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CITY COUNCIL PRESIDENT URGES CITY PENSION SYSTEM TO EXPLORE LEGAL ACTION AGAINST HEDGE FUND

Fund lost \$3.5 million Fire & Police Pension System money to Madoff scheme

BALTIMORE—Today, Baltimore City Council President Stephanie Rawlings-Blake urged the city's Fire & Police Pension System to explore taking legal action against UBP Asset Management, a subsidiary of Union Bancaire Privée that invested \$3.5 million of the city's pension money into Bernard L. Madoff's \$50 billion Ponzi scheme.

Rawlings-Blake pointed to an article from the Wall Street Journal alleging that the Swiss bank UBP's internal research department "raised various concerns about Mr. Madoff's business, and later recommended that he be stricken from a list of fund managers approved for its clients' investments." The article states that the "bank's most senior executives were aware of the concerns" but continued to invest hundreds of millions in Madoff investments.

"There is credible information suggesting that the Fire & Police Pension System's investment advisor may have known that this was not a sound investment," Rawlings-Blake said. "The pension system should be looking into whether or not we have any legal recourse so that we can hold responsible parties accountable."

UBP is one of the largest investors in hedge funds globally and was part of an international network of so-called feeder funds that channeled money into Mr. Madoff's investment firm, according to the Wall Street Journal. Many global feeder funds received large commission fees for investing with Madoff.

Rawlings-Blake noted that other UBP clients affected by the scheme may launch class action lawsuits against the firm to recover losses. "Pursuing legal action would send a clear message to current and future pension investment advisors that we will never tolerate fraud or negligence," Rawlings-Blake said.

Rawlings-Blake made the remarks during the City Council's Taxation, Finance and Economic Development Committee's review of the investment guidelines of city police, fire and employee pension systems. Rawlings-Blake introduced a City Council resolution calling for the review earlier this year when the Baltimore Sun reported that the Fire and Police Retirement System lost \$3.5 million invested in a fund with ties to Madoff.

Fire & Police Pension officials invested roughly \$73 million with UBP Asset Management, which then invested \$3.5 million of the city's pension money into Mr. Madoff's Ponzi scheme. Since that time, Fire & Police Pension officials worked to cut ties with UBP Asset Management by requesting that funds unrelated to Madoff be returned to the pension system.

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