

PRESS CUTTING

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Funds braced for Madoff fallout; CITY AND BUSINESS EDITED BY PETER CUNLIFFE

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THE investment and banking industry is braced for more fallout this week from the alleged \$50 billion (GBP 33 billion) Madoff fraud.

Funds and banks were over the weekend totting up their exposure to New York money manager Bernard Madoff.

He was arrested last week and allegedly confessed to U.S. prosecutors that his fund was "a giant Ponzi scheme", a type of pyramid in which profits to existing investors are paid out of funds from new ones.

On Friday, Bramdean Alternatives, the Londonbased asset manager headed by Nicola Horlick, said 9.5 per cent of its assets were exposed to Madoff.

Others are expected to give details of their exposure in the next few days. Private Swiss bank Reichmuth & Co yesterday said it had \$327 million at risk through exposure to Madoff funds.

Steven Philippsohn, partner in PCB Ligation in London and chairman of the Commercial Fraud Lawyers Association, said this was likely to be the . rst of many fraud investigations to emerge in the economic downturn.