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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 SEEKS RELEASE OF \$1.249 BILLION FROM
CUSTOMER FUND RESERVES**

**Requests Court Approval for Sixth Interim Pro Rata Distribution to Bring
Aggregate Payout to Customers in Global Madoff Liquidation to Nearly \$8.224 Billion**

More Than 55.6 Percent of Losses Would Be Returned to Allowed Claimants

NEW YORK, NEW YORK – April 15, 2015 – 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 sixth pro rata interim distribution from the Customer Fund to BLMIS customers with allowed claims. A hearing has been scheduled for Thursday, May 28, 2015.

In the motion, the SIPA Trustee seeks the release of \$1.249 billion of \$1.449 billion that was held in reserve under a September 2012 Bankruptcy Court order. The reserve was required due to ongoing litigation of the “time-based damages” issue, in which claimants asserted that they were entitled to an inflation or interest adjustment on their claims. On February 20, 2015, the Second Circuit affirmed that claimants in the SIPA liquidation of BLMIS are not entitled to any interest or inflation adjustments on money deposited at BLMIS.

If the motion is approved, the SIPA Trustee will release \$1.249 billion of the reserved \$1.449 billion, with \$904 million available for immediate distribution to customers with allowed claims and approximately \$345 million held in reserve for claims that are “deemed determined” pending the resolution of litigation and other issues.

“The February 20, 2015 decision by the Second Circuit was an important milestone in the SIPA liquidation of BLMIS. First, it reaffirmed the decision by the late Honorable Burton R. Lifland that claimants in the SIPA liquidation of BLMIS are not entitled to time-based damages or some form of interest on the dollars deposited with BLMIS that were never invested,” said David J. Sheehan, Chief Counsel to the SIPA Trustee.

“Second, and most important, this decision finally allows the SIPA Trustee to ask the court for permission to release more than \$1 billion that had been held in reserve related to this matter. We

have fought hard to resolve this issue, and the only obstacle that could stand in the way of the distribution is if defendants petition the Supreme Court to review the decision. The SIPA Trustee is hopeful that no petition will be filed by the appeal deadline in mid-May, which would cause further delay. The final resolution of the time-based damages issue will at long last permit the SIPA Trustee to make this important distribution to BLMIS customers with allowed claims.”

“This is an incredibly important moment in the Madoff Recovery Initiative,” said Mr. Picard. “In the more than 20 years this Ponzi scheme was active, some BLMIS customers never withdrew any of the money they originally deposited. Paying time-based damages, or interest, to some would deprive many of these customers of the chance to ever be made whole. My legal teams have worked hard to litigate this pivotal matter, and we hope that we can move ahead with this distribution unimpeded by any further appeals, once we have the approval of the court.”

Stephen P. Harbeck, President and CEO of the Securities Investor Protection Corporation (SIPC), said, “This distribution demonstrates how the litigation in this case, with the support of SIPC and SIPC’s legal team, continues to result in real progress for real people. Madoff’s customers will receive significant recoveries of assets lost to Madoff’s theft. The recoveries for the victims, to date, far exceed the expectations that existed at the start of the case. Because SIPC pays the administrative costs, such as legal fees, 100 percent of the recovered assets will go to the victims. We applaud the SIPA Trustee, and his legal and professional teams, and we are confident that there will be additional recoveries in the near future.”

If approved, the sixth pro rata interim distribution will bring the amount distributed to eligible claimants to nearly \$8.224 billion, which includes approximately \$824.3 million in advances committed to the SIPA Trustee for distribution to allowed claimants by SIPC. The sixth pro rata interim distribution will only move forward if approved by the Bankruptcy Court and no appeal is filed.

The sixth pro rata interim distribution will result in the return of 6.883 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 sixth distribution will total approximately \$855,000. The smallest payment totals approximately \$1,082 and the largest payment is approximately \$168.5 million.

Currently, the SIPA Trustee has allowed 2,552 claims related to 2,216 BLMIS accounts. Of these accounts, 1,252 accounts will be fully satisfied following the sixth interim distribution. All allowed claims totaling \$1,126,923.91 or less will be fully satisfied. The sixth interim distribution, when combined with the five prior interim distributions, will satisfy up to 55.685 percent of each customer’s allowed claim amount unless the account is fully satisfied.

As of April 14, 2015, the SIPA Trustee has recovered or reached agreements to recover approximately \$10.571 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 April 14, 2015) to BLMIS accounts with allowed claims are as follows:

- The first pro rata interim distribution, which commenced on October 5, 2011, distributed approximately \$615.8 million, representing 4.602 percent of the allowed claim amount of each individual account, unless the claim was fully satisfied.
- The second pro rata interim distribution, which commenced on September 19, 2012, distributed approximately \$4.472 billion, representing 33.556 percent of the allowed claim amount of each individual account, unless the claim was fully satisfied.
- The third pro rata interim distribution, which commenced on March 29, 2013, distributed approximately \$625.1 million, representing 4.721 percent of the allowed claim amount of each individual account, unless the claim was fully satisfied.
- The fourth pro rata interim distribution, which commenced on May 5, 2014, distributed approximately \$420.3 million, representing 3.180 percent of each individual account, unless the claim was fully satisfied.
- The fifth pro rata interim distribution, which commenced on February 6, 2015, distributed approximately \$362.1 million, representing 2.743 percent of each individual account, unless the claim was fully satisfied.

Mr. Sheehan noted that there are 122 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 April 14, 2015, the SIPA Trustee has reserved approximately \$2.232 billion. Upon final court approval of the sixth pro rata interim distribution, this reserve amount will increase to approximately \$2.547 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.

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 sixth distribution motion has been set for May 28, 2015 at 10:00 a.m. before the United States Bankruptcy Court. Upon approval, record holders of allowed claims as of the court hearing date of May 28, 2015 will be eligible to receive payments from the sixth interim distribution. The Sixth Customer Fund 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 – www.madofftrustee.com – along with more information on overall recoveries to date, settlements and many other BLMIS liquidation issues.

Messrs. Picard and Sheehan would like to thank Seanna Brown and Heather Wlodek, who worked on the sixth pro rata interim distribution and its related filings. They also thank all of the attorneys and professionals of BakerHostetler and Windels Marx, Vineet Sehgal and the AlixPartners team, as well as Kevin Bell, Lauren Attard, and their colleagues at SIPC, who work tirelessly on the ongoing Madoff Recovery Initiative.

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