chief Executive Patrick Byrne calls Mr. Antar’s allegations of accounting fraud “completely spurious.”

“He’s a criminal who works for short-sellers,” says Mr. Byrne, who controls a 30% stake in his Utah-based company. “He throws mud day after day. No matter what he says, he finds some spurious thing to jump up and down about.”

## Stalking Overstock.com

MR. ANTAR ADMITS working for a short-seller before. He did research into a small oil company for Barry Minkow, an investor who served prison time in the 1990s for running a fraudulent carpet cleaning service. But he insists he acts at the behest of no one these days as he digs into Overstock, calling his work “a freebie for the government.” And he says he’s motivated at least in part because Mr. Byrne reminds him of his former boss: “Patrick’s ironclad control, his combativeness, yeah, that’s like Eddie Antar. Patrick fascinates me.”

Despite his felonious past, Sam Antar has earned credibility with law enforcement officials. He’s

spent much of the past decade talking to the FBI, the Justice Department, the IRS, accounting students and business groups, explaining how Crazy Eddie fooled auditors for so long. The former CPA says he feels bad about what he did and wants to help overmatched investigators as they try to root out savvy fraudsters.

“He knows accounting backwards and forwards,” says Richard Simpson, an SEC attorney who helped lead the government’s probe into Crazy Eddie.

Mr. Simpson wouldn’t say if Mr. Antar’s research into Overstock triggered the latest SEC investigation. An agency spokesman didn’t return a call.

Former SEC attorney Thomas Newkirk says he came to trust Mr. Antar as the government dug through Crazy Eddie’s books in the early 1990s. “When he decided to cooperate, he cooperated completely,” Mr. Newkirk says.

In addition to speaking about his crimes, Mr. Antar has also started blogging in recent years. “I got lots

**‘I know the scams. I did them all 20 years ago’**

of time, you know?” he says.

His first accounting “investigation” to capture the government’s attention seems to have been Bidz.com, a California-based online retailer.

In March 2008, Mr. Antar posted a report on his blog, called White Collar Fraud, saying Bidz.com failed to comply with generally accepted accounting principles. He bolstered his case by comparing the company’s practices with how things should be done according to arcane accounting bulletins.

In February of this year, the SEC ordered Bidz.com to produce documents relating to its inventory reserve policies and other matters. The company didn’t respond to *Crain’s* request for comment.

Mr. Antar also has trained his sights on The Children’s Place, a New Jersey-based retailer that he accused in June of violating SEC ac-

counting regulations. A company spokeswoman declined to comment.

He’s been stalking Overstock since 2007, after reading about it in other blogs. The Salt Lake City company has been a hot topic within the investment community for years. It specializes in selling discounted merchandise and has never posted an annual profit since its launch in 1999. It also has frequently sued its critics.

The company is scheduled in February to go to trial against a hedge fund that Overstock alleges bet against its stock and caused, among other things, “intentional interference with prospective economic advantage.”

## Target defends its accounting

OVERSTOCK ALSO HAS SUED Morgan Stanley, Goldman Sachs and nine other Wall Street banks, seeking \$3.5 billion in damages for the firms’ alleged participation in what the company calls an illegal market manipulation scheme that has depressed the share price of Overstock, which currently has a market value of about \$350 million. (The banks are fighting the lawsuit.)

The company has even sued the state of New York, contending that its move to tax online sales is illegal. A New York state court dismissed the suit and Overstock appealed.

The alleged accounting violations, Mr. Antar says, boil down to Overstock understating the amount it can reasonably expect to collect from vendors who sell discounted merchandise on its Web site. Mr. Antar says that “proper accounting” would turn Overstock’s \$1 million fourth-quarter profit into a \$286,000 loss, nearly double its \$2.1 million first-quarter loss, and shrink second-quarter profit by 23%, to \$300,000.

Mr. Byrne says there’s nothing improper about his company’s accounting. He acknowledges that Overstock twice restated previously reported results, in 2006 and 2008, but says that much of that was because the accounting was deemed “too conservative.”

“Our accounting department is a bunch of square Mormon eagle scouts, and their orders are to be as straitlaced as possible,” he says. As for the government’s latest investigation: “I can understand that any company with two restatements in two years can expect the SEC to take a hard look.”

## WHERE ARE THEY NOW?

*The Crazy Eddie fraud was the Enron of its era. The Antar family stole money in almost every way imaginable from their appliance retailing chain before the scam collapsed in 1987. Several members of the family were convicted at trial in 1993. Here’s a look at what’s happened to the major players since:*

**EDDIE ANTAR** Served seven years in prison, paid \$75 million in penalties, and later tried unsuccessfully to reopen the Crazy Eddie chain. Tried to make a movie about his life starring Danny DeVito, but lawyers argued he didn’t have the right to sell his story due to an unpaid \$1 billion judgment owed to investors. He’s now 61 and is said to be suffering from liver cancer. He lives in the same Brooklyn house that the government seized from his father before a relative bought it back.



GETTY IMAGES

**MITCHELL ANTAR** Eddie’s brother, former executive vice president. Served two years in prison and paid about \$2 million in civil penalties. Lives quietly in Oakhurst, N.J.

**ALLEN ANTAR** Eddie’s brother, former head of corporate sales. Acquitted at trial, but still on the hook for about \$3 million in civil penalties that the government hasn’t collected. Last known address is in Brooklyn.

**ELLEN AND BEN KUSZER** Eddie’s sister and brother-in-law, who ran record stores located inside Crazy Eddie shops. The government is still trying to collect a \$2 million judgment against Mr. Kuszer. The couple live in Brooklyn.



**SAM M. ANTAR** Eddie’s father. Never charged with criminal wrongdoing, but he, Allen Antar and Ben Kuszer were sued by the Securities and Exchange Commission and found guilty in a civil trial. The feds seized \$15 million of Sam Antar’s assets. He died penniless in 2005.

**ROSE ANTAR** Eddie’s mother, who drew a salary for unspecified duties at the time of company’s 1984 IPO. Lives in Long Branch, N.J.

**DEBORAH ROSEN ANTAR** Eddie’s first wife. Divorced Eddie in 1984 and, with her daughters, paid \$3.9 million to disgorge profits from Eddie’s illegal stock sales. Lives in Brooklyn.

**DEBORAH EHRLICH ANTAR** Eddie’s second wife, referred to as “Debbie 2” in family circles. Reportedly divorced Eddie around 2007. The government never brought legal action against her. Whereabouts unknown.

**ABE GRINBERG AND ARNOLD SPINDLER** Former Crazy Eddie business partners who tipped off the SEC about the Antars’ fraud. Mr. Grinberg later pleaded guilty to lying to the SEC. Mr. Spindler was never charged with wrongdoing. Whereabouts of both are unknown.



**MICHAEL CHERTOFF** Prosecutor who led the government’s case against the Antars. Homeland Security secretary in the second Bush administration, he’s now a senior counsel at the Washington, D.C., law firm Covington & Burling.

**JUSTICE SAMUEL ALITO** Head of the federal prosecutor’s office in Newark, which began the Crazy Eddie investigation. Now sits on the U.S. Supreme Court.

Sources: Sam E. Antar, SEC

Clearly, Mr. Antar has gotten under Mr. Byrne’s skin. The CEO has mentioned his nemesis by name in each of Overstock’s last four quarterly conference calls, according to transcripts. During the most recent call, in July, he began answering written questions by saying: “I’m going to start with Sam Antar—Sam Antar the crook, as I always like to call him. He always

identifies himself as a felon—as people who follow the company know, Sam Antar the crook sends all kinds of questions.”

For his part, Mr. Antar heartily enjoys the fireworks. “Patrick Byrne is gonna get me into heaven,” he says, before unveiling a devilish grin. “Nah, that’s not right. I’m still gonna go to hell for what I did. And so is he.” ■

# Sweet smell of success

**Continued from Page 3**  
ambitions. On Madison Avenue, asking prices have dropped as much as 50% over the past year, to between \$600 and \$900 a square foot. Additionally, several shops of around 500 square feet—an ideal size for a perfume boutique—have been left vacant by failed jewelers and other businesses.

Creed has spent the past 249 years developing small batches of

fragrances for historic figures such as King George, Queen Victoria and Grace Kelly and is now primed for growth.

## Scouting locations

IT PLANS TO OPEN its only U.S. freestanding store at 794 Madison Ave., in time for the holidays, and it is scouting locations downtown for a second spot to open next year.

Creed’s 40 scents are available in a wide range of prices, from \$123 to \$1,500.

“People say, ‘Wow, this was made for a specific royal individual,’ and being able to wear that empowers them,” says Thomas Saujet, president of International Cosmetics & Perfumes Inc., Creed’s exclusive North American distributor. ICP, which also sells

**50%**  
THE DROP  
in asking rents  
on Madison Ave.  
over the past  
year

skin care items, currently has revenue of more than \$25 million. Though overall sales have declined by single digits since last fall, Mr. Saujet says fragrances have not been hit hard.

## Home turf

A LOCAL PLAYER is sniffing out the cash as well. At eight-year-old Bond No. 9, where fragrances are named after New York neighborhoods, founder Laurice Rahme attributes a business uptick to the lush experience provided at her Bond Street store. There, consumers can blend

their own creations and take advantage of taxi pickup, a fragrance library and a tearoom. The shop saw sales jump 12% so far this year, and it rakes in revenue of more than \$2 million annually. The company owns three other boutiques in the city, and Ms. Rahme hopes to have a fifth outpost farther downtown next year, in time for the release of Bond’s newest fragrance, named after the High Line park.

“It’s perfume; it’s fun,” says Ms. Rahme. “If we were just selling a luxury product, we wouldn’t be doing as well as we’ve been doing.” ■