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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**

**MADOFF TRUSTEE REACHES RECOVERY AGREEMENT OF NEARLY  
\$500 MILLION WITH HERALD AND PRIMEO FEEDER FUNDS**

**INCREASES TOTAL RECOVERIES TO MORE THAN \$10.3 BILLION**

**SETTLEMENT TO ALSO BENEFIT INDIRECT INVESTORS OF HERALD FUND**

**NEW YORK, NEW YORK** – November 17, 2014 – Irving H. Picard, 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 of a settlement agreement with Herald Fund SPC and Primeo Fund, two feeder funds primarily invested in BLMIS.

Under the terms of the agreement, the settlement will benefit the BLMIS Customer Fund by approximately \$497 million. The agreement, once approved, will increase total Customer Fund recoveries to more than \$10.3 billion.

“By any measure, the settlement terms are highly advantageous, not only to BLMIS direct customers with allowed claims, but also potentially to the indirect investors in the Herald Fund,” said Oren Warshavsky, lead counsel for the matter and architect of the settlement on behalf of the SIPA Trustee. “Every account in the SIPA liquidation must first be brought to a level playing field, so that those entitled to Customer Fund assets may receive distributions. These recoveries – once approved by the Court – will be combined with existing, available funds and distributed on a fair and orderly basis to all BLMIS customers with allowed claims. That will now include Herald Fund SPC.”

The Herald Fund will receive an allowed claim of approximately \$1.6 billion in the BLMIS liquidation. With this allowed claim, Herald is entitled to catch-up payments from the four interim distributions to BLMIS victims to date. Out of these catch-up payments, the first approximately \$497 million will be used to pay the amount owed by Herald Fund to the BLMIS Customer Fund. As of approval of the settlement, Herald Fund SPC becomes an allowed claimant and will receive further distributions along with all other BLMIS customers with allowed claims not yet fully satisfied.

“These were complex negotiations conducted across international borders. This settlement is a testament to the determination of the SIPA Trustee and the sophisticated asset-tracing and

recovery skills of our legal teams, who negotiate on the SIPA Trustee's behalf for the benefit of all BLMIS customers," said Geoffrey North, a partner at BakerHostetler LLP, the court-appointed counsel to the SIPA Trustee. "In the filing, the SIPA Trustee noted that the agreement avoids the cost and delay of what could otherwise have been lengthy and contentious litigation."

Both Primeo and Herald, currently in liquidation in the Cayman Islands, deposited more in BLMIS than they ultimately withdrew before the bankruptcy was announced on December 11, 2008. In accordance with the United States Bankruptcy Code, the SIPA Trustee and his team negotiated a return of the approximately \$497 million for equitable distribution to all BLMIS customers with allowed claims whose claims are not yet fully satisfied. To date, the SIPA Trustee has allowed 2,528 claims related to 2,198 BLMIS accounts. Of these accounts, 1,131 accounts – or all allowed claims totaling \$925,000 or less – have been fully satisfied.

Additional terms of the settlement with the Funds' liquidators are as follows:

- The approximately \$497 million represents the return of the \$500,000 SIPC advance to the BLMIS Customer Fund and settlement payments from the Funds consisting of 100 percent of the withdrawals made by Herald from BLMIS within six years prior to the BLMIS liquidation filing date and approximately \$29 million from Primeo.
- At closing, the SIPA Trustee shall pay Herald approximately \$258 million, consisting of the balance of the catch-up distribution owed to Herald under its allowed claim, for distribution to indirect investors. Herald shall continue to have an allowed customer claim of approximately \$1.6 billion, representing the net equity of the indirect investors in the Herald Fund. Primeo has forfeited all 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 recovered more than \$9.8 billion and has distributed almost \$6 billion, which includes approximately \$816.2 million in committed advances from the Securities Investor Protection Corporation (SIPC). The costs associated with the SIPA Trustee's recovery and settlement efforts are paid by 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.

The SIPA Trustee's 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). In addition, the motion – as well as information on overall recoveries to date, other legal actions, settlements, and other issues – can be found on the SIPA Trustee's website: [www.madofftrustee.com](http://www.madofftrustee.com). The Bankruptcy Court will hold a hearing for approval of the settlement motion on Wednesday, December 17, 2014.

In addition to Mr. Warshavsky and Mr. North, Mr. Picard and David Sheehan, Chief Counsel to the SIPA Trustee, would like to thank the Securities Investor Protection Corporation's Kevin Bell and Lauren Attard and BakerHostetler attorneys Gonzalo Zeballos, Tatiana Markel,

Dominic A. Gentile, Maryanne Stanganelli, Jessie Kuhn and Anat Maytal who assisted with the work on this settlement.

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