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U.S. TO RESTORE \$115.6 MILLION OF FORFEITED FUNDS
TO BAYOU HEDGE FUND FRAUD VICTIMS

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced today that \$115,601,274.69 in forfeited funds has been forwarded to the Clerk of the Court for the Southern District of New York for distribution to the victims of the Bayou hedge fund fraud.

SAMUEL ISRAEL III, DANIEL E. MARINO and JAMES G. MARQUEZ were each convicted of defrauding investors by inducing them to invest in the various Bayou hedge funds and creating fake financial statements. These statements falsely showed that the Bayou funds were profitable, when in fact they sustained substantial losses. As a result, the total loss to investors was approximately \$300 million. As part of the sentences imposed by United States District Judge COLLEEN McMAHON, ISRAEL and MARINO were each directed -- on April 14 and 15 of this year, respectively -- to pay restitution of \$300,000,000. MARQUEZ was directed, on January 22, 2007, to pay restitution of \$6,259,650.

On February 1 and April 14, 2008, \$108,759,689.16 in fraud proceeds were forfeited to the United States as part of the sentences of ISRAEL, MARINO, and MARQUEZ. On June 5, 2008, the Asset Forfeiture Money Laundering Section of the Department of Justice granted the restoration request of the United States Attorney's Office to apply the net proceeds of that forfeiture, plus interest, toward the partial satisfaction of the restitution orders entered against the defendants.

The restored funds will be distributed by the Clerk of the Court in accordance with Distribution Orders signed by Judge McMAHON on April 14, 2008, May 5, 2008. Immediately available for distribution to the victims is 74.82% of the restored funds; the remainder, or 25.18%, is being held in reserve for the possibility that investors in the Bayou Funds who redeemed all or

part of their investment prior to the discovery of the fraud, and who currently have not suffered losses, may be ordered to return a part of their investment in connection with the bankruptcy proceeding, In Re Bayou Group LLC, et al, 06-22306 (ASH), and thus would suffer a pecuniary loss as a result of the fraud.

Assistant United States Attorneys SHARON COHEN LEVIN and MARGERY FEINZIG are in charge of the forfeiture proceedings.

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