



*United States Attorney
Southern District of New York*

**FOR IMMEDIATE RELEASE
SEPTEMBER 13, 2006**

**CONTACT: U.S. ATTORNEY'S OFFICE
HEATHER TASKER, LAUREN McDONOUGH
PUBLIC INFORMATION OFFICE
(212) 637-2600**

**RICHARD C. BREEDEN RETAINED AS SPECIAL MASTER
FOR ADELPHIA FRAUD/FORFEITURE ACTION**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced that Richard C. Breeden, Chairman of Richard C. Breeden & Co., has been retained to serve as Special Master on behalf of the Department of Justice to administer the process of compensating the victims of the Adelphia Communications Corporation fraud with funds forfeited in the prosecution of Adelphia founder John J. Rigas and Timothy J. Rigas.

In July 2004, John J. Rigas and Timothy J. Rigas were convicted in the United States District Court for the Southern District of New York. In December 2004, the government filed motions to forfeit the assets of both John and Timothy Rigas. In April 2005, the forfeiture proceedings were resolved with the signing of two agreements which, between cash, stock, and real estate, will result in the criminal forfeiture of over \$720 million, to be used to compensate securityholders who lost money as a result of the accounting fraud schemes and looting of Adelphia.

The settlement agreement between the United States and the family of John J. Rigas (the "Rigas Family") required the Rigas Family to forfeit to the United States in excess of 95 percent of all the Rigas Family's assets, including privately-owned cable systems, all Adelphia securities owned by the Rigas Family and its affiliated entities, and numerous parcels of real estate. Evidence presented in court at the criminal trial of John J. Rigas and Timothy J. Rigas demonstrated that the forfeited property, including the privately-owned cable systems, were purchased and/or upgraded with funds wrongfully taken from Adelphia. The second agreement, a non-prosecution agreement between the government and Adelphia, resolved potential corporate criminal charges against Adelphia and its subsidiaries, and provided that Adelphia would contribute \$715 million in cash and stock for victim compensation.

Together, the two agreements provided for the forfeiture to the United States of over 82 separate assets. Since the execution of the agreements, the government has provided notice of the forfeitures and resolved a number of third-party claims to the forfeited assets, as required by federal law. In March and July, 2006, the cable systems and certain properties associated with them were forfeited to the government and immediately transferred to designated subsidiaries of Adelphia, in accordance with the non-prosecution agreement between the government and Adelphia. Forfeiture proceedings have also been concluded as to two luxury condominium units owned by John J. Rigas and Timothy J. Rigas in Beaver Creek, Colorado. In August 2006, the United States Marshals Service sold Timothy J. Rigas's property in Beaver Creek for \$5 million.

The over \$720 million to be forfeited will be distributed to the victims of the fraud pursuant to the Attorney General's discretionary authority to restore forfeited property to victims through the petition for remission or mitigation process set forth in Title 28, Part 9, of the Code of Federal Regulations. In addition, the SEC, in its parallel civil enforcement actions, has to date collected approximately \$70 million. The SEC intends to distribute these funds to the same class of victims.

Due to the large number of potential victims, the United States Attorney's Office decided to retain a Special Master to identify and notify potential victims, verify and process petitions, and recommend a pro rata distribution to the Attorney General, as authorized by federal regulations. The United States Attorney's Office and the SEC determined that it would be practical, efficient, and cost effective to have the same firm function as the Special Master in the criminal proceedings and as the claims agent in the SEC case, and, accordingly, the United States Attorney's Office and the SEC staff participated in a joint selection process. After considering a number of qualified candidates, the U.S. Attorney's Office and the SEC concurred that Richard Breeden was the most qualified and cost-effective choice for both positions. The SEC is in the process of seeking court approval of the appointment of Richard C. Breeden & Co. as claims agent in its parallel civil enforcement actions.

Mr. Breeden served as Chairman of the SEC from 1989 to 1993. His firm, Richard C. Breeden & Co., has been involved in (among other things) the administration and distribution of securities fraud claims since 1996. Breeden & Co. has its own claims verification and processing unit, operating out of Syracuse, New York, which is staffed by employees trained

specifically in analyzing, verifying, and processing stock and bond records and claims submitted by potential victims, and in assisting victims who call one of the firm's hotlines.

From 2002 to early 2006, Mr. Breeden served as Corporate Monitor in the WorldCom matter. He was also appointed by United States District Judge Jed S. Rakoff as Distribution Agent for WorldCom fraud victims, to handle distribution of the \$750 million fund in that case. Mr. Breeden's staff processed over 500,000 claims covering approximately 8,000,000 transactions in the WorldCom matter.

Potential victims and other interested persons may obtain further information by calling 1-866-446-4884, or by logging onto the website www.AdelphiaFund.com, which will be available soon. Both the hotline and the website have been established by Mr. Breeden exclusively for the Adelphia case.

Assistant United States Attorney BARBARA A. WARD is in charge of the criminal forfeiture proceedings. Assistant United States Attorneys WARD, SHARON COHEN LEVIN, and WILLIAM F. JOHNSON are in charge of coordinating the administration of the Victim Fund with Mr. Breeden, the Department of Justice, and the SEC.

06-136

###