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PRESS RELEASE OF IRVING H. PICARD

**TRUSTEE FOR LIQUIDATION OF BERNARD L. MADOFF INVESTMENT
SECURITIES FILES CIVIL RACKETEERING CLAIMS AGAINST MEMBERS OF THE
“MEDICI ENTERPRISE” MASTERMINDED BY SONJA KOHN, AND INCLUDING
BANK MEDICI, UNICREDIT, BANK AUSTRIA, AND 53 OTHER DEFENDANTS
SEEKS \$19.6 BILLION IN DAMAGES TREBLED UNDER RICO**

NEW YORK, NEW YORK – December 10, 2010 – Irving H. Picard, the Trustee for the liquidation for Bernard L. Madoff Investment Securities LLC (“BLMIS”) today announced the filing of a complaint alleging violations of the federal Racketeer Influenced and Corrupt Organizations Act (“RICO”) in the United States Bankruptcy Court for the Southern District of New York against members of the “Medici Enterprise,” masterminded by Sonja Kohn, principal shareholder of Bank Medici, which includes at least six members of her family, UniCredit, Bank Austria, and multiple trusts and nominee companies in New York, Austria, Italy, Gibraltar and elsewhere.

The action seeks to recover \$19.6 billion (trebled under RICO) in damages to the estate of BLMIS caused by the Medici Enterprise’s 23-year criminal relationship with Bernard Madoff (“Madoff”) and its indispensable role in facilitating his Ponzi scheme. The complaint alleges that more than 8,000 predicate acts, by Kohn and her co-conspirators, violated RICO and established a pattern of racketeering activity comprised of, among other things, money laundering, mail and wire fraud, and financial institution fraud. All recovered assets will be placed in the Trustee’s Customer Fund and distributed, pro rata, to BLMIS customers with valid claims.

“In Sonja Kohn, Madoff found a criminal soul mate, whose greed and dishonest inventiveness equaled his own,” said Mr. Picard. “Given the scope of Madoff’s Ponzi scheme, the deceptive nature of the defendants, and the deliberately Byzantine structure of the Medici Enterprise, we believe that even more information regarding the full scope of this criminal enterprise will be revealed through discovery.”

“Sonja Kohn went by many names and operated under many guises, creating an international network of spurious investment entities and masterminding an illegal scheme not only to support the Madoff fraud, but also to enrich herself, her family, and the largest banks in Austria and Italy,” said Timothy S. Pfeifer, counsel at Baker & Hostetler LLP, the court-appointed counsel for the Trustee.

“To potential investors, Kohn held herself out as a close friend of Madoff and intimated that this relationship would yield special returns for investors she referred,” said David J. Sheehan, counsel to the Trustee and a partner at Baker & Hostetler. “In a long-term pattern of criminal activity, Kohn began her illegal scheme in New York almost immediately after meeting Madoff around 1985 and, from that point, operated as a BLMIS insider. Madoff paid her to feed money into the Ponzi scheme. The agreement was a secret even inside BLMIS, and Kohn took calculated measures to distance herself and her family from the fraud.”

Madoff kept records of the BLMIS accounts for which he secretly paid Kohn. Madoff appears to have attempted to destroy these records before he confessed on December 11, 2008. “More than \$9 billion of the Ponzi scheme’s stolen capital is directly attributable to Kohn and the Medici Enterprise. The total amount lost in the Ponzi scheme is approximately \$19.6 billion, making these actors arguably the single most critical building block – the ‘sine qua non’ – of the Ponzi scheme,” said Mr. Pfeifer.

The Medici Enterprise is a deliberately complex “association-in-fact” that Kohn developed in and largely directed from New York. The complaint states that, with the help of Bank Austria, Kohn established Bank Medici in Austria as a mechanism to solicit investors for the Ponzi scheme. Bank Medici, of which 25 percent is owned by Bank Austria and UniCredit, purported to be a licensed and regulated bank in Vienna. It was, however, a de facto branch of Bank Austria, operating under the “Medici” name while all of its accounts and portfolios were held and administered by Bank Austria. Bank Austria personnel staffed Bank Medici.

The Bank Austria connection provided Kohn and Bank Medici with the imprimatur of legitimacy they needed to feed staggering amounts of money into BLMIS. Bank Austria collaborated with

Kohn and Bank Medici to create numerous feeder funds, solely to direct cash to Madoff. For their various roles in the Medici Enterprise, the complaint states that Bank Austria, Bank Medici, their branches, subsidiaries, and officers and personnel received hundreds of millions of dollars in fees, kickbacks, fictitious profits, and other proceeds of the Medici Enterprise's illegal scheme.

The complaint states that Kohn solicited at least 30 direct accounts for Madoff, including Primeo Fund Ltd., Thema International Fund plc, Herald Fund SPC ("Herald Fund"), Alpha Prime Fund Ltd., Senator Fund Ltd., and Herald (Lux) SICAV. Together, these six "Medici Enterprise Feeder Funds" fed almost \$4 billion into the Ponzi scheme. Madoff also paid Kohn for soliciting Harley International (Cayman) Ltd. ("Harley"), Plaza Investments ("Plaza"), and Optimal Multiadvisors Ltd. ("Optimal"). Harley fed more than \$2.3 billion into the Ponzi scheme. Plaza fed more than a half-billion dollars into the Ponzi scheme. Optimal fed more than \$1.6 billion to Madoff.

Today's filing outlines how Kohn and her husband owned the central funding mechanism for the Medici Enterprise. The Kohns' Herald Asset Management Ltd. (HAM) purported to "manage" Herald Fund and siphoned, at the very least, \$100 million from its fake returns that it distributed to other members of the Medici Enterprise. HAM and Bank Medici further claimed that they, not Madoff, ran his purported investment strategy. UniCredit and Bank Austria were aware that HAM and Bank Medici did not perform these fictitious services.

The complaint further states that, in addition to channeling more than \$9 billion into the Ponzi scheme, Kohn and her family also siphoned at least \$62 million – and possibly many times that amount – directly from BLMIS into their private accounts using an elaborate network of sham entities in New York and elsewhere that existed solely to receive secret kickbacks from Madoff.

"Kohn's intimate knowledge of Madoff's fraud is further illustrated by her actions in the weeks and days before and after Madoff's arrest, when she and her family, using their network of trusts and nominee companies, attempted to launder the stolen proceeds of her illegal scheme and conceal it. Congress enacted the RICO statute to address exactly the type of criminal activity that Kohn and the other members of the Medici Enterprise perpetrated in New York and elsewhere for more than twenty-three years," said Mr. Pfeifer.

In addition to Mr. Sheehan and Mr. Pfeifer, the Trustee acknowledges the contributions of the following Baker & Hostetler attorneys who worked most closely on this extensive filing: Denise Vasel and Marco Molina.

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