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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

COURT APPROVES RECOVERY AGREEMENT OF UP TO \$62 MILLION BETWEEN MADOFF TRUSTEE AND EDWARD BLUMENFELD

NEW YORK, NEW YORK – November 18, 2014 – Irving H. Picard, Securities Investor Protection Act (SIPA) Trustee for the liquidation of Bernard L. Madoff Investment Securities LLC (BLMIS), today announced that the United States Bankruptcy Court for the Southern District of New York approved a settlement between the SIPA Trustee and the defendants in *Picard v. Edward Blumenfeld, et al.* The settlement motion was filed with the United States Bankruptcy Court for the Southern District of New York on October 17, 2014.

The agreement has an aggregate potential value of approximately \$62 million for the BLMIS Customer Fund. The Blumenfeld defendants have agreed to make an immediate payment of \$32.75 million to the BLMIS Customer Fund for the benefit of BLMIS customers with allowed claims. The Blumenfeld defendants have also agreed to transfer their customer claims in the Madoff SIPA liquidation, totaling approximately \$29 million, to the SIPA Trustee. Since the customer claims are already entitled to the four interim pro rata distributions, plus the \$500,000 SIPC advance, the BLMIS Customer Fund will immediately benefit by an additional \$17.7 million, making the total current payment approximately \$50.47 million. The SIPA Trustee will capture all future pro rata distributions on the transferred claims for the benefit of BLMIS customers with allowed claims.

The SIPA Trustee believes the settlement is in the best interests of BLMIS customers with allowed claims, given the uncertainties, delays, and cost associated with a protracted, complex litigation involving several dozen defendants.

The recovery agreement with the Blumenfeld defendants represents the third negotiated agreement achieved within the past four weeks by the SIPA Trustee and his team for the benefit of BLMIS customers with allowed claims:

- On November 17, the SIPA Trustee filed a motion seeking approval of a recovery agreement with the Herald and Primeo feeder funds that will return approximately \$497 million to the BLMIS Customer Fund.
- On November 18, the SIPA Trustee filed a motion seeking approval of a recovery agreement with the Senator Fund SPC, also a BLMIS feeder fund, that will return approximately \$95 million to the BLMIS Customer Fund.

- If approved by the Court, these three agreements bring approximately \$642 million into the Customer Fund; in addition, these settlements will increase the recovery for the BLMIS customers by 1.879 percent.

The Bankruptcy Court will hold a hearing for approval of the Herald and Primeo settlement motion and the Senator settlement motion on Wednesday, December 17, 2014.

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.

Counsel to the SIPA Trustee for the liquidation of BLMIS in this settlement are Howard L. Simon, Kim M. Longo and Antonio J. Casas of Windels Marx Lane & Mittendorf, LLP, who serve as Special Counsel to the SIPA Trustee. In addition to Windels Marx, Mr. Picard and David Sheehan, Chief Counsel to the SIPA Trustee, would like to thank the Securities Investor Protection Corporation's Kevin Bell who assisted with the work on this settlement.

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