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Statement from the office of Irving H. Picard, 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:

The SIPA Trustee announced today that he is seeking an injunction that would prevent the New York Attorney General, Eric Schneiderman, from proceeding with the proposed \$410 million settlement of his third-party action against the Merkin Defendants and Funds. The application for the injunction was filed today in the United States Bankruptcy Court for the Southern District of New York.

The injunction seeks to protect the interests of all of the BLMIS customers with allowed claims, all of whom are entitled to recover their principal which was stolen by Mr. Madoff in the Ponzi scheme.

The SIPA Trustee and his Counsel filed a fraudulent transfer lawsuit against Mr. Merkin and Funds in 2009 - which is actively being litigated and is in the discovery phase - seeking to recover more than \$500 million of BLMIS customer money for the BLMIS Customer Fund. Today's injunction seeks to stay the settlement between the NYAG and the Merkin Defendants that would diminish the pool of assets from which the Trustee can recover to make equitable and pro rata distributions to the victims of Madoff's fraud.

The SIPA Trustee, in the *Memorandum of Law In Support of the Trustee's Application for Enforcement of Automatic Stay and Issuance of Preliminary Injunction*, requests that the United States Bankruptcy Court:

- a) Stop the Merkin settlement from proceeding pending the completion of the Trustee's action against the Merkin Defendants and Merkin Funds,
and
- b) Require the NYAG to produce the settlement agreement to the Trustee, SIPC and the United States Bankruptcy Court.

Other related filings in this matter and in *Picard v. Merkin, et al.* can be found on the Trustee's website on the Court Filings tab: www.madofftrustee.com.

Baker Hostetler attorneys who worked with Chief Counsel David J. Sheehan on behalf of the SIPA Trustee on this matter include Tracy Cole, David Kitchen, Tom Long, Keith Murphy, Marc Powers, Deborah Renner, Matthew Moody, Maritza Nelson, Ferve Ozturk, and Amy Vanderwal.