

## **SIPC, TRUSTEE ISSUE STATEMENT ON INITIAL RECOVERY OF ASSETS IN MADOFF LIQUIDATION PROCEEDING**

*Claim Form Mailing in Madoff Liquidation to Proceed on or before January 9, 2009*

**WASHINGTON, D.C. – December 30, 2008** – Stephen Harbeck, president of the Securities Investor Protection Corporation (SIPC), which maintains a special reserve fund authorized by Congress to help investors at failed brokerage firms, and Irving H. Picard, the court-appointed trustee for the liquidation of Bernard L. Madoff Investment Securities LLC of New York, NY, issued the following joint statement today:

“We are pleased that today the United States Bankruptcy Court for the Southern District of New York approved the transfer of \$29 million in debtor funds held by the Bank of New York (BONY). This is one of many steps that Trustee Irving H. Picard has taken and will continue to take to collect all available assets of Bernard L. Madoff Investment Securities LLC for the future use of satisfying customer claims and other purposes.

We want to be very clear that to the extent these and other funds are ‘customer property,’ they will be used for satisfying customer claims and not the administrative expenses of the Trustee. Contrary to some recent media accounts, trustee expenses are paid out of any general estate of the debtor, and if insufficient, through advances by SIPC. Customer property may not be used to pay the administrative expenses of a liquidation proceeding. Under the Securities Investor Protection Act, the trustee is empowered to recover customer property so that it may be returned to customers in need of protection under that law. Because expenditures by the trustee to recover such property and other administrative expenses of the trustee are borne by the general estate and SIPC and not by customers, such expenditures diminish in no way the amount of customer property available for customers.

Separately, we want it to be known that a claim form will be available shortly for the Madoff liquidation proceeding. The Trustee will mail claim forms by no later than January 9, 2009, to customers and creditors of Bernard L. Madoff Investment Securities LLC. In addition to being mailed, the forms will be available on the Web for downloading at <http://www.sipc.org> and <http://www.madoff.com>. Those filing the form will need to use the forms created specifically for the purposes of the Madoff liquidation proceeding.”

### **ABOUT SIPC**

The Securities Investor Protection Corporation is the U.S. investor's first line of defense in the event a brokerage firm fails, owing customer cash and securities that are missing from customer accounts. SIPC either acts as trustee or works with an independent court-appointed trustee in a brokerage insolvency case to recover funds.

The statute that created SIPC provides that customers of a failed brokerage firm receive all non-negotiable securities - such as stocks or bonds -- that are already registered in their names or in the process of being registered. At the same time, funds from the SIPC reserve are available to satisfy the remaining claims of each customer up to a maximum of \$500,000. This figure

includes a maximum of \$100,000 on claims for cash. From the time Congress created it in 1970 through December 2007, SIPC has advanced \$507 million in order to make possible the recovery of \$15.7 billion in assets for an estimated 626,000 investors.

For more information about SIPC, see "The Investor's Guide to Brokerage Firm Liquidations" at [http://www.sipc.org/pdf/SIPC\\_brochure\\_Investors\\_Guide\\_To\\_BD\\_Liquidations.pdf](http://www.sipc.org/pdf/SIPC_brochure_Investors_Guide_To_BD_Liquidations.pdf).

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