

Media Contact: Amanda
Remus
aremus@bakerlaw.com
212-847-2826

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

**THIRD INTERIM DISTRIBUTION OF RECOVERED FUNDS IN MADOFF
GLOBAL LIQUIDATION WILL TOTAL APPROXIMATELY \$505 MILLION**

Aggregate Distributions Will Reach Approximately \$5.4 Billion

More Than 50 Percent of Accounts With Allowed Claims Will Be Fully Satisfied

NEW YORK, NEW YORK – February 13, 2013 – Irving H. Picard, the Securities Investor Protection Act (SIPA) Trustee for the liquidation of Bernard L. Madoff Investment Securities LLC (BLMIS) filed a motion today in the United States Bankruptcy Court for the Southern District of New York seeking approval for an allocation of recoveries to the BLMIS Customer Fund and an authorization for a third pro rata interim distribution from the Customer Fund to BLMIS customers with allowed claims.

The third interim distribution will total approximately \$505 million, and will bring the amount distributed to eligible claimants to \$5.438 billion, which includes \$806.7 million in advances committed to the SIPA Trustee for distribution to allowed claimants by the Securities Investor Protection Corporation (SIPC).

“Returning the maximum amount of funds stolen in the Madoff Ponzi scheme to their rightful owners remains our mission, and the third interim distribution of recovered money signals ongoing momentum in our efforts and also shines a light on the important role played by SIPC in making ongoing recoveries and distributions possible,” said Mr. Picard. “We will continue working diligently to remove impediments that block the speedy return of recovered funds to BLMIS customers and to increase Customer Fund recoveries for further distributions as soon as is practicable.”

SIPC President Steve Harbeck said, “We are very pleased that Trustee Picard, working through the customer protection program set up by Congress, is returning more than \$5 billion to Madoff victims, with more than half of the claimants with allowed claims achieving full recovery. This is the hallmark of an established and tested process that delivers for American investors, even in a case as complicated as the Madoff liquidation proceeding. The Madoff liquidation is emerging as a textbook example of how SIPC works ... and works well ... for American investors.”

Allowed claims will receive approximately 4.709 percent of the allowed claim amount of each individual account, unless the claim is fully satisfied. Currently, 2,178 accounts have an allowed claim and, of these accounts, 1,106 will be fully satisfied following the third

interim distribution. The average payment for an allowed claim issued in the third distribution will total approximately \$458,000 and the largest will be approximately \$115 million. The third interim distribution will be paid to record holders of allowed claims as of March 22, 2013.

The SIPA Trustee has recovered or reached agreements to recover more than \$9.317 billion since his appointment in December 2008. These recoveries exceed similar efforts related to prior Ponzi scheme recoveries, in terms of dollar value and percentage of stolen funds recovered. Ultimately, 100 percent of the SIPA Trustee's recoveries will be allocated to the Customer Fund for distribution to BLMIS customers with allowed claims.

As of February 12, 2013, the SIPA Trustee has distributed by the second pro rata interim distribution approximately \$3.626 billion to BLMIS accounts with allowed claims and approximately \$499.8 million has been returned via the first pro rata interim distribution. In addition, SIPC has paid a maximum advance of up to \$500,000 against each allowed BLMIS claim, and to date, SIPC has committed approximately \$806.7 million in advances to these customers.

All administrative costs of the SIPA liquidation of Bernard L. Madoff Investment Securities LLC and its global recovery efforts making possible the distributions to BLMIS customers with allowed claims have been funded through monies advanced to the SIPA Trustee by SIPC.

On February 8, 2013, the 90-day escrow period ended for the \$1.025 billion settlement between the SIPA Trustee and more than a dozen domestic and foreign investment funds, their affiliates and a former chief executive associated with Tremont Group Holdings, Inc., and the settlement funds plus interest were released to the SIPA Trustee. Accordingly, the SIPA Trustee has allowed certain customer claims related to Tremont.

The proposed allocation totals approximately \$1.198 billion, drawn primarily from the Tremont funds and including funds recovered by the SIPA Trustee since the second interim distribution.

“Our efforts to recover additional stolen funds are far from over, and we will continue to vigorously pursue pending cases and issues, as we remain confident in our positions,” said David J. Sheehan, Chief Counsel to the SIPA Trustee.

Mr. Sheehan noted that there are 173 claims still subject to litigation. Once litigation is resolved, each individual claim may become allowed and would become eligible for all pro rata distributions to date. For this potential scenario, the SIPA Trustee has, to date, reserved approximately \$2.476 billion. The ultimate amount of additional allowed claims depends on the outcome of the litigation, and could add more than \$6.5 billion to the total amount of allowed claims.

Additionally, more than 1,200 objections have been filed relating to the time-based damages issue, seeking additional payments based on the New York state statutory pre-judgment interest rate of 9 percent, inflation, or other damages calculations. Until a final, unappealable order is reached on the issue of time-based damages, the SIPA Trustee must hold a court-ordered reserve of approximately \$1.3 billion.

Portions of recoveries and settlement agreements have not yet been collected, due to appeals, the timing of payments of certain settlement monies and other issues. Therefore, these funds cannot be either allocated to the Customer Fund or distributed to BLMIS customers with allowed claims

until these issues are resolved. Required reserves include the \$220 million settlement with the Norman F. Levy family, which is still subject to appeal until late March 2013 and, as a result, these funds remain in reserve. Also, approximately \$222.8 million relating to settlement reserves and other matters must be held in reserve.

A hearing on the third allocation and distribution motion has been set for March 13, 2013. The Customer Fund Allocation and Distribution Motion can be found on the United States Bankruptcy Court's website at <http://www.nysb.uscourts.gov/>; Bankr. S.D.N.Y., No. 08-01789 (BRL).

More information on overall recoveries to date, each settlement, the appeal status of a particular settlement, and many other issues can be found on the SIPA Trustee's website: www.madofftrustee.com.

Messrs. Picard and Sheehan would like to thank Seanna Brown and Heather Wlodek, BakerHostetler attorneys who worked on the third pro rata interim distribution and its related filings. They would also like to thank Vineet Sehgal and his colleagues at AlixPartners for their ongoing work on the SIPA liquidation.

#