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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)

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

**Totals Approximately \$2.5 Billion;
More Than Half of BLMIS Accounts with Allowed Claims Fully Satisfied**

NEW YORK, NEW YORK – September 20, 2012 – Irving H. Picard, SIPA Trustee for the liquidation of Bernard L. Madoff Investment Securities LLC ("BLMIS") said today that checks for the second pro rata interim distribution of recovered monies from the BLMIS Customer Fund to eligible BLMIS customers were mailed on Wednesday, September 19, 2012. The second interim distribution, when combined with the funds already returned to BLMIS customers, fully satisfies more than 50 percent of the total current accounts with allowed claims.

Through the second interim distribution, approximately \$2.479 billion will be distributed on a pro rata basis to BLMIS accounts with allowed claims (as of record date September 12, 2012). 1,230 BLMIS accounts will receive approximately 33.556 percent of the allowed claim amount of each individual account, unless the claim is fully satisfied. The average payment will be slightly more than \$2 million, the smallest check being \$1,784.00 and the largest \$526,865,667.11. Of these 1,230 BLMIS accounts with allowed claims, 182 will now be fully satisfied during the second pro rata interim distribution. A total of 892 accounts have already been fully satisfied with the SIPC advance and the first interim distribution, bringing the total number of fully satisfied accounts to 1,074. After the second interim distribution, 1,048 accounts will be partially satisfied and entitled to participate in future interim distributions.

"The second pro rata interim distribution, combined with the \$1.146 billion already advanced or distributed to BLMIS customers with allowed claims, results in a total of approximately \$3.625 billion returned to date to these victims of Bernard Madoff," said Mr. Picard. "While this progress is extremely gratifying, we will not cease our work to continue recovering assets for the Customer Fund, and we will make additional distributions as soon as practicable."

"In addition to recovering as much stolen money as possible for Madoff's victims, we are also moving forward aggressively to resolve litigation and appeals which are delaying further distributions to BLMIS customers," said David J. Sheehan, Chief Counsel to the SIPA

Trustee. “We are confident in our positions and we look forward to putting more recovered funds back in the hands of their rightful owners in the near future.”

The first pro rata interim distribution of more than \$342.5 million commenced on October 5, 2011. Eligible accounts in the first distribution received approximately 4.602 percent of the allowed claim amount of each individual account, unless the claim was fully satisfied. Combined, the two interim distributions total approximately 38.158 percent of the allowed claim amount of each individual account, unless the claim was fully satisfied. In addition, the SIPA Trustee has paid approximately \$803.7 million in advances committed by SIPC to BLMIS customers with allowed claims.

To date, the SIPA Trustee has recovered or reached agreements to recover more than \$9.147 billion, representing nearly 53 percent of the approximately \$17.3 billion in principal estimated to have been lost in the Ponzi scheme by direct BLMIS customers who filed claims.

The amounts recovered have been made possible through advances provided by the Securities Investor Protection Corporation (SIPC) from a fund supported by securities industry assessments. To date, SIPC has advanced approximately \$621 million for administrative expenses in the BLMIS liquidation proceeding. Every dollar recovered by the SIPA Trustee will go to the Madoff customers. Not one penny of the funds recovered by the SIPA Trustee has been used to pay any administrative expenses in the proceeding.

The amount of the second distribution was dependent on several issues, including whether BLMIS claimants are entitled to “time-based damages” – payments based on the time elapsed while customer monies were deposited with BLMIS – and the appropriate amount for a reserve based on this issue until it is resolved. In its August 22, 2012 order, the Bankruptcy Court instructed the SIPA Trustee to set aside a reserve based on a 3 percent interest rate for the time-based damages issue. The Honorable Burton R. Lifland’s order was not appealed, thus enabling the SIPA Trustee to move ahead with the allocation of approximately \$5.5 billion to the Customer Fund and a second pro rata interim distribution of approximately \$2.5 billion from the Customer Fund.

Mr. Sheehan notes that there remain 229 claims that have been deemed determined by the SIPA Trustee pending the outcome of ongoing litigation. Once the related litigation is finally resolved – via settlement or a final, unappealable decision – these claims may become allowed and, if allowed, would become eligible for all pro rata distributions to date. For this potential scenario, the SIPA Trustee must set aside a reserve for the two interim distributions of 38.158 percent of potential payments, and has therefore reserved approximately \$3.46 billion.

Messrs. Picard and Sheehan would like to thank the following BakerHostetler attorneys who worked on the second pro rata interim distribution and related filings: Seanna Brown, Jorian Rose, Thomas Wearsch, Bik Cheema, and Brian Bash. Messrs. Picard and Sheehan would also like to thank Vineet Sehgal and his colleagues at AlixPartners for their ongoing work on the liquidation.

More information about the SIPA Trustee's ongoing Recovery Initiative can be found at www.madofftrustee.com.

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