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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 (BLMIS)

FIFTH INTERIM DISTRIBUTION OF RECOVERED FUNDS IN GLOBAL MADOFF SIPA LIQUIDATION WILL TOTAL APPROXIMATELY \$322 MILLION

Aggregate Distributions of Approximately \$7.2 Billion Represent Return of More Than 48.5 Percent of Losses to Allowed Claimants

NEW YORK, NEW YORK – December 22, 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 for an allocation of recoveries to the BLMIS Customer Fund and an authorization for a fifth pro rata interim distribution from the Customer Fund to BLMIS customers with allowed claims.

The fifth pro rata interim distribution will total approximately \$322 million and will bring the amount distributed to eligible claimants to approximately \$7.2 billion, which includes more than \$822.5 million in advances committed to the SIPA Trustee for distribution to allowed claimants by the Securities Investor Protection Corporation (SIPC).

“The fifth distribution is yet another important milestone for the Madoff Recovery Initiative,” said Mr. Picard. “My legal teams have negotiated important and significant recovery agreements with several defendants. That work enables us to move ahead with this distribution, once we have the approval of the court.”

SIPC President and CEO Stephen P. Harbeck said, “The latest distribution further demonstrates how the BLMIS liquidation – with the support of SIPC – is progressing efficiently and effectively, with customers receiving significant recoveries of their lost assets even in this most egregious theft. We not only applaud the SIPA Trustee and his legal and professional teams regarding this latest accomplishment, but also look forward to additional achievements in 2015.”

The proposed distribution is a direct result of the ongoing work of the SIPA Trustee’s teams. BakerHostetler recently reached settlements with feeder funds Herald/Primeo and Senator. Windels Marx reached a settlement with the Blumenfeld defendants. The terms of these three recent agreements called for cash payments. Together, more than \$642 million was brought into the BLMIS Customer Fund through these agreements. The Blumenfeld settlement was approved by the United States Bankruptcy Court on November 19, 2014 and the Herald/Primeo and

Senator settlements were approved by the United States Bankruptcy Court on December 17, 2014.

The fifth pro rata interim distribution will result in the return of 2.487 percent of the allowed claim amount for each individual account, unless the allowed claim has been fully satisfied. The average payment for an allowed claim issued in the fifth distribution will total approximately \$299,900. The smallest payment totals \$390.96 and the largest payment is \$60,873,991.23.

Currently, the SIPA Trustee has allowed 2,547 claims related to 2,213 BLMIS accounts. Of these accounts, 1,154 accounts will be fully satisfied following the fifth interim distribution. All allowed claims totaling \$963,500 or less will be fully satisfied. The fifth interim distribution, when combined with the four prior interim distributions, will satisfy up to 48.546 percent of each customer's allowed claim amount unless the account is fully satisfied. In addition, SIPA has been reimbursed for its advances to accounts which are now fully satisfied as of the fifth interim distribution.

“The past year or so has been among our most active periods, with the SIPA Trustee's team of professionals working diligently on a number of fronts, in and out of the courtroom, using all the legal tools at our disposal,” said David J. Sheehan, Chief Counsel to the SIPA Trustee. “Through it all, we remain dedicated to our primary goal: to recover the maximum amount possible for the benefit of BLMIS customers with allowed claims.”

As of November 30, 2014, the SIPA Trustee has recovered or reached agreements to recover approximately \$10.5 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. Prior distributions by the SIPA Trustee (as of November 30, 2014) to BLMIS accounts with allowed claims are as follows:

- The first pro rata interim distribution, which commenced on October 5, 2011, has distributed approximately \$605 million, representing 4.602 percent of the allowed claim amount of each individual account, unless the claim is fully satisfied.
- The second pro rata interim distribution, which commenced on September 19, 2012, has distributed approximately \$4.393 billion, representing 33.556 percent of the allowed claim amount of each individual account, unless the claim is fully satisfied.
- The third pro rata interim distribution, which commenced on March 29, 2013, has distributed approximately \$614 million, representing 4.721 percent of the allowed claim amount of each individual account, unless the claim is fully satisfied.
- The fourth pro rata interim distribution, which commenced on May 5, 2014, has distributed approximately \$412.8 million, representing 3.180 percent of each individual account, unless the claim is fully satisfied.

Mr. Sheehan noted that there are 126 “deemed determined” claims still subject to litigation. Once litigation is resolved or settlements reached, some of these claims may be allowed and would therefore become eligible for all pro rata distributions to date. For this potential scenario, as of November 30, 2014, the SIPA Trustee has reserved approximately \$2.225 billion. Upon final court approval of the fifth pro rata interim distribution, this reserve amount will increase to approximately \$2.345 billion. The ultimate amount of additional allowed claims depends on the outcome of litigation or negotiation and could add billions of dollars to the total amount of allowed claims.

Mr. Sheehan also noted that the SIPA Trustee anticipates recovering additional assets through litigation and settlements. Final resolution of certain disputes will permit the SIPA Trustee to further reduce the reserves he is required to maintain, allowing him to make additional distributions to customers. Upon final court approval of the fifth interim distribution, and incorporating the fifth allocation, the SIPA Trustee will be required to maintain a reserve of approximately \$1.445 billion pending the resolution of the time-based damages issue, among other reserves. As of November 30, 2014, the time-based damages reserve is approximately \$1.372 billion. The SIPA Trustee will seek authorization for these further allocations and distributions upon the recovery of additional funds and the resolution of significant disputes.

All administrative costs of the SIPA liquidation of Bernard L. Madoff Investment Securities LLC and its global recovery efforts, which make distributions to BLMIS customers with allowed claims possible, are funded by advances to the SIPA Trustee by SIPC.

A hearing on the fifth allocation and distribution motion has been set for January 15, 2015 at 10:00 a.m. before the United States Bankruptcy Court. Upon approval, record holders of allowed claims as of January 15, 2015 will be eligible to receive payments from the fifth interim distribution. The Fifth 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 (SMB). It can also be found on the SIPA Trustee’s website along with more information on overall recoveries to date, each settlement, the appeal status of a particular settlement, and on many other BLMIS liquidation issues at: www.madofftrustee.com.

Messrs. Picard and Sheehan would like to thank Seanna Brown and Heather Wlodek, who worked on the fifth pro rata interim distribution and its related filings, as well as the legal firms of BakerHostetler and Windels Marx, and all of the attorneys and professionals whose work has led to the distribution. They would also like to thank Vineet Sehgal and his colleagues at AlixPartners, as well as Kevin Bell and his colleagues at SIPC, for their ongoing work and participation in the Madoff Recovery Initiative distributions.

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