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Joint press release from the offices of Irving H. Picard, SIPA Trustee for the liquidation of Bernard L. Madoff Investment Securities LLC (BLMIS), and Stephen P. Harbeck, President and Chief Executive Officer of the Securities Investor Protection Corporation (SIPC)

**MADOFF TRUSTEE REQUESTS ALLOCATION OF
\$342 MILLION TO CUSTOMER FUND
AND COURT APPROVAL TO IMMEDIATELY DISTRIBUTE
APPROXIMATELY \$252 MILLION
TO BLMIS CUSTOMERS WITH ALLOWED CLAIMS**

**Eighth Pro Rata Interim Distribution Will Bring
Aggregate Customer Payout in Global Madoff Liquidation to More Than \$9.72 Billion**

NEW YORK, NEW YORK and WASHINGTON, DC – Wednesday, December 14, 2016 – 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 an eighth pro rata interim distribution from the Customer Fund to BLMIS customers with allowed claims. A hearing has been scheduled for Thursday, January 12, 2017 at 10 a.m. EST.

The eighth pro rata interim distribution approval filing arrives on the eve of the eighth anniversary of the District Court's 2008 appointments of Mr. Picard and BakerHostetler as SIPA Trustee and Counsel, respectively, for the Madoff liquidation. Their appointments followed the revelation of Madoff's decades-long fraud in which more than \$17.5 billion was stolen from Madoff's customers in the largest Ponzi scheme in history.

Plans for the eighth pro rata interim distribution are the result of settlements and recoveries achieved by the SIPA Trustee, his Chief Counsel David J. Sheehan, and their legal teams during the second half of 2016. The most notable was the universal recovery agreement of approximately \$277 million – made in cooperation with the California Attorney General – that ended litigation against the Estate of Stanley Chais and other Chais-related defendants. The BLMIS Customer Fund benefited by approximately \$234 million after court approval of the settlement on November 19, 2016. With this and other additional settlement outcomes, the SIPA

Trustee stands ready to make an eighth pro rata interim distribution to allowed claimants of 1.729 percent on each allowed claim.

If the distribution motion is approved on January 12, 2017, the SIPA Trustee will allocate a total of approximately \$342 million to the BLMIS Customer Fund, with approximately \$252 million available for immediate distribution to customers with allowed claims and approximately \$90.7 million held in reserve for claims that are deemed determined pending the resolution of litigation, as well as other issues.

This eighth pro rata interim distribution, when combined with the prior seven distributions, will equal 60.098 percent of each customer's allowed claim amount, unless that claim has been fully satisfied. The amount distributed to eligible BLMIS customers will total approximately \$9.72 billion, which includes more than \$839.6 million in advances committed by the Securities Investor Protection Corporation (SIPC).

Stephen P. Harbeck, President and CEO of SIPC, said, "The eighth distribution is the latest positive outcome of the excellent work done by SIPA Trustee Picard and his Counsel on this SIPA liquidation. The settlement of major litigation prior to trial makes this expedited payment possible. I also want to emphasize that none of the money recovered in these settlements is used to pay administrative costs. All trustee, legal and accounting fees, as well as administrative expenses, are paid by SIPC in the Madoff case. My hope today is that future recoveries will result in additional distributions to Madoff's victims as soon as possible."

Mr. Picard added, "For those who find the annual December anniversary of Madoff's arrest difficult, we hope the recoveries that have resulted in eight distributions so far have been helpful. I am proud of our team's accomplishments and I am gratified that many of Madoff's victims have gotten back more of their principal investment than they ever expected to recover."

Mr. Sheehan concluded, "The Madoff Recovery Initiative continues to defy expectations. With each distribution, the SIPA Trustee continues to beat the odds and deliver record-breaking results which benefit the defrauded victims of Madoff's decades-long Ponzi scheme. Our ongoing focus is never on past recoveries, but always on future ones that will lead to further distributions to victims at the earliest possible opportunity."

To date, the SIPA Trustee has allowed 2,608 claims related to 2,255 accounts and the proposed distribution will be paid on claims related to 953 accounts. If the eighth pro rata interim distribution is approved by the Bankruptcy Court, when combined with SIPC advances and the amounts from the prior seven pro rata interim distributions, 1,333 accounts will be fully satisfied (all accounts with allowed claims of up to \$1,253,018.77), leaving 922 accounts partially satisfied and entitled to participate in future distributions.

The eighth pro rata interim distribution will result in the return of 1.729 percent of the allowed claim amount for each individual account, unless the allowed claim has been fully satisfied. The average payment amount to those 953 BLMIS accounts will be \$263,998.40. The smallest payment totals \$271.80 and the largest payment is \$42,320,519.04.

As of December 14, 2016 and since his appointment on December 15, 2008, the SIPA Trustee

has recovered or reached agreements to recover approximately \$11.486 billion. These outcomes exceed similar efforts related to prior Ponzi scheme recoveries, in terms of dollars 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 as of December 14, 2016 are as follows:

- The first pro rata interim distribution, which commenced on October 5, 2011, has distributed approximately \$685.5 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 \$4.98 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 \$696.5 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 \$468.4 million, representing 3.180 percent of each individual account, unless the claim is fully satisfied.
- The fifth pro rata interim distribution, which commenced on February 6, 2015, has distributed approximately \$403.5 million, representing 2.743 percent of each individual account, unless the claim is fully satisfied.
- The sixth pro rata interim distribution, which commenced on December 4, 2015, has distributed approximately \$1.209 billion, representing 8.262 percent of each individual account, unless the claim is fully satisfied.
- The seventh pro rata interim distribution, which commenced on June 30, 2016, has distributed approximately \$190.3 million, representing 1.305 percent of each individual account, unless the claim is fully satisfied.

There are 60 deemed determined claims still subject to litigation. Once litigation is either resolved or settled, these claims may be allowed and would therefore become eligible for all pro rata interim distributions to date. For that potential scenario, as of December 14, 2016, the SIPA Trustee has reserved approximately \$1.931 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 the distributions possible, are funded by SIPC.

Upon Bankruptcy Court approval, record holders of allowed claims as of December 14, 2016 will be eligible to receive payments from the eighth pro rata interim distribution.

The Eighth 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 the BLMIS liquidation at: www.madofftrustee.com.

Messrs. Harbeck, Picard and Sheehan would like to thank Seanna Brown and Heather Wlodek of BakerHostetler, who worked on the eighth pro rata interim distribution and its related filings, as well as BakerHostetler, 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 Josephine Wang, Kevin Bell and their colleagues at SIPC, for their ongoing work and participation in the Madoff Recovery Initiative distributions.

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