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PRESS RELEASE OF IRVING H. PICARD

**TRUSTEE FOR LIQUIDATION OF BERNARD L. MADOFF INVESTMENT
SECURITIES FILES CLAIMS AGAINST FRANK AVELLINO, MICHAEL BIENES,
FAMILY MEMBERS AND RELATED ENTITIES**

SEEKS RECOVERIES OF MORE THAN \$900 MILLION

NEW YORK, NEW YORK – December 10, 2010 – Irving H. Picard, the Trustee for the liquidation of Bernard L. Madoff Investment Securities LLC (“BLMIS”) today announced the filing of a complaint against Frank Avellino, Michael Bienes, their wives, son Thomas Avellino as well as other family members, and family-controlled trusts and entities. The Trustee seeks to recover more than \$900 million that the defendants withdrew from BLMIS during times they knew or should have known that BLMIS was operating fraudulently. All monies recovered will be deposited in the Customer Fund for equitable distribution to BLMIS customers with valid claims.

“Frank Avellino and Michael Bienes are among the earliest enablers of Bernard Madoff’s,” said Mr. Picard. “They operated BLMIS’s first feeder fund, a partnership known as Avellino & Bienes, which not only fueled the initial growth of the Ponzi scheme, but also helped sustain it for years.”

“Avellino and Bienes were both CPAs, professionals who were trained to spot fraud and obligated to report it. Avellino and Bienes – as well as their wives and Avellino’s son, Thomas – observed blatant and obvious red flags which would have put a reasonable person, let alone licensed CPAs, on clear notice that BLMIS was operating fraudulently,” said David J. Sheehan, counsel to the Trustee and partner at Baker & Hostetler. “However, instead of reporting the Madoff fraud, they enthusiastically supported it, lied to the SEC to cover it up and, for their help, were rewarded with millions of dollars of other people’s money.”

According to the complaint, Avellino and Bienes observed flagrant signs of fraud for years, but consistently and falsely represented to investors that Madoff was a legitimate investment professional. As early as 1992, while under investigation by the SEC themselves, Avellino and Bienes knew that BLMIS had created a phony account with backdated statements detailing fabricated trades. The purpose of the phony account with millions of dollars in fictitious value was to conceal a multi-million-dollar shortfall between what Avellino & Bienes owed its investors and the purported balances of its BLMIS accounts. Rather than expose the creation of this fraud, Avellino and Bienes lied under oath in SEC testimony to cover it up, playing along with Madoff so they could continue to enrich themselves at the expense of others and continue living their lavish lifestyle.

Even after the SEC shut down Avellino & Bienes through a federal court injunction, Avellino, Bienes, Mrs. Avellino, Mrs. Bienes, and later Thomas Avellino, continued to funnel millions of dollars of investment funds to BLMIS to enrich themselves from Madoff's fraud. The defendants also set up a multitude of entities and trusts to benefit themselves and a number of their close relatives: brothers and sisters, in-laws, nieces and nephews, and grandchildren. After the SEC's injunction, in order to prevent the collapse of the Ponzi scheme, Madoff agreed to make fraudulent side payments to Avellino and Bienes based upon amounts that former Avellino & Bienes investors reinvested directly with BLMIS. The fraudulent side payments were made through blatantly fictitious options transactions inserted into customer statements for BLMIS accounts they controlled.

Avellino and his wife purchased multi-million-dollar homes in exclusive areas of Manhattan, Nantucket, and Palm Beach, some of which were adorned with valuable artwork from famous artists and sculptors, such as Pablo Picasso and Edgar Degas. Thomas Avellino, who had no significant employment history and little or no experience as an investment professional, owned a Florida penthouse and a million-dollar home in Monmouth, New Jersey. The Bieneses owned homes in California, New York, Florida, and London.

“Avellino and Bienes spent the vast majority of their professional careers recruiting investors and funneling money to Madoff so they could profit for decades from implausibly steady and guaranteed returns from BLMIS,” said Jimmy Fokas, a partner at Baker & Hostetler. “Avellino, Bienes, Mrs.

Avellino, Mrs. Bienes, Thomas Avellino and entities they controlled knew or should have known that the uninterrupted returns they enjoyed for decades and the blatantly fictitious trades reflected in their BLMIS accounts were the product of fraud.”

In addition to Mr. Sheehan and Mr. Fokas, the Trustee acknowledges the contributions of the following Baker & Hostetler attorneys who worked on this extensive filing: Jonathan R. Barr, Adam J. Smith, Christy Nixon and Elizabeth Urda.

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