

The Third Sunday of Advent
December 14, 2008
Holy Trinity Lutheran Church
Buffalo, New York
The Rev. Dr. Charles D. Bang

Grace to you and peace from God our Father and from our Lord and Saviour, Jesus Christ.
Amen.

Carlo Ponzi was born in Lugo Italy, in 1882. A university dropout, Ponzi left for the United States in 1903, about the same time our ancestors started building this magnificent Church. Ponzi arrived in the States with only \$2.50 left to his name, having gambled away his life's savings on board ship. He learned English quickly and started working as a dishwasher in a restaurant, sleeping in the store overnight. He eventually became a waiter there, but was soon fired for shortchanging the customers and stealing from the till.

He moved to Canada and became an assistant teller in a bank that catered to Italian immigrants. The bank at the time was offering 6% interest on deposits, double the then going rate. It was soon revealed that the 6% was being paid, not from investment earnings, but from new deposit accounts. The bank eventually failed, its founder making off to Mexico with a large fortune and his depositors left holding the bag. The bank's founder also left his family behind. Ponzi befriended the family and several former bank depositors. While at the home of one of the former depositors, he stole a blank check and wrote himself a check for \$423.58. He was caught by police a short time later and sent to prison in Quebec. While there, he wrote to his mother stating that he had found a job as a prison warden's assistant. Upon release, he moved back to the United States, and with his Canadian familiarity, started smuggling Italian immigrants across the border for money. Two years later he was apprehended and spent two years in an Atlanta Prison. There, he told his mother he was the warden's translator.

Upon release from prison there, he moved to Boston, where he fell in love. Conveniently, he never told his sweetheart of his "jobs" in prison. The closest thing he had to an honest job came during these years when he started soliciting business ads for a large directory. Some say it was the beginning of the first Yellow Pages, but he didn't have the business acumen to pull it off and so the business failed. Soon after the company folded, Ponzi received a letter in the mail from a company in Spain, who heard of his idea and wanted to know more about how he went about it. His letter contained a postal reply coupon, known then as an IRC, for international postal reply coupon. A sort of self addressed stamped envelope. Having never seen one before Ponzi asked about how the coupon worked. He learned that these IRC's were purchased in the country of the original letter writer and could be exchanged in the receiver's country for postage to affix to the reply envelope. But due to the differences in currency, Ponzi discovered that the cost of postage in post World War II Italy was much cheaper than postage in the US and so if you traded IRC's for US postage and then sold the US postage, you could turn a handsome profit. He started his own company, the Securities Exchange Company and promised a return of 50% in 45 days. Initial investors were paid handsomely and word spread. Within three years he was bringing in an average of \$250,000 each day. Investors couldn't give him money fast enough. Unfortunately, no one stopped counting their money long enough to ask the question, "How

many stamps would you have to sell to make that kind of money and how large a company and how many employees would it take to pull that off?" Well, the answer came quickly enough. There was no way he could be doing what he was doing selling stamps. What he was doing was paying off existing investors with new investors' money, a trick he had learned back in Canada. The Boston Post calculated that in order for Ponzi to make that kind of money, over 160,000,000 postal reply coupons would have to be in circulation at any one time. They discovered that only 27,000 were out. He was indicted on 86 counts of mail fraud and had bilked 17,000 people out of tens of millions of dollars, a substantial sum of money at the turn of the century. Remember, if you will, that this entire church edifice was constructed at that time for \$325,000.

He served only five years in federal prison but when released on bail to face state charges, he fled to Florida where he started a real estate scam. When Florida officials found him, he fled to Texas, shaved his head, grew a moustache and tried to flee the country on a merchant ship. He was caught and forced to finish his 9 year sentence after which he was deported to Italy because officials had discovered that he never became a citizen. He eventually wound up in Brazil as an agent for an Italian airline, but during the Second World War, the Allies discovered the airline was shipping arms illegally and closed them down. He died penniless in a charity hospital in Rio in 1949 but shortly before his death, he was interviewed by an American newspaperman and gave this statement. "Even if they never got anything for it, it was cheap at that price. Without malice or aforethought I had given them the best show that was ever staged in their territory since the landing of the Pilgrims! It was easily worth the millions of dollars they paid to watch me pull the thing over." The Ponzi scheme became a well known phrase in both household and courtroom across America.

This past week, Wall Street private financier and investor Bernard Madoff was indicted for having bilked tens of thousands of investors out of a reported 50 billion dollars over 30 years. Among his victims, many large, prestigious foundations, University endowments, hospitals, and the world's richest people. Over the years, many people questioned how he could continue to pay out an average of 10-13% each year, even in the bleakest of years, but as long as new money was coming in and those investors were being paid, no one really looked hard enough. Apparently he learned his skills from an Italian immigrant who came to the United States with only \$2.50 in his pocket.

Some things never change, do they? I feel similarly about the Lottery system. I've had thoughts from time to time, and especially lately, that the stock market operates the same way. Some feel that the Wall Street bailout and the rescue of AIG were in some ways similar to Mr. Ponzi's idea that if you continue to get new money, no one will look at why there isn't any to begin with. And in talking with some of my more financially astute friends, the proposed rescue of Detroit's Big Three has the same smell in the air.

As long as greed drives the world, Carlo Ponzi and his successors will have friends, investors and victims. What was once called a Ponzi Scheme is now billed as a High Yield Investment plan, the name then was Ponzi, in our generation its Rigas, Hsu and Madoff.

2000 years ago, a radical man preached a radical message to the masses. He came out of the hills, dressed funny, ate odd foods, some thought him crazy. He said that the old ways had to

change, he said that some day, hopefully one day, there would be new paradigm for humanity, one that would turn everything and everyone upside down. He said that this regime would appear foreign to those of us who had gotten used to the way things had always been. He said that the blind would see, the deaf would hear, the lame man would leap for joy and the dumb would speak clearly. He said that contrary to what we have come to expect from the world, the oppressed would be given good news for once, the captive set free and the brokenhearted would have their souls mended by this new way. He didn't quote all of the prophet Isaiah's words but he might as well have. These children of the new way would be given a garland instead of ashes, the oil of gladness instead of mourning.

Those who were used to calling the shots asked him who he was and who gave him authority or license or the right to say how things were going to be, after all, who was he, Elijah, or Moses? He said he wasn't but then went on to say that God, the God Isaiah talked about, the God Elijah prayed to and Moses listened to was about to enter into our time and effect a day of change and this time the last shall be first, and justice will be more important than power, deeds more than pedigree, and principle more than profit, and right more than convenience. He said that he came to merely announce this new age, but someone else was coming to inaugurate it. Compared to the words he was using, well, his words and actions would look and act and feel more like water as opposed to fire and fire usually gets people to move along and get with the program a lot faster.

So set aside, if you can, any predisposition you might have toward doing things the old way, the way the world gets things done, and adopt if you can, a new way, God's way. Be filled with God's Holy Spirit to examine the world in which you live and the way you've been living. Retool yourself, to use an automaker's phrase, so that the fruits of your labours will result in products that find themselves useful and needed in the world as God would have it. Put the time you have remaining in this time of God's Advent to good use. Amen.