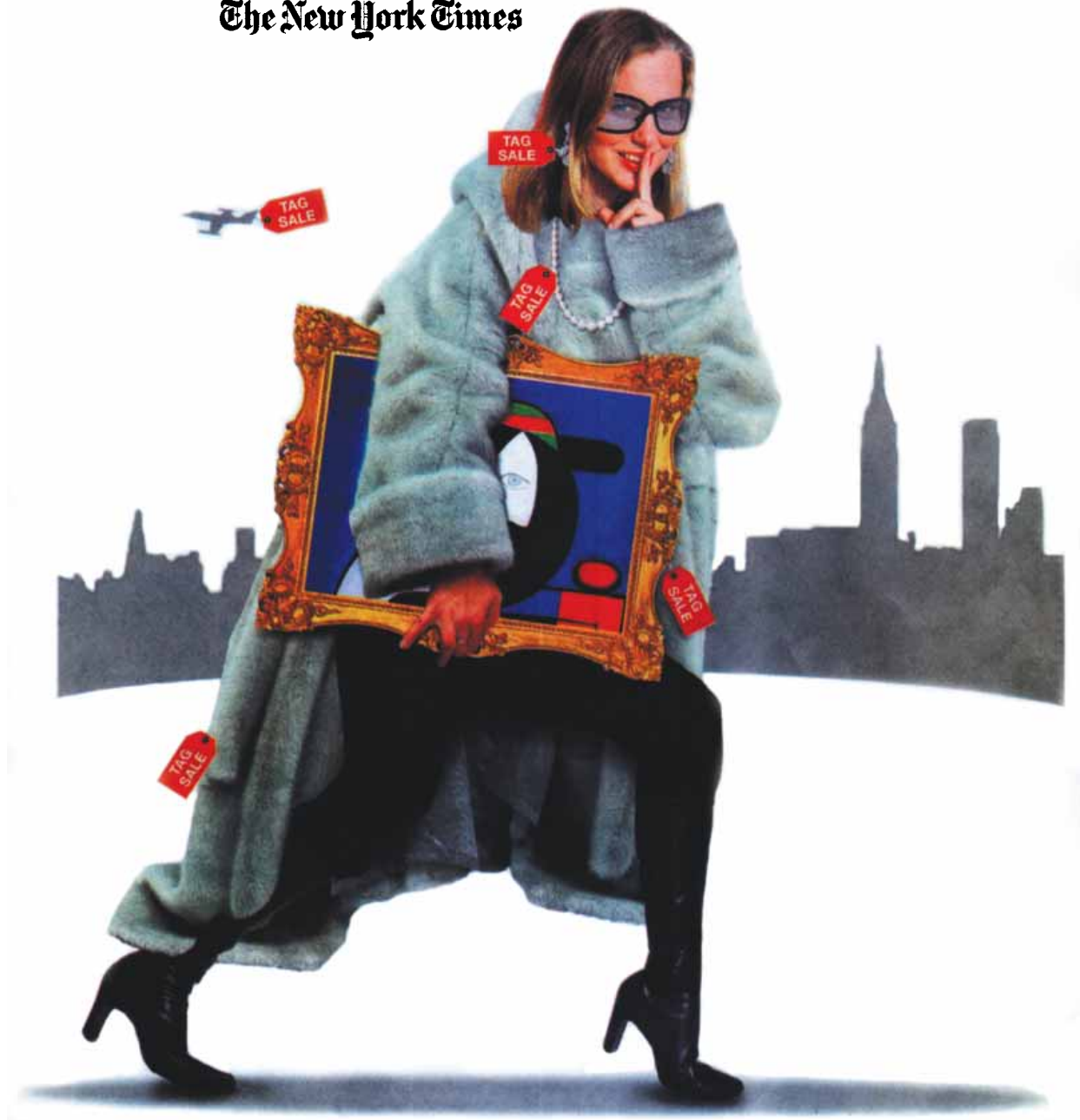


The New York Times



LOU BEACH

## It's Not So Easy Being Less Rich

By CHRISTINE HAUGHNEY

**N**ANCY CHEMTOB, a divorce lawyer in Manhattan, has found that her days have become crammed seeing clients, all worried about how an economic downturn will affect their marriages.

They seem to have nothing to fret about: their net worths range from \$5 million to \$1 billion. A blip in the markets shouldn't send their chateau-size Park Avenue co-ops to foreclosure or exile them to Payless Shoes.

But Ms. Chemtob's clients are concerned all the same, she said, because their incomes have shrunk, say, to \$2 million a year from \$8 million, and they know that their 2008 bonus checks are likely to be much less impressive.

### The wealthy are mum about losses. But ask their trainers and art advisers.

One of her clients recently confessed that his net worth had decreased to \$8 million from more than \$20 million, and he thinks that his wife will leave him. He has hidden their fall in fortune by taking on debt to pay for her extravagant clothes and vacations.

"I literally had to sit there and tell him that he had to tell his wife that she had to stop spending," she said. "He was actually scared she

would leave him because their financial situation changed so drastically."

The wealthy don't generally speak publicly about their finances, in good times or bad. It's in poor taste, for one, and their employers could fire them for talking even a little. But people who provide services to the wealthy — lawyers, art advisers, personal trainers and hairstylists — say they are getting an earful about their clients' financial anxieties.

Interviews with the people who actually see the bank statements, like divorce lawyers and lenders, say their clients are definitely living on less than they did a year ago, regardless of how expansive the definition of "less" may be. Hair-

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stylists and private jet rental companies say the wealthy are cutting back on luxuries like \$350 highlights and \$10,000-an-hour jet rentals. Even nutritionists and personal trainers notice a problem. The wealthy are eating more and gaining weight because of the stress.

