

FIRM NEWS

SRZ Settles Picower Case for \$7.2 Billion

December 17, 2010

SRZ represented the estate of Jeffrey M. Picower and related parties in reaching a landmark settlement with the Department of Justice and the trustee for the liquidation of Bernard L. Madoff Investment Securities LLC (“BLMIS”) relating to claims arising out of the Madoff Ponzi scheme. The settlement — which was announced in late December two years after Madoff’s scheme first was revealed — allows Barbara Picower, the executor of her husband’s estate, to return all monies her husband received from the Madoff Ponzi scheme and donate the vast bulk of his remaining fortunes to charity. Mr. Picower, who died suddenly in his pool of a massive heart attack in the fall of 2009, was a businessman and an extraordinarily successful private investor. When the settlement was announced, Goldman Sachs acknowledged that Mr. Picower, a client of Goldman’s investment management division for nearly three decades, had generated investment returns in excess of two billion dollars through primarily self-directed investments in public securities.

In addition to returning more than \$7.2 billion for distribution to Madoff victims, the settlement was intended to bring closure to the legal investigations and litigations that have plagued the Picowers since Mr. Madoff’s arrest in December 2008 and preclude further litigation against the Picower Estate. The Jan. 13, 2011 order of Judge Burton R. Lifland of the U.S. Bankruptcy Court of the Southern District of New York approving the settlement, which is being appealed, contains a permanent injunction barring derivative third-party suits against the Picower estate.

In announcing the historic settlement, Madoff trustee, Irving Picard, said, “When we filed suit against Mr. Picower and others in the spring of 2009, the records available led us to allege that Mr. Picower might have or

should have known of Mr. Madoff's fraud. With the benefit of additional records, I have determined that there is no basis to pursue the complaint against Mr. Picower, and we have arrived at a business solution instead."

Individual client services partners William D. Zabel and Susan C. Frunzi and litigation partner Gary Stein led SRZ's representation. They were assisted by lawyers throughout the firm.

Related People



**Susan
Frunzi**

Partner
New York



**William
Zabel**

Partner
New York

Practices

INDIVIDUAL CLIENT SERVICES

SPECIAL SITUATIONS AND BANKRUPTCY LITIGATION