



**THE BLOG** 04/01/2013 01:52 pm ET | Updated May 31, 2013

## Daddy's Been Arrested



By Marty Kaplan

The final inch of the story turned me into an emotional puddle.

At 6 a.m. last Friday, the FBI arrested Michael S. Steinberg, a 41-year-old stock trader for New York hedge fund SAC Capital Advisors, at his \$8 million Manhattan co-op.

This brings to nine the number of SAC employees indicted in the investigation of its founder, Steven A. Cohen, whose net worth is around \$10 billion. Four of them have pleaded guilty. Apparently the FBI is trying to reel in and flip Cohen's conspirators in an alleged insider trading scheme, and Steinberg — Cohen's golden boy — is their latest catch.

The *New York Times* has been all over the SAC investigation, running front-page stories about how Cohen, even as the F.B.I. is now tightening its lasso on him, has gone on a shopping spree, buying a \$60 million oceanfront home in East Hampton and paying \$155 million to casino magnate Steve Wynn for "Le Rêve," the Picasso that Wynn had accidentally put his elbow through in 2006. (Since Wynn reportedly had paid less than half of that to acquire the painting in 2001, Cohen seems to have gotten no discount for wear and tear.)

Saturday's *Times* story includes a thumbnail photo of Steinberg on A1. You can imagine the admiration and envy his charmed life must have aroused. He's young, smart, good-looking and — until now, anyway — way successful. He has a wife and two kids, and with three other hedge fund managers he also started Natan, which "inspires young philanthropists to become actively engaged in Jewish giving by funding innovative projects that are shaping the Jewish future."

But to the FBI, Michael Steinberg was a high-level player in an insider-trading ring that illegally profited from secret financial data about technology stocks Dell and Nvidia.

Steinberg knew they were closing in on him. Here's the kicker to the *Times* story:

*Since his name surfaced in the investigation, Mr. Steinberg has occasionally spent evenings in New York hotels to avoid being handcuffed at home in front of his two children. Federal agents refused to let Mr. Steinberg surrender of his own volition at F.B.I. headquarters downtown, expressing the view that white-collar defendants should not be given special treatment.*

Last week, Steinberg and his wife and kids had been visiting relatives and taken a trip to Disney World. On Thursday, he returned to his Upper East Side place without them. At dawn on Friday, the feds came for him with the cuffs.

I can't get those kids out of my mind. They did nothing wrong, and they were spared what could have been a traumatizing moment. But I can't help thinking about what it was like to learn the news from their mother on Friday. It's almost unbearably poignant to imagine their family life last week, during the final days of what they will inevitably think of as Before: the kids having innocent fun on the rides, oblivious of what's to come, as their parents struggle to join the laughter and savor the last moments before After starts shadowing them forevermore.

Deterrence is one of our criminal justice system's goals. If Michael Steinberg pleads guilty or is convicted, his future punishment will also punish his family. And yes, he should have thought about that ahead of time, while rising at SAC and accumulating the rich life's rewards. A front page *Los Angeles Times* story calls Preet Bahara, Manhattan's top U.S. prosecutor, "the new sheriff of Wall Street" because of the 71 insider trading convictions he's racked up since he took office three years ago. During these last three years, those convictions had to have been on Michael Steinberg's radar, along with the domestic carnage they must have caused. But — if Steinberg turns out to have done what he's been indicted for — his belief that he wouldn't get caught must have kept any heart wrenching images of his kids' uncomprehending faces from stopping him.

Of course, I don't know that. As Michael Steinberg became Steven A. Cohen's most fortunate protégé, I don't know whether the true north of his moral compass pointed to Everybody Does It, or to You'll Be Sorry. Or maybe, as Cyndi Lauper sang, Money Changes Everything, and the fantastic wealth pumping up these privileged lives, mixed with the musk of the trading floor, turns people who ordinarily know the difference between right and wrong into barracudas who only know Kill or Be Killed — a kind of temporary ethical insanity that somehow permits these predators also to be loving parents and generous citizens.

The day after Michael Steinberg was arrested, I was talking about his efforts not to be handcuffed in front of his kids with a friend of mine whose own father had gone to jail when he was a kid. My friend's childhood days are a long time ago, but what happened to his father may still be the most important contributor to who he is as a man. He still wrestles with the demons that his father's imprisonment unleashed. It's possible that his own considerable empathy and generosity were also conceived in that darkness. It's always a crapshoot how horrendous things like this will ultimately play out in kids' lives. But you'd think a father would think twice before rolling those dice.

*This is my column from The Jewish Journal of Greater Los Angeles. You can read more of my columns here, and email me there if you'd like.*

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