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SIPC TRUSTEE IRVING PICARD SUES FOUR MADOFF FAMILY MEMBERS

Seeks Recapture Of At Least \$198,743,299 From Madoff's Brother, Sons, and Niece

NEW YORK, NY, October 2, 2009 - Irving H. Picard, the Trustee appointed to liquidate the business of Bernard L. Madoff Investment Securities LLC ("BLMIS"), filed suit today against four Madoff family members who held senior positions at BLMIS. Named in the suit are Madoff's brother, Peter Madoff, who was BLMIS's Chief Compliance Officer, Madoff's two sons, Andrew and Mark, who served as Co-Directors of Trading at BLMIS, and Madoff's niece, Shana Madoff, who was BLMIS's Compliance Director.

Through the lawsuit filed in Bankruptcy Court in Manhattan by Mr. Picard's law firm, Baker & Hostetler LLP, the Trustee seeks to recapture for the benefit of Madoff's investors at least \$198,743,299 in customer funds which the Trustee alleges were diverted from BLMIS's investment advisory business and transferred directly to the family members or spent on their behalf.

In the Complaint, Mr. Picard explains that the family members' "management responsibilities extended through trading operations, customer relationships, and legal and regulatory compliance, yet they were completely derelict in these duties and responsibilities. As a result, they either failed to detect or failed to stop the fraud, thereby enabling and facilitating the Ponzi scheme at BLMIS. Simply put, if the Family Members had been doing their jobs—honestly and faithfully—the Madoff Ponzi scheme might never have succeeded, or continued for so long."

Mr. Picard alleges that "BLMIS was operated as if it were the family piggy bank. Each of the Family Defendants took huge sums of money out of BLMIS to fund personal business ventures and personal expenses such as homes, cars, and boats. The Family Defendants' misappropriations of BLMIS customer funds ranged from the extraordinary (the use of BLMIS customer funds to pay for multi-million dollar vacation homes) to the routine (the use of BLMIS customer funds to pay their monthly credit card charges for restaurants, vacations, and clothing). The means of diverting those customer funds ranged from the simple (merely transferring money to the Family Defendants' own personal bank accounts) to the complex (fabricating the purchases of securities on the Family Defendants' personal BLMIS investment advisory account statements and then cashing out of those positions)."

In the Complaint, Mr. Picard details over 380 separate transactions which were fraudulent transfers or conveyances of BLMIS customer funds to the family members, or to entities on their behalf, and which are recoverable under the Securities Investor Protection Act, the Bankruptcy Code and due to the family members' breaches of fiduciary duty and other tortious conduct.

The Trustee alleges that Peter Madoff, BLMIS's Chief Compliance Officer, improperly received over \$60 million paid to himself, his family members, and to entities on his behalf. As Chief Compliance Officer, Peter Madoff was responsible for overseeing BLMIS's compliance policies and procedures, yet the Trustee alleges that he ignored these responsibilities to the detriment of BLMIS and its customers. For example, although Peter invested only \$14 into his own investment accounts at BLMIS after 1995, he withdrew \$16,252,004 from those same accounts, at times through the fabrication of backdated trades which, in reality, never took place. The Complaint also details the use of customer funds to purchase homes for Peter on Park Avenue in Manhattan and in Palm Beach, Florida.

Mark Madoff, who was paid \$29,320,830 between 2001 and 2008 to serve as BLMIS's Co-Director of Trading, is alleged to have improperly received \$66,859,311 paid directly to him, his family, and entities on his behalf. In his personal investment accounts at BLMIS, the Trustee alleges that although Mark invested only \$745,482, he redeemed \$18,105,456 prior to December 2008 as a result of among other things falsified transactions in his account. Mr. Picard also alleges that since 2000, Mark borrowed, but did not repay, over \$17,000,000 from BLMIS to buy homes for himself in Greenwich, Connecticut, Manhattan, and Nantucket, Massachusetts.

Andrew Madoff who, like his brother, served as BLMIS's Co-Director of Trading and received \$31,105,505 in compensation between 2001 and 2008, is alleged to have improperly received \$60,644,821 paid directly to him, his family, and entities on his behalf. Mr. Picard alleges that Andrew redeemed \$17,117,566 as a result of among other things, falsified securities transactions from investment accounts into which he invested only \$912,062. Andrew also received over \$11 million from BLMIS to pay for luxury apartments in Manhattan.

While both Mark and Andrew Madoff have filed personal claims in the Bankruptcy Court for approximately \$40 million each in deferred compensation from BLMIS, the Trustee alleges in the complaint that Andrew Madoff claimed in his divorce proceeding that the company owes him only \$52,173 in deferred compensation. In addition, the Trustee alleges that the trading business in which the Madoff sons worked actually lost money in 2007 and 2008 but that its financial results were propped up by the fraudulent investment advisory business.

The Trustee alleges that Shana Madoff, BLMIS's Compliance Director and In-House Counsel, improperly received over \$10.6 million in customer funds paid to herself or to entities on her behalf. This amount includes nearly \$3,000,000 of BLMIS's customer funds which were sent to Shana to purchase a home in East Hampton, New York less than one year before Madoff's arrest.