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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 & his Counsel at BakerHostetler:

On Friday, March 21, 2014, the Securities Investor Protection Act (SIPA) Trustee and his Counsel at BakerHostetler filed their 14th Interim Fee Application with the United States Bankruptcy Court for the Southern District of New York for their work on the global liquidation of Bernard L. Madoff Investment Securities LLC (BLMIS) between August 1, 2013 and November 30, 2013.

- The Application seeks approval of fees, representing more than 102,055 hours of professional and paraprofessional services, which were billed at an average, public interest discounted rate of approximately \$384 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 \$4,359,685.60. In addition to the public interest discount, the SIPA Trustee and BakerHostetler also adjusted fees by writing off an additional \$2,422,340.55 for the four-month period, as well as expenses in the amount of \$325,234.89.
- 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 \$39,237,170.40 (of which \$35,313,453.37 is to be paid currently and \$3,923,717.03 is to be held back through the conclusion of the liquidation period or until further order by the Court), representing an average of approximately 25,500 hours worked per month on the international and domestic investigations, negotiations and litigation resulting from the largest financial fraud of its kind in U.S. history. In addition, \$489,830.09 was requested as reimbursement of the actual necessary costs and expenses incurred by the SIPA Trustee and BakerHostetler in connection with the recovery effort.

As noted in the fee application:

- During the compensation period of August 1, 2013 through November 30, 2013, without the need for protracted litigation, the SIPA Trustee settled sixteen cases for \$153,699,331.

- As of the end of the compensation period (November 30, 2013), the Trustee dismissed 198 Hardship program applicant-defendants from avoidance actions after reviewing the facts and circumstances presented in each application and through additional information requested and verified by the SIPA Trustee.

As of March 21, 2014, the SIPA Trustee has recovered or entered into agreements to recover more than \$9.795 billion, representing 55.9 percent of the estimated \$17.5 billion in principal lost in the Ponzi scheme by BLMIS customers who filed claims. This recovery far exceeds any prior restitution effort related to Ponzi schemes both in terms of dollar value and percentage of stolen funds recovered.

The costs associated with the SIPA Trustee's recovery and settlement efforts are paid by the Securities Investor Protection Corporation (SIPC), which administers a fund drawn upon assessments on the securities industry. No fees or other costs of administration are paid from recoveries obtained by the SIPA Trustee for the benefit of BLMIS customers with allowed claims. One hundred percent of the SIPA Trustee's recoveries will be allocated to the Customer Fund for distribution to BLMIS customers with allowed claims.

To date, the SIPA Trustee has distributed approximately \$5.597 billion to BLMIS customers with allowed claims, which includes a total of \$4.888 billion in distributions from the Customer Fund and \$708.9 million in net funds advanced by SIPC.

The first pro rata interim distribution commenced on October 5, 2011, and to date equals approximately \$516.2 million. A second pro rata interim distribution commenced on September 19, 2012, and to date equals approximately \$3.746 billion. A third pro rata distribution commenced on March 29, 2013 and to date equals \$523 million.

In addition, SIPC has made advances available to the court-appointed SIPA Trustee to distribute to accounts with allowed claims (up to \$500,000 maximum), as a way to expedite financial relief to those account holders. As of March 21, 2014, SIPC has committed more than \$811.7 million to the BLMIS liquidation for this purpose. SIPC-committed advances will continue to increase as claims that are currently in litigation are allowed as a result of settlements or the conclusion of litigation. Under SIPA, SIPC must be reimbursed for its advances to customers. To date, SIPC has received \$102.8 million in reimbursement.

The Bankruptcy Court hearing for approval of the 14th Fee Application has been scheduled for April 17, 2014 at 10 a.m.

The BakerHostetler attorneys who worked on behalf of the SIPA Trustee Irving H. Picard on this Fee Application include David J. Sheehan, Seanna Brown and Heather Wlodek.

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.