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Southern District of New York*

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**MANHATTAN U.S. ATTORNEY ANNOUNCES AGREEMENT TO RECOVER
\$7.2 BILLION FOR VICTIMS OF BERNARD L. MADOFF'S PONZI
SCHEME FROM ESTATE OF JEFFRY M. PICOWER**

*Multi-Billion Dollar Settlement To Benefit Madoff's Victims Is
Largest Single Forfeiture Recovery In
U.S. History*

PREET BHARARA, the United States Attorney for the Southern District of New York, ORLAN JOHNSON, the Chairman of the Securities Investor Protection Corporation ("SIPC"), IRVING PICARD, the Securities Investor Protection Act ("SIPA") Trustee, JANICE K. FEDARCYK, the Assistant Director-in-Charge of the New York Field Division of the Federal Bureau of Investigation ("FBI"), and CHARLES R. PINE, the Special Agent-in-Charge of the New York Field Office of the Internal Revenue Service ("IRS"), Criminal Investigation Division, announced today that the estate of JEFFRY M. PICOWER has agreed to forfeit \$7,206,157,717 to the United States, representing all the profits that PICOWER withdrew over the years from Bernard L. Madoff Investment Securities LLC ("BLMIS"), the fraudulent investment advisory business owned and operated by BERNARD L. MADOFF. The distribution of funds to victims will be administered by IRVING H. PICARD in his dual capacities as the newly-appointed Department of Justice Special Master to assist the Department of Justice in connection with the victim remission proceedings and as the court-appointed trustee overseeing the liquidation of BLMIS under SIPA. The more than \$7.2 billion forfeiture announced today constitutes the largest single forfeiture in U.S. history, and will be used to compensate victims of MADOFF's fraud.

Mr. BHARARA said: "Today's truly historic settlement with the estate of Jeffrey Picower is a game-changer for Madoff's victims. By returning every penny of the \$7.2 billion her late husband received from BLMIS to help those who have suffered most, Barbara Picower has done the right thing. We will continue to work tirelessly with our partners from SIPC, the SIPA Trustee, the FBI, the IRS, and the U.S. Marshals Service to track down any and all proceeds of Madoff's Ponzi scheme and return them to victims."

SIPC Chairman ORLAN JOHNSON said: "Since the discovery of the Madoff fraud, the United States Attorney, as well as the Trustee, Mr. Picard, his counsel, represented here by Mr. Sheehan, and SIPC personnel have worked relentlessly on the Madoff case. They have committed constant time, energy, and resources to benefit the victims of that fraud. The settlement announced today is an extraordinary achievement by all concerned. More than \$7 billion dollars will be distributed to the victims. We will seek to distribute these proceeds as quickly as possible. This is by far the largest asset settlement in the 40 year history of SIPC. The result we see today shows that SIPC and the Securities Investor Protection Act can meet the challenges they face. Prior to today, SIPC had already advanced over \$760 million to the Madoff victims. SIPC has also provided the financial wherewithal to conduct the research, investigation, and legal proceedings that led to this recovery, and, I am sure, will lead to other recoveries in the future."

SIPA Trustee IRVING PICARD said: "The importance of this settlement cannot be overstated, as it shows significant progress in our efforts to assemble the largest Customer Fund possible. Every penny of this \$7.2 billion settlement will be distributed to BLMIS customers with valid claims."

FBI Assistant Director-in-Charge JANICE K. FEDARCYK said: "Among the thousands of investors in the Bernard Madoff scheme were individuals so taken in by his confidence game that they invested the bulk of their net worth with him. The unprecedented settlement announced today means people who two years ago faced the devastating prospect of losing everything now stand to recover a significant portion of their investment."

