

The Washington Post

Madoff trustee in settlement talks with two funds

By Grant McCool
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NEW YORK (Reuters) - Hedge funds run by Fairfield Greenwich Group and Kingate Management, which fed an estimated \$3.8 billion combined into Bernard Madoff's epic swindle, are in settlement talks with the trustee winding down his former firm, court documents said on Wednesday.

The trustee sued the Fairfield funds and the Kingate funds in separate litigation as part of his efforts to recover money for investors bilked in the Madoff investment fraud.

Wall Street's biggest investment fraud amounted to \$65 billion over 20 years, according to U.S. prosecutors. About \$13.2 billion has been identified so far but only \$1.2 billion recovered by trustee Irving Picard.

He said in papers filed in U.S. Bankruptcy Court in New York that agreement had been made to extend until September 21 the time for Fairfield Sentry Limited, Greenwich Sentry, L.P. and Greenwich Sentry Partners, L.P. to answer the May complaint against them "to allow the parties to continue ongoing settlement discussions."

The trustee had accused the Connecticut-based Fairfield funds of making \$3.5 billion in fake profits in the fraud. Fairfield has denied knowledge of the fraud and said it was also a victim of Madoff.

A pretrial conference was scheduled for October 6, 2009.

In the case of Kingate Global Fund, Ltd., Kingate Euro Fund, Ltd. and its bank, The Bank of Bermuda Limited, those defendants were given extended time until July 27 to answer the trustee's April complaint.

Picard claimed that British Virgin Islands-based Kingate withdrew \$255 million from Bernard L. Madoff Investment Securities LLC within three months of his arrest last December.

"The purpose of this stipulated extension is to provide additional time for the parties to continue ongoing negotiations on a settlement that would resolve the adversary proceeding," the filing on Kingate said.

Kingate representatives have not commented on the lawsuit. The next court date is July 28.

Madoff pleaded guilty in March to running a massive Ponzi scheme in which early investors are paid with the money of new clients. He was sentenced on June 29 to 150 years imprisonment, one of the longest terms for a big-time white collar criminal. Madoff was moved last week to prison in North

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Carolina from his holding cell in New York to begin his term.

The cases are Irving Picard v Fairfield Sentry et al 09-1239 in U.S. Bankruptcy Court for the Southern District of New York (Manhattan)

Picard v Kingate Global Fund et al 09-1161 in the same court

(Reporting by Grant McCool)

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