

Paradise Lost

A Felon's Wife Picks Up the Pieces Of Her Luxury Life

Her Trader Husband Jailed, Mrs. Elgindy Sells Jewelry And Cuts Kids' Therapy Cobwebs on the Bronze Lions

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By John R. Emshwiller

ENCINITAS, Calif. -- Mary Faith Elgindy, daughter of a Baptist minister and wife of a convicted stock felon, sits in the hilltop estate she has to sell and worries about her family's future.

On May 21, 2002, agents from the Federal Bureau of Investigation arrested her husband, high-profile stock trader Anthony Elgindy. As she watched in tears, agents raided their home and hauled away computers, papers and family photographs. Mrs. Elgindy flew back and forth to New York for the trial. He was convicted, among other things, of trading on inside information procured from corrupt FBI agents and since then she has shuttled between coasts to visit him in jail.

Now, Mrs. Elgindy, 37 years old, is grappling with another challenge: holding her family together. She has had to calm her children, who are in turns furious and frightened, while tackling problems not dealt with by parenting handbooks, such as which son to leave behind on the family's first jailhouse visit. She has battled with the government over money and has been forced to turn to friends to pay utility bills.

All the while, she has struggled with her own terrors, which more than once have woken her up in the night. "It's like being in a dark tunnel and wondering if you are ever going to get to the light," says Mrs. Elgindy.

More than two million people are in a prison or jail, according to the Department of Justice. For the families left behind, the impact is often devastating, both financially and emotionally. Now, the recent spate of high-profile, white-collar crime cases has thrown a new, more privileged group into this meat grinder: corporate executives, accountants and Wall Street traders.

Mr. Elgindy, who is awaiting sentencing, could receive more than 20 years in prison. In letters and interviews from prison, he maintains his innocence and laments the damage to his family. The case has "destroyed any sense of stability the kids ever had" and put a strain on his marriage "that I'm not sure how to cope with," he recently wrote. "My kids don't deserve this, neither does my wife."

Mrs. Elgindy says she doesn't know what she will do if her husband receives a lengthy sentence. Some friends have urged her to file for divorce and get a fresh start. She admits thinking about the option, but also says that divorce would signify failure, "and I don't want to be a failure."

Robert Nardoza, a spokesman for the U.S. Attorney's office said it wouldn't comment on the Elgindy case. He says there's no set policy about dealing with the financial welfare of convicted felons' families. "Each case is different," he says. Current and former prosecutors say they try, when possible, to leave the family enough to live on.

Mrs. Elgindy grew up in Clarksville, Tenn., one of six children -- three sons and three daughters. "My father wanted three daughters so he could name us Faith, Hope and Charity," she says. Mrs. Elgindy's middle name is Faith.

The family, true to their Baptist faith, barred the young Mrs. Elgindy from listening to rock music, wearing pants or going to movies. "It was a very strict upbringing," she says, adding softly, "a little too strict."

In 1988, after graduating from high school, she moved to San Diego to live with a friend of the family. There she met Mr. Elgindy and felt an immediate attraction. The dark-featured Cairo native, who grew up in the Chicago area, "was the first person who gave me the courage and strength to question what I had been taught," she says. The couple married in 1989. They say Mrs. Elgindy's parents didn't much like the match but grudgingly accepted it.

As a stockbroker in the early 1990s, Mr. Elgindy peddled penny stocks. "I was a broker who made people broker," Mr. Elgindy wrote years later on a Web site called Silicon Investor, where he had become a stock-chat celebrity. By his own admission -- online and in interviews -- he drank too much, partied too much and cheated on his wife.

In the mid-1990s, a small brokerage firm he partly owned became embroiled in a federal stock-fraud investigation. While some of his colleagues were convicted, Mr. Elgindy avoided prosecution. The experience, however, plunged him into despair. He collected disability payments from an insurance policy on the grounds that he was too depressed to work, but actually continued working in the brokerage business. That crime eventually cost him four months in a federal prison.

In 1996, Mrs. Elgindy filed for divorce. "Every time that things were going well, Tony would find some way to screw it up," she recalls. "I kept saying, 'what can I do? I love this man, but what can I do?'"

Love and fear led to a reconciliation. "Financially, I was scared to death. I realized how dependent I had become on him," she says.

Growing Celebrity

Her husband promised to change. He became a short-seller, a trader who aims to profit when a stock price falls, and began attracting media attention, including from The Wall Street Journal, as a self-appointed cop helping authorities root out stock frauds. His growing celebrity allowed him to start his own Web site, AnthonyPacific.com, charging some 300 members as much as \$1,400 a month for access to his trading strategies, according to a court filing.

By mid-2001, the Elgindys were living in a \$2.2 million gated home on more than 3½ hilltop acres in Encinitas, just outside San Diego. They say they spent hundreds of thousands of dollars on landscaping, including a lagoon-shaped pool and a tropical fish pond crossed by a bridge that led to the front door. They erected large front gates guarded by a pair of bronze lions. In May 2002, the couple threw their first big party for friends and neighbors.

