EXHIBIT P

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HEADLINE: Madoff Fueled Mets' Empire, Lawsuit Says

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BODY:

A lawsuit brought by the trustee for the victims of Bernard L. Madoff's multibillion-dollar Ponzi scheme contends that the owners of the Mets used the profits from their years of investing with Mr. Madoff to enhance their personal fortunes, enrich a number of family trusts and financially fuel their array of businesses -- all in the face of repeated warnings that Mr. Madoff's investment firm might have been a fraud.

The lawsuit, unsealed in federal bankruptcy court in Manhattan on Friday, says the owners, Fred Wilpon and Saul Katz, their families and their businesses "made so much easy money from Madoff for so long" that despite the many warnings -- from within their own inner circle, and by other investors and financial institutions -- they "chose to simply look the other way."

"There are thousands of victims of Madoff's massive fraud," the lawsuit states. "But Saul Katz is not one of them. Neither is Fred Wilpon."

Since Mr. Madoff's arrest in December 2008, Mr. Wilpon has portrayed himself as a victim of the fraud, one he conceded was carried out by a man who had been his friend for many years. On Friday, in a personal statement and through their lawyers, Mr. Wilpon and Mr. Katz decried the trustee's legal assault.

"The trustee's lawsuit is an outrageous 'strong arm' effort to try to force a settlement by threatening to ruin our reputations and businesses, which we have built for over 50 years," Mr. Wilpon and Mr. Katz said.

The dimensions of the trustee's lawsuit -- it seeks $1 billion, said a lawyer for the trustee -- led many in the sports and banking industries to wonder whether Mr. Wilpon and Mr. Katz would ultimately have to sell the Mets. Lawyers representing Mr. Wilpon, Mr. Katz and the officers of their parent company, Sterling Equities, insisted the men had no reason to believe Mr. Madoff's investment firm was a fiction.

"The complaint appears to contend that, because the Sterling partners are wealthy and successful individuals, they should have known Madoff was not trading any securities and was engaging in a Ponzi scheme," a statement from the lawyers said. "Yet the Sterling partners had over $500 million in their Madoff accounts at the time of his failure -- some put in only days before -- and all of it lost."

"As a matter of elementary common sense," the statement added, "no rational person who thinks his broker might be a fraud would leave such a substantial sum with him."

But over hundreds of pages, the trustee lays out in the lawsuit what he argues is ample evidence that Mr. Wilpon and Mr. Katz "consciously disregarded" suspicions about Mr. Madoff's operation.

Among his evidence:

The chief investment officer at Sterling Stamos, a hedge fund independent of Mr. Madoff in which Mr. Wilpon and Mr. Katz invested, said he repeatedly warned the men and their families that Mr. Madoff's returns were "too good to be true." Other senior officers at the Stamos fund expressed similar concerns about Mr. Madoff.

Merrill Lynch, the investment bank that acquired 50 percent of Sterling Stamos in 2007, had a prohibition on investing with Mr. Madoff and told Mr. Katz that Mr. Madoff's operations would not meet its standards.

Ivy Asset Management, which was approached in 2002 to advise Sterling Stamos, told Mr. Katz and two of his partners of its suspicions about Mr. Madoff's investment business.

A consultant to Sterling Stamos told Mr. Katz in 2003 that the consultant "couldn't make Bernie's math work."

But throughout, according to the trustee, Irving H. Picard, Mr. Wilpon and Mr. Katz kept investing with Mr. Madoff, in what the lawsuit calls a "cycle of dependency." In fact, in 2002, when Mr. Wