

From the office of John J. Carney, Receiver for the Michael Kenwood Group

**US DISTRICT COURT IN CONNECTICUT APPROVES DISTRIBUTION PLAN
AND INITIAL DISTRIBUTION OF \$264 MILLION
IN MICHAEL KENWOOD GROUP RECEIVERSHIP**

**Approved Claims Ultimately to be Paid More than \$345 million
Receiver Recoups 92% of Investor Losses**

NEW HAVEN, CONNECTICUT (October 28, 2014) –John J. Carney, Court-appointed Receiver for the receivership estate of Michael Kenwood Capital Management, LLC and related entities, announced today that his motion seeking approval of a distribution plan and authorization to make an initial distribution of approximately \$264 million to claimants was approved by the Honorable Janet Bond Arterton of the U.S. District Court for the District of Connecticut on Monday, October 27, 2014.

The hedge funds of the Michael Kenwood Group were formerly operated by Francisco Illarramendi who pled guilty to having run the Funds as a Ponzi scheme and defrauding investors of hundreds of millions of dollars.

Mr. Carney was appointed Receiver by the District Court in February 2011 following an investigation and enforcement action brought by the United States Securities and Exchange Commission (SEC) against Illarramendi. The SEC alleged that Illarramendi, through the Michael Kenwood Group and a host of other related entities, misappropriated an estimated \$50 million in investor assets and misled investors about the value of his hedge funds. It was ultimately determined by the Receiver that more than \$700 million was invested unknowingly in the Ponzi scheme by defrauded investors. To date, the Receiver has recovered more than \$400 million and expects to recover additional amounts.

“Few predicted in early 2011 that we would recover the assets we have to date or that we would have been so successful regarding the high rate of return for the investors and other victims of the fraud,” said Mr. Carney. “The ultimate distribution plan is 92 cents on the dollar to general creditors, the investors in Illarramendi’s fraud, which is an exceptionally high rate of return for investors in any insolvency case, much less a complex international financial fraud such as this.”

The Receiver led an extensive asset recovery effort that spanned the globe and as a result the receivership has grown to represent more than 24 domestic and international entities to date, including Highview Point Partners LLC. Starting with little more than \$11 million in liquid assets recovered, he successfully brought actions against dozens of individuals and entities who aided Illarramendi in the fraud or otherwise wrongfully received the investors’ monies.

“The plan approved by the District Court requires that I make an initial distribution to the victims of the Illarramendi Ponzi scheme who have allowed claims,” Mr. Carney stated. “The initial distribution will pay general creditors 82% of the amount they are owed under the plan and they will receive additional distributions over the following months that will ultimately equal 92% of their allowed claim. The plan

approved by the District Court was proposed with the consent of the major creditors with allowed claims and that consent was given without any need for litigation over the plan's terms."

"We are very pleased with the distribution plan. The high rate of return for approved claims is remarkable and the broad creditor support it received is a testament to the comprehensive and thoughtful work of the Receiver," said Marc Hirschfield, a partner at BakerHostetler and Counsel to the Receiver. "This was a complex matter that involved originally filed claims totaling approximately \$2.3 billion that were negotiated down to approximately \$700 million -- another significant achievement."

Copies of the Court's Order, the Distribution Plan, the initial distribution and the Receivership entities may be found on the Receiver's website, <http://www.michaelkenwoodgroupreceivership.com>.

Mr. Carney would like to acknowledge the SEC for their guidance, FTI Consulting (under the leadership of Phil Daddona) for their efforts as the Receiver's financial advisors, and the following BakerHostetler attorneys for their contributions and work on the ongoing receivership: Marc Hirschfield, Jonathan New, Ona Wang, Robertson Beckerlegge, Jimmy Fokas, Patrick Hannon, Jonathan Barr, Kendall Wangsgard, Francesca Harker, Amy Vanderwal, James Day and Jessica Schichnes.

###