



*United States Attorney
Southern District of New York*



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CONTACT: U.S. ATTORNEY'S OFFICE
ELLEN DAVIS,
EDELI RIVERA,
JESSIE ERWIN
PUBLIC INFORMATION OFFICE
(212) 637-2600

SIPC
ALIS WOLF
703-276-3265

FBI
JIM MARGOLIN, RICHARD KOLKO
(212) 384-2720, 2715

IRS
JOE FOY
(212) 436-1032

**MANHATTAN U.S. ATTORNEY ANNOUNCES CIVIL FORFEITURE
OF \$625 MILLION FOR VICTIMS OF BERNARD L. MADOFF'S
PONZI SCHEME FROM CARL J. SHAPIRO AND OTHERS**

***Irving H. Picard To Serve As Department of Justice
Special Master For Returning Forfeited Funds to Victims***

PREET BHARARA, the United States Attorney for the Southern District of New York, ORLAN JOHNSON, the Chairman of the Securities Investor Protection Corporation ("SIPC"), 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 CARL J. SHAPIRO and various related people and entities have agreed to forfeit \$625 million to the United States, all of which will be made available to the victims of 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 Bernard L. Madoff

Investment Securities, LLC, under the Securities Investor Protection Act. The agreement was submitted to and approved by U.S. District Judge THOMAS P. GRIESA today.

Manhattan U.S. Attorney Preet Bharara said: "For almost 40 years, Carl Shapiro invested hundreds of millions of dollars with Bernie Madoff but withdrew far more. By requiring him to forfeit this money -- more than he is currently worth -- the Government and the SIPA Trustee have sent an important message: those who profited as a result of Bernard Madoff's fraud should disgorge those profits, which are rightfully other people's money. We will continue to work tirelessly with our partners from SIPC, the FBI, and the IRS, to track down any and all proceeds of Madoff's Ponzi scheme and return them to their rightful owners. And, to be clear, the criminal and civil forfeiture investigations relating to the Madoff fraud are very much ongoing."

Securities Investor Protection Corporation Board Chairman ORLAN JOHNSON said: "The Trustee used the legal tools made available under the Bankruptcy Code and SIPA to benefit the victims here. The Madoff case is now entering a new phase. I hope this marks the beginning of a period that will see many such settlements."

FBI Assistant Director-in-Charge JANICE K. FEDARCYK said: "As we approach the two-year anniversary of the Bernard Madoff arrest, this settlement represents a significant step in the restitution of retirements, pensions, and university endowments that were robbed with blatant disregard for the law. It takes a special depravity to victimize so many people so severely. The investigation of prodigious fraud, like that of Madoff, remains one of the FBI's top priorities. From robbers to fraudsters, the FBI will continue to bring to justice crooks who steal."

IRS Criminal Investigation Special Agent-in-Charge CHARLES R. PINE stated: "Investment fraud is never a victimless crime. Financial distress left in the wake of a crumbling investment scheme leaves victims in financial ruins and feeling betrayed by individuals they trusted would help them make a better life. The victims in the case can know that IRS Criminal Investigation has resources devoted to assisting the U.S. Attorney to hold the perpetrators accountable, and to help re-coop some of their stolen money."

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

The investment advisory business of Bernard L. Madoff Investment Securities LLC ("BLMIS") was operated from at least as early as the 1980s as a massive Ponzi scheme, 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 1960s, CARL J. SHAPIRO was an investor in BLMIS, holding an account in his own name and controlling accounts held by various related individuals and entities. Over the course of his approximately 40 year relationship with MADOFF and BLMIS, SHAPIRO invested hundreds of millions of dollars into his BLMIS accounts, but withdrew hundreds of millions more. When MADOFF was arrested in December 2008 and his fraud was revealed, it became clear that SHAPIRO -- like all of BLMIS's investors who withdrew more money than they invested -- had profited at the expense of more recent BLMIS investors.

In order to resolve any potential civil claims by the Government against SHAPIRO and his family, the SHAPIRO family has agreed to forfeit \$625 million to the Government - an amount in excess of CARL J. SHAPIRO and his wife's current net worth, as well as in excess of the fictitious profits that SHAPIRO and his wife took out of BLMIS. The Settlement contains no finding or admission of fault against SHAPIRO or his family; the Settlement does not, however, release any party from criminal liability.

Simultaneously with the announcement of today's historic settlement, Mr. BHARARA announced that the Department of Justice has appointed IRVING H. PICARD as Special Master to assist in identifying eligible victims, verifying their losses, and distributing the forfeited funds in accordance with Department of Justice regulations governing remission or mitigation of forfeitures. For approximately two years, PICARD has served as the court-appointed trustee for BLMIS under the Securities Investment Protection Act ("SIPA"). Under the terms of today's settlement, and a related settlement submitted to the U.S. Bankruptcy Court for the Southern District of New York, PICARD will administer \$550 million of the funds being returned to investors by the SHAPIRO family through the SIPA liquidation proceedings, and the remaining \$75 million through the Department of Justice's remission or mitigation process.

Mr. BHARARA praised the work of SIPC, the SIPA Trustee, the FBI, the IRS, the U.S. Department of Labor's Employee Benefits Security Administration and Office of the Inspector General, the U.S. Department of Justice's Criminal Division's Asset Forfeiture and Money Laundering Section, and the U.S. Marshals Service. Mr. BHARARA also thanked the Securities and Exchange Commission 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.

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