IRS Special Agent-in-Charge CHARLES R. PINE said: "IRS Criminal Investigation has a unique role in Ponzi scheme related investigations. Our Special Agents come to the table with specialized talent and the ability to pour through transactional records, such as bank and brokerage account statements, and trace illegally earned income to other assets, such as cars, real

estate, jewelry, and other highly valued items. IRS Criminal Investigators and its law enforcement partners will continue to work diligently in recovering assets to their rightful owners in illegal financial schemes."

According to the Stipulation and Order of Settlement, and accompanying civil forfeiture Complaint, filed in Manhattan federal court today:

The investment advisory business of BLMIS was operated as a massive Ponzi scheme from at least as early as the 1980s, defrauding investors of billions of dollars. Rather than use client funds to invest in securities, as promised, BLMIS diverted those funds to (a) pay other clients' redemption requests; (b) fund transactions to disguise BLMIS's fraud; and (c) enrich Madoff, his family, and his associates. In order to support the lie that BLMIS was operating a legitimate investment advisory business, BLMIS created and disseminated fictitious account statements that, among other things, showed trades that never actually took place. During the course of the fraud, MADOFF's clients lost approximately \$20 billion in funds they invested with BLMIS.

Since at least the late 1970s, JEFFRY M. PICOWER was an investor in BLMIS, holding an account in his own name and controlling accounts held by various individuals and entities. Over the course of his 30-plus year relationship with BLMIS, PICOWER withdrew a net total of \$7,206,157,717 in profits from BLMIS. When MADOFF was arrested in December 2008 and his fraud was revealed, it became clear that PICOWER - like all of BLMIS's investors who withdrew more money than they invested - had profited at the expense of more recent BLMIS investors.

PICOWER died in October 2009. In his will, PICOWER sought to establish a charitable foundation, which was to receive the overwhelming majority of his fortune, and continue his lifelong dedication to philanthropy and to funding medical research. In order to resolve potential civil claims by the Government against PICOWER's estate, and to enable the creation of the foundation called for in PICOWER's will, the estate, through PICOWER's widow BARBARA PICOWER, has agreed to give up the entire net total of any and all funds that PICOWER or any related entity received from BLMIS. The Settlement contains no finding or admission of fault against PICOWER, and his estate has claimed that neither PICOWER nor any of the related entities participating in the settlement had any involvement in, or knowledge of, MADOFF's fraud.

The United States Attorney's Office will use funds forfeited in the settlement announced today to compensate victims of MADOFF's fraud. Last week, in connection with a \$625 million settlement involving the Office, the SIPA Trustee, and CARL SHAPIRO and his family, MR. BHARARA announced that the Department of Justice had appointed IRVING H. PICARD as Special Master to oversee the process of remission or mitigation under the forfeiture laws. PICARD is already serving as the court-appointed trustee for BLMIS under SIPA. Under the terms of today's settlement, and a related settlement submitted to the United States Bankruptcy Court for the Southern District of New York, PICARD will administer \$5.0 billion of the funds being returned to Madoff's victims by the PICOWER estate through the SIPA liquidation proceedings. He also will administer the remaining approximately \$2,206,157,717 through the Department of Justice's remission or mitigation process.

Mr. BHARARA praised the work of SIPC and the SIPA Trustee. He also thanked the Federal Bureau of Investigation, the Internal Revenue Service, Criminal Investigation Division, the Securities and Exchange Commission, and the United States Marshals Service. Mr. BHARARA also thanked the U.S. Department of Labor's Employee Benefits Security Administration and Office of the Inspector General for their work in this matter. Finally, he thanked the Department of Justice's Asset Forfeiture and Money Laundering Section for their assistance.

This case was brought in coordination with President BARACK OBAMA's Financial Fraud Enforcement Task Force, on which Mr. BHARARA serves as a Co-Chair of the Securities and Commodities Fraud Working Group. President OBAMA established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated, and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

Assistant United States Attorneys LISA A. BARONI, JULIAN J. MOORE, BARBARA A. WARD, and MATTHEW L. SCHWARTZ are in charge of the case.