



The Basics

8 lottery winners who lost their millions

Having piles of cash only compounds problems for some people. Here are sad tales of foolishness, hit men, greedy relatives and dreams dashed.

By [Bankrate.com](#)

For a lot of people, winning the lottery is the American dream. But for many lottery winners, the reality is more like a nightmare.

"Winning the lottery isn't always what it's cracked up to be," says Evelyn Adams, who won the New Jersey lottery not just once, but twice (1985, 1986), to the tune of \$5.4 million. Today the money is all gone and Adams lives in a trailer.

"I won the American dream but I lost it, too. It was a very hard fall. It's called rock bottom," says Adams.

"Everybody wanted my money. Everybody had their hand out. I never learned one simple word in the English language -- 'No.' I wish I had the chance to do it all over again. I'd be much smarter about it now," says Adams, who also lost money at the slot machines in Atlantic City.

"I was a big-time gambler," admits Adams. "I didn't drop a million dollars, but it was a lot of money. I made mistakes, some I regret, some I don't. I'm human. I can't go back now so I just go forward, one step at a time."

Living on food stamps

William "Bud" Post won \$16.2 million in the Pennsylvania lottery in 1988 but now lives on his Social Security.

"I wish it never happened. It was totally a nightmare," says Post.

A former girlfriend successfully sued him for a share of his winnings. It wasn't his only lawsuit. A brother was arrested for hiring a hit man to kill him, hoping to inherit a share of the winnings. Other siblings pestered him until he agreed to invest in a car business and a restaurant in Sarasota, Fla., -- two ventures that brought no money back and further strained his relationship with his siblings.

Post even spent time in jail for firing a gun over the head of a bill collector. Within a year, he was \$1 million in debt.

Post admitted he was both careless and foolish, trying to please his family. He eventually declared bankruptcy.

Now he lives quietly on \$450 a month and food stamps.

"I'm tired, I'm over 65 years old, and I just had a serious operation for a heart aneurysm. Lotteries don't mean (anything) to me," says Post.

Deeper in debt

Suzanne Mullins won \$4.2 million in the Virginia lottery in 1993. Now she's deeply in debt to a company that lent her money using the winnings as collateral.

She borrowed \$197,746.15, which she agreed to pay back with her yearly checks from the Virginia lottery through 2006. When the rules changed allowing her to collect her winnings in a lump sum,

she cashed in the remaining amount. But she stopped making payments on the loan.

She blamed the debt on the lengthy illness of her uninsured son-in-law, who needed \$1 million for medical bills.

Mark Kidd, the Roanoke, Va., lawyer who represented the Singer Asset Finance Company who sued Mullins, confirms her plight. He won a judgment for the company against Mullins for \$154,147 last May, but they have yet to collect a nickel.

"My understanding is she has no assets," says Kidd.

Back to the basics

Ken Proxmire was a machinist when he won \$1 million in the Michigan lottery. He moved to California and went into the car business with his brothers. Within five years, he had filed for bankruptcy.

"He was just a poor boy who got lucky and wanted to take care of everybody," explains Ken's son Rick.

"It was a hell of a good ride for three or four years, but now he lives more simply. There's no more talk of owning a helicopter or riding in limos. We're just everyday folk. Dad's now back to work as a machinist," says his son.

Willie Hurt of Lansing, Mich., won \$3.1 million in 1989. Two years later he was broke and charged with murder. His lawyer says Hurt spent his fortune on a divorce and crack cocaine.

Charles Riddle of Belleville, Mich., won \$1 million in 1975. Afterward, he got divorced, faced several lawsuits and was indicted for selling cocaine.

Missourian Janite Lee won \$18 million in 1993. Lee was generous to a variety of causes, giving to politics, education and the community. But according to published reports, eight years after winning, Lee had filed for bankruptcy with only \$700 left in two bank accounts and no cash on hand.

One Southeastern family won \$4.2 million in the early '90s. They bought a huge house and succumbed to repeated family requests for help in paying off debts.