These financial problems — if they can be called that — will hardly elicit tears from the rest of us. But in those gilded living rooms, there is a quiet nervous-

**“Even if they’re not in danger of not paying their mortgage, there’s still a psychological change,”** said Chris Del Gatto, chief executive of Circa, which has watched its business jump by 50 percent in the last year as wealthy clients sell their spare diamonds and Rolexes. **“The economy is an issue even for people who don’t need the money.”**

**T**HEIR spouses could leave them when they discover that their net worth has collapsed to eight figures from nine. Friends and business associates could avoid them as they pass their lunchtime tables at Barney’s or the Four Seasons. And these snubs could trickle down to their children.

“They fear their kids won’t get invited to the right birthday parties,” said Michele Kleier, an Upper East Side-based real estate broker. “If they have to give up things that are invisible, they’re O.K. as long as they don’t have to give up things visible to the outside world.”

So New York’s very wealthy are addressing their distress in discreet and often awkward ways. They try to move their \$165 sessions with personal trainers to a time slot that they know is already taken. They agree to tour multimillion-dollar apartments and then say the spaces don’t match their specifications. They apply for a line of credit before art auctions, supposedly to buy a painting or a sculpture, but use that borrowed money to pay other debts.

“Most people won’t go to their banker and say: ‘You know I’m in desperate trouble. I need funds,’” said Andy Augenblick, president of Emigrant Bank Fine Art Finance, which allows clients to borrow against art collections worth more than \$2 million. Mr. Augenblick said that the number of requests for these types of loans is five times higher than a

# It’s Not So Easy Being Less Rich



PLANE, ANN JOHANSSON FOR THE NEW YORK TIMES; HAIR, IMAGE SOURCE/CORBIS

**ING CORNERS** Sometimes, sacrifices have to be made.

go. He said that while these  
vers claim that they don’t  
he money, their latest fi-  
nancial statements show that  
their net worth has withered in  
the past year.

say: ‘Will you sell this for  
When you can get me  
ment?’” Ms. Rosenthal said  
more about the urgency of  
ting paid.”

Justin Sullivan, managing

**Other wealthy clients are cutting luxuries that they think their friends and relatives won’t notice, according to Mr. Del Gatto of Circa. At Circa’s midtown offices, he said, the seven consultation rooms have been busy with customers selling their precious gems. Some older couples, he said, are selling estate jewelry to help support their children who have lost Wall Street jobs. Bankers are paring down their collections of Patek Philippe watches. Wives from Greenwich and Scarsdale are selling 2-carat to 35-carat single-stone diamond rings. One recent client explained to Mr. Del Gatto that she was selling \$2 million in diamonds she rarely wore, because her friends wouldn’t notice that they were gone.**

**“She said, ‘If I sold my Bentley or my important art, they would notice,’”** he said. **“That we hear, in differing examples, every day.”**

some collectors are willing to sell pieces that were off limits in the past. She said that when the deals close quickly, they’re happy.

“Most people will just sort of

Regent Jet, which  
airplanes, said mo-  
real estate and on wa-  
re switching to chartered  
r private jets, and cutting  
ght budgets by about 25  
One New York real es-  
veloper cut his budget to  
an \$250,000 a year from  
ion a year.  
ear ago, he would have  
wn Gulfstreams,” Mr. Sul-  
id. “Now it’s moving to  
t where he’s flying Beech  
Learjets.”

wealthy New Yorkers  
n cutting back on rela-  
smaller things. At J Sisters,  
town Manhattan salon  
celebrities like Naomi  
ell and Gwyneth Paltrow  
with Wall Street clients,  
and colorists say they  
out money worries all  
a spring afternoon, a half-  
hairstylists to the very  
talked about how cus-  
are stretching their \$350  
ts and \$150 haircuts to  
light weeks instead of six  
Some women are cutting  
hlights entirely, saying  
ould “rather be bru-

François Pilon, a stylist at  
s, has seen many women  
come less frequently and tip less  
generously. During the subprime  
crisis last summer, and the col-  
lapse of Bear Stearns last March,  
he said, many clients tried to  
stretch out their visits. He in-

terprets these changes in behavior as signs that they need to watch their spending.

“You pick up on it very quickly,” he said. “People don’t beg.”

The drop in wealth has also exposed other personal problems, like bad marriages. Money — which bought jewelry or extravagant vacations — helped smooth over many of these difficulties, said Kenneth Mueller, a psychologist in the East Village who works with many Wall Street bankers and real estate developers. Now, he said, his clients “catastrophize” smaller bonuses or shriveling stock portfolios. “You have to remind them that there’s something that has always been there,” he said. “All the money helped mask the anxiety.”

The very wealthy can’t hide anything from their nutritionists and personal trainers, because

**First, sell the diamonds people don’t know you have.**

many Wall Street executives who pay \$600 to \$800 a month for her services, says her clients have been eating and drinking more in the last six months. She sees results of this indulging each time they step on a scale, and in their journals that record what they’ve eaten.

**O**NE Wall Street executive, Ms. Bauer said, snacks on nuts in her office all day to manage the stress of potentially losing her position, while another confesses to inhaling four bowls of cereal at 10 p.m. Even their sex lives are suffering, Ms. Bauer said, because of the stress or because the weight gain makes them feel unattractive.

Her clients blame the economy for their out-of-control waistlines.

“The number one concern that they have is the state of the financial market,” she said. “There definitely is a correlation between the stock market and weight gain.”

Clay Burwell, a personal trainer to many Wall Street executives, said that his clients were also feeling the toll. A year of eating more, drinking more and working longer hours has started to hurt their health.

“They come into the gym with a dark storm cloud over their head,” he said. “They look like hell.”