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**Press release from the office of Irving H. Picard, SIPA Trustee for the liquidation of Bernard L. Madoff Investment Securities LLC (BLMIS)**

**INITIAL INTERIM DISTRIBUTION OF RECOVERED FUNDS  
TO MADOFF CLAIMS HOLDERS**

**New Settlements Increase Initial, Interim Pro Rata Distribution  
to Approximately \$312 Million**

**NEW YORK, NEW YORK – October 4, 2011** – Irving H. Picard, the SIPA Trustee for the liquidation of Bernard L. Madoff Investment Securities LLC (“BLMIS”) announced today that the first pro rata interim distribution of \$312 million in recovered monies from the BLMIS Customer Fund to BLMIS customers, whose claims have been allowed by the Trustee, will commence on Wednesday, October 5, 2011.

“This initial distribution is the first return of stolen funds to Madoff’s defrauded customers,” said Mr. Picard. “Significant, additional funds – currently unavailable for distribution due primarily to appeals – will ultimately be returned to their rightful owners, as well as future monies yet to be recovered. The need among many Madoff customers is urgent, and we are working to expedite these distributions.”

On May 4, 2011, the Trustee filed a motion – approved by the United States Bankruptcy Court for the Southern District of New York on July 12, 2011 – to allocate \$2.6 billion of recovered monies to the BLMIS Customer Fund and to make an initial, interim distribution of approximately \$272 million from the Customer Fund. Since then, additional settlements allow the Trustee to increase the initial interim distribution to approximately \$312 million on claims relating to 1,230 accounts, or about 4.6 percent of losses incurred by customers with allowed net equity claims (up from 4.08 percent). Because the Trustee sought approval in the motion to distribute additional recoveries, further court approval is not needed to distribute the increased amounts.

In the 33 months since his appointment, the Trustee has recovered or entered into agreements to recover approximately \$8.694 billion, representing 50 percent of the approximately \$17.3 billion in principal estimated to have been lost in the Ponzi scheme by customers who filed claims. These recoveries exceed prior restitution efforts related to Ponzi schemes, in terms of dollar value and percentage of stolen funds recovered.

Of those recoveries, however, significant amounts cannot be allocated to the Customer Fund or distributed to customers with allowed claims because of appeals or the timing of payment of certain settlement monies. Most notably, two claimants have separately appealed the most significant settlement obtained by the Trustee to date – the \$5 billion settlement with the estate of Jeffrey Picower – and those monies cannot be allocated to the Customer Fund or distributed to customers until the appeals are resolved.

Other funds held in reserve include a \$220 million settlement with the Levy family, which is currently under appeal, and approximately \$52 million relating to settlement reserves and other matters.

Of the remaining approximately \$2.397 billion available for distribution to customers with allowed claims, approximately \$1.652 billion cannot be distributed until the net equity issue is finally resolved. In August, the United States Court of Appeals for the Second Circuit upheld the Trustee's determination regarding the calculation of net equity and rejected the use of the fictitious November 2008 BLMIS statements in determining the value of claims. Several parties requested that the Second Circuit rehear the matter. The parties may also seek review of the decision by the United States Supreme Court.

Of the remaining \$745 million available for distribution to customers, \$433 million cannot be distributed at this time because of ongoing litigation.

“While we cannot predict the timing of rulings on these appeals, we maintain that the appeals of the Picower and other settlements are frivolous and will be dismissed, at which point the Trustee will immediately seek the Court's permission to allocate the more than \$5 billion in recovered funds to the Customer Fund and distribute those funds as quickly as possible,” said David J. Sheehan, counsel to the Trustee and a partner at Baker & Hostetler LLP, the court-appointed counsel to the Trustee.

“The Second Circuit's recent ruling upholding the Trustee's net equity definition was a major victory for customers with allowed claims,” he added, “however, until all net equity appeals are resolved, we must still take a „worst case“ approach and calculate payouts and reserves as if appellants had prevailed.”

The initial, interim distribution was scheduled to commence on September 30, 2011, but was delayed due to last week's opinion and order, issued by Judge Rakoff of the United States District Court for the Southern District of New York, regarding the Picard v. Katz, et al. motion to dismiss. The order had raised potential issues regarding the distribution, which have since been resolved, allowing the distribution to commence.

In addition to Mr. Sheehan, the Trustee acknowledges the contributions of the Baker & Hostetler LLP attorneys who worked on the distribution and related filings: Seanna Brown, Jacquelyn Rovine, Thomas Wearsch, and Brian Bash.