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Statement from the office of the SIPA Trustee for the liquidation of Bernard L. Madoff Investment Securities LLC (BLMIS)

Attributable to Amanda Remus, spokeswoman for the SIPA Trustee & Counsel at Baker Hostetler:

On Wednesday, August 1, 2012, the SIPA Trustee and his Counsel filed their ninth Fee Application with the United States Bankruptcy Court for the Southern District of New York for their October 1, 2011 to January 31, 2012 work on the global liquidation of Bernard L. Madoff Investment Securities LLC (BLMIS).

- The Application seeks approval of fees representing 134,431 hours of legal, professional and paraprofessional services, which were billed at an average, public interest discounted rate of approximately \$357.86 per hour.
- The public interest discount applied represents a reduction of 10 percent from standard rates and it resulted in a total voluntary reduction during the four-month compensation period of \$5,345,318.20. In addition to the public interest discount, the SIPA Trustee and Baker Hostetler also adjusted fees by writing off an additional \$1,919,697.00 for the four-month period as well as expenses in the amount of \$438,739.92.
- The fees requested are reasonable based on the customary compensation charged by comparably skilled practitioners in Chapter 11 matters as well as comparable bankruptcy and non-bankruptcy cases in the competitive national legal market.
- After applying the public interest discount, the total fees requested for the period were \$48,107,863.80, representing an average of 33,607 hours worked per month on the international investigations, negotiations and litigation resulting from the largest financial fraud in US history.

The professional fees of the SIPA Trustee and his Counsel, as well as the fees of other professionals retained by the SIPA Trustee, are not paid from any funds recovered for the BLMIS Customer Fund. All fees and expenses approved by the Court will be paid by the Securities Investor Protection Corporation (SIPC), a membership organization funded by the securities industry.

To date, the SIPA Trustee has recovered or entered into agreements to recover more than \$9.1 billion, representing approximately 53 percent of the approximately \$17.3 billion in principal estimated to have been lost in the Ponzi scheme by BLMIS customers who filed claims. These recoveries exceed prior restitution efforts related to Ponzi schemes both in terms of dollar value and percentage of stolen funds recovered.

All funds recovered by the SIPA Trustee and his team are recovered wholly for the Customer Fund, for pro rata interim distributions to BLMIS customers with allowed claims. Pro rata distributions from the Customer Fund to BLMIS customers whose claims have been allowed by the SIPA Trustee total \$335.5 million. The first pro rata interim distribution commenced on October 5, 2011. Additionally, SIPC has committed to advance to the SIPA Trustee approximately \$800 million for payment to BLMIS customers with allowed claims. More than \$1.1 billion has now been distributed to aid defrauded BLMIS customers.

On July 26, 2012, the SIPA Trustee filed a motion in the United States Bankruptcy Court for the Southern District of New York seeking approval for an allocation of recovered monies to the BLMIS Customer Fund and for a second pro rata interim distribution – of a minimum of approximately \$1.5 billion and up to approximately \$2.4 billion – from the Customer Fund to BLMIS customers with allowed claims. The second interim distribution, when combined with the funds already returned to BLMIS customers would – at a minimum – satisfy approximately 46 percent of the current allowed claims in the BLMIS liquidation and could satisfy up to approximately 50 percent of the current allowed claims.

The Bankruptcy Court hearing for approval of the Fee Application has been scheduled for August 29, 2012 at 10 a.m.

The Baker Hostetler attorneys who worked with the SIPA Trustee on the Fee Application include David Sheehan, Seanna Brown and Jessie Schweller.

The filing is available on the Bankruptcy Court's website: www.nysb.uscourts.gov; Case No. 08-01789. The Fee Application as well as additional information on recoveries, settlements and court filings can be found on the SIPA Trustee's website: www.madofftrustee.com.