The house, cars and relatives ate the whole pot. Eleven years later, the couple is divorcing, the house is sold and they have to split what is left of the lottery proceeds. The wife got a very small house. The husband has moved in with the kids. Even the life insurance they bought ended up getting cashed in.

"It was not the pot of gold at the end of the rainbow," says their financial advisor.

Luck is fleeting

These sad-but-true tales are not uncommon, say the experts.

"For many people, sudden money can cause disaster," says Susan Bradley, a certified financial planner in Palm Beach, Fla., and founder of the Sudden Money Institute, a resource center for new money recipients and their advisors.

"In our culture, there is a widely held belief that money solves problems. People think if they had more money, their troubles would be over. When a family receives sudden money, they frequently learn that money can cause as many problems as it solves," she says.

Craig Wallace, a senior funding officer for a company that buys lottery annuity payments in exchange for lump sums, agrees.

"Going broke is a common malady, particularly with the smaller winners. Say you've won \$1 million. What you've really won is a promise to be paid \$50,000 a year. People win and they think they're millionaires. They go out and buy houses and cars and before they know it, they're in way over their heads," he says.

Are you really a 'millionaire'?

Part of the problem is that the winners buy into the hype.

"These people believe they are millionaires. They buy into the hype, but most of these people will go to their graves without ever becoming a millionaire," says Wallace, who has been in the business for almost a decade.

"In New Jersey, they manipulate the reality of the situation to sell more tickets. Each winner takes a picture with a check that becomes a 3-foot by 5-foot stand-up card. The winner is photographed standing next to a beautiful woman and the caption reads: 'New Jersey's newest millionaire.'"

Winning plays a game with your head

Bradley, who authored "Sudden Money: Managing a Financial Windfall," says winners get into trouble because they fail to address the emotional connection to the windfall.

"There are two sides to money. The interior side is the psychology of money and the family relationship to money. The exterior side is the tax codes, the money allocation, etc."

"The goal is to integrate the two. People who can't integrate their interior relationship with money appropriately are more likely to crash and burn," says Bradley.

"Often they can keep the money and lose family and friends -- or lose the money and keep the family and friends -- or even lose the money and lose the family and friends."

Bill Pomeroy, a certified financial planner in Baton Rouge, La., has dealt with a number of lottery winners who went broke.

"Because the winners have a large sum of money, they make the mistake of thinking they know what they're doing. They are willing to plunk down large sums on investments they know nothing about or go in with a partner who may not know how to run a business."

What if you get so (un)lucky?

To offset some bad early decision-making and the inevitable requests of friends, relatives and strangers, Bradley recommends lottery winners start by setting up a DFZ or decision-free zone.

"Take time out from making any financial decisions," she says. "Do this right away. For some people, it's smart to do it before you even get your hands on the money.

"People who are not used to having money are fragile and vulnerable, and there are plenty of people out there who are willing to prey on that vulnerability -- even friends and family," she cautions.

"It's not a time to decide what stocks to buy or jump into a new house purchase or new business venture.

"It's a time to think things through, sort things out and seek an advisory team to help make those important financial choices."

As an example, Bradley says that people who come into a windfall will typically put buying a house as No. 1 in list of 12 choices, while investing is No. 11.

"You really don't want to buy a new house before taking the time to think about what the consequences are.

"A lot of people who don't have money don't realize how much it costs to live in a big house -- decorators, furniture, taxes, insurance, even utility costs are greater. People need a reality check before they sign the contract," she says.

Evelyn Adams, the N.J. lottery double-winner, learned these lessons the hard way.

"There are a lot of people out there like me who don't know how to deal with money," laments Adams. "Hey, some people went broke in six months. At least I held on for a few years."

(For more information on dealing with a sudden change in your fortunes, read "You're suddenly rich? Bummer," on MSN Money.)

By Ellen Goodstein, Bankrate.com