

Media Contact:

Amanda Remus

aremus@bakerlaw.com

212-847-2826

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

SIPA TRUSTEE ANNOUNCES SETTLEMENT AGREEMENTS REACHED WITH JPMORGAN CHASE IN MADOFF FRAUD

Two Agreements Recover Approximately \$543 Million for Madoff Victims

NEW YORK, NEW YORK – January 7, 2014 – Irving H. Picard, SIPA Trustee for the liquidation of Bernard L. Madoff Investment Securities LLC, today filed two motions with the United States Bankruptcy Court for the Southern District of New York seeking approval of recovery agreements totaling approximately \$543 million for the benefit of BLMIS customers.

The motions seek court approval to settle the avoidance claims asserted by the SIPA Trustee against JPMorgan for \$325 million, as well as common law claims brought separately by the SIPA Trustee and in a class action lawsuit, which mirrored the claims developed by the SIPA Trustee’s legal team, for \$218 million. The SIPA Trustee’s original complaint was filed in December 2010.

Of the \$325 million that JPMC will pay to the SIPA Trustee, \$50 million will be given to the joint liquidators of the Fairfield Sentry Funds for distribution to the indirect investors in the Fairfield Sentry Funds, as part of the cooperative agreement reached in May 2011 to share a percentage of certain future recoveries.

“I am extremely proud of both the legal and investigative work conducted by David Sheehan, the legal team at BakerHostetler and our other advisors in uncovering and documenting the facts about JPMorgan’s relationship with Madoff,” said Mr. Picard.

Concurrently, the United States Attorney’s Office for the Southern District of New York announced a deferred prosecution agreement with JPMorgan relating to Madoff, resulting in a \$1.7 billion civil forfeiture payment.

“I want to thank the Securities Investor Protection Corporation for providing the financial support that allowed us to perform the extensive investigations and legal work needed to unravel Madoff’s fraud and develop our compelling claims,” said Mr. Picard. “Most importantly, today’s settlement is a great step toward making a distribution in 2014.”

The JPMorgan settlement monies for the BLMIS Customer Fund and the Class Settlement Fund will become available once final, unappealable court orders are reached for each of the settlements. Distributions from the respective settlements will be made as soon as practicable.

SIPA Trustee's Bankruptcy Avoidance Claims

JPMorgan paid \$325 million to settle the SIPA Trustee's avoidance claims as part of the compromise settlement. JPMorgan approached the SIPA Trustee several months ago seeking a negotiated resolution.

David J. Sheehan, Chief Counsel to the SIPA Trustee, said, "As always, we must weigh the uncertainty, costs and risks of litigation versus the benefits of settlement. This compromise with JPMorgan allows us to sidestep those pitfalls while recovering additional, significant monies for the BLMIS Customer Fund, which will flow as quickly as possible to BLMIS customers with allowed claims."

This settlement brings the SIPA Trustee's recoveries to date to approximately \$9.783 billion for the BLMIS Customer Fund, or 55.9 percent of the estimated \$17.5 billion in principal that was lost in the Ponzi scheme by BLMIS customers who filed claims.

The Class Settlement Agreement

In addition, JPMorgan has agreed to pay \$218 million to settle common law claims brought by the SIPA Trustee and in a related class action lawsuit. These common law claims were developed by the SIPA Trustee and set forth in his complaint against JPMorgan in December 2010. The class action complaint alleged similar claims. The settlement of the common law claims was jointly entered into by the SIPA Trustee and the class action representatives, Paul Shapiro and Stephen and Leyla Hill, who filed two related common law class actions against JPMorgan, which were later consolidated.

If approved by the District Court, the settlement class will consist of BLMIS customers who had capital directly invested with BLMIS and had net losses, regardless of whether they filed a claim in the SIPA proceeding.

Court rulings denying the SIPA Trustee's standing to bring common law causes of action led to the filing of the class action. Mr. Sheehan noted that the SIPA Trustee appealed to the United States Supreme Court on his right to bring common law claims against major financial institutions on October 8, 2013. As part of the settlement, the SIPA Trustee agreed to withdraw the petition in the JPMorgan case. Regardless of the outcome of that appeal, he said, the SIPA Trustee's bankruptcy claims of approximately \$3.5 billion remain outstanding against HSBC, UBS and Unicredit. Absent additional settlements, those cases will advance through the judicial process.

Mr. Sheehan noted that, as part of the agreement, AlixPartners LLP will be appointed Claims Administrator for the Class Settlement Fund. AlixPartners serves as the SIPA Trustee's claims agent in the SIPA liquidation of BLMIS and has access to all updated information on allowed claims and prior distributions made by the SIPA Trustee. Mr. Sheehan also noted that the SIPA

Trustee will make his documentation of customers with allowed claims available to facilitate distribution of the Class Settlement Fund and to vastly reduce potential administrative costs.

The Bankruptcy Court hearing for approval of the settlement motions is scheduled for February 4, 2014 at 10 a.m.

In addition to Mr. Sheehan, the SIPA Trustee acknowledges the contributions of the BakerHostetler attorneys who worked on the matter: Deborah Renner, Oren Warshavsky, Keith Murphy, Seanna Brown, and Sarah Truong.

Further information on the ongoing Madoff Recovery Initiative and a copy of the SIPA Trustee's motions can be found on the SIPA Trustee's website (www.madofftrustee.com).

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