A few days later, FBI agents turned up at the house with a search warrant. For Mrs. Elgindy, much of the four-hour search was a blur. The agents informed her that her husband had been arrested at his office earlier that day.

An indictment, filed in federal court in Brooklyn, N.Y., charged Mr. Elgindy with heading a conspiracy involving two FBI agents. According to the indictment, the agents passed him and others secret information about companies involved in federal criminal investigations in return for cash and the promise of a job. Mr. Elgindy and others then illegally used the information to profit on stock trading.

At a bail hearing, a prosecutor said the government early on had suspicions that Mr. Elgindy had advance information about the Sept. 11, 2001, terrorist attacks. For example, Mr. Elgindy had instructed a broker to liquidate his children's trust accounts on Sept. 10, although the order wasn't carried out.

Mr. Elgindy vehemently denied the assertion and the government never followed up this explosive allegation with formal charges. Nonetheless, Mr. Elgindy's defense team thinks that references to the

suspicions voiced by witnesses during the trial unduly influenced the jury. They're planning an appeal partly on those grounds.

After the arrest, Mrs. Elgindy was suddenly a single parent with three sons -- at the time, 10, 8 and 5 -- who were alternately angry and withdrawn. The situation has been particularly tough for their youngest son, Sammy. On a recent family visit to the New York jail, Sammy sat on his father's lap and told him, "Daddy, if I could stay here with you, I would," Mrs. Elgindy recalls.

She has forbid Sammy from watching TV at times. Ads for medicines have made him think he's getting diseases. Previews for courtroom dramas have made him anxious. "His brain is filled with all kinds of terrible things that could happen," says Mrs. Elgindy, who took all three boys to see a therapist.

On the family's first visit to the San Diego jail, where Mr. Elgindy was held before being transferred to New York, authorities allowed only three visitors, Mrs. Elgindy says. She was left with the "devastating choice" of which son to leave behind. Her middle son, Gabriel, volunteered to stay in the car with an adult neighbor.

In the present crisis, she says, Gabriel "has been the glue between the two other boys," mediating arguments and ensuring homework is done. Now 11, Gabriel "has started to lash out and gets very angry with me," Mrs. Elgindy says. "He is tired of being strong."

When the 10-week trial began late 2004, Mrs. Elgindy spent as much time as possible in the courtroom. With a sister staying in California with the boys, she lived weekdays in a rented apartment near the Brooklyn courthouse, flying home on weekends. One day, Mr. Elgindy entered the courtroom with his head wrapped in a bandage. He'd been beaten up the night before by another prisoner. It's not known why.

"I just lost it. I started bawling," Mrs. Elgindy says. She was prevented by court rules from going over and putting her arms around her husband. She says the marshal allowed her to hug him in the courtroom once, just before Thanksgiving.

Tears and Questions

Mrs. Elgindy wasn't in court for the verdict. She had flown home during jury deliberations to see the boys. As she walked into a supermarket, she received a call from one of Mr. Elgindy's brothers. The jury had returned unexpectedly early and had convicted the trader on 11 counts. That he'd been acquitted on 18 other counts hardly registered.

When she broke the news to the kids, there were tears and questions, some about the verdict and some about their future. Would they have to move out of the house? Probably, she said. Would they be able to stay in the same schools? She'd do her best, she promised.

As often happens in big criminal cases, the government put liens on the family's bank accounts and other assets, which, at the time of Mr. Elgindy's arrest, totaled \$3 million, Mrs. Elgindy estimates. Mr. Elgindy's attorneys worked out an agreement with the government to free up as much as \$10,000 a month for the family's living expenses and an additional \$12,000 a month for the mortgage and property taxes on the house.

The account set up by the court, however, ran dry in May and Mrs. Elgindy hasn't received any money since. The bank has begun foreclosure proceedings on the mortgage.

Mrs. Elgindy has dropped the family's health insurance and therapist visits. She no longer has a housekeeper or gardener. The paint on the front gate is peeling and the guardian lions have cobwebs in

their jaws. To raise money, she has been doing secretarial work at a friend's company and has begun selling jewelry and other personal items on eBay. She recently put the house up for sale, and is now asking for \$3 million, down from \$3.2 million. When he found out, Samy taped the doors shut, hoping to keep strangers out.

The house sale could provide her with an influx of cash -- if she can keep the proceeds. In court papers, the government argues that as restitution for his crimes, Mr. Elgindy owes nearly \$12 million in financial penalties. Mr. Elgindy's lawyers say his take from the activities that led to his conviction totaled only tens of thousands. The judge has yet to reach a decision on the matter. In addition, a former business associate of Mr. Elgindy is seeking to collect on a \$155,000 judgment against the trader.

Mrs. Elgindy says federal officials, expressing sympathy for her plight, have offered a deal. She and the boys could keep several hundred thousand dollars. In return, Mr. Elgindy would have to acknowledge stealing \$1 million.

But because federal prison sentences are partly determined by the amount of money stolen, such a deal could result in more prison time for Mr. Elgindy. So far, the couple has refused the offer. "I don't want to be in a position that just because I need money I have added years to my husband's sentence," says Mrs. Elgindy.

Write to John R. Emshwiller at john.emshwiller@wsj.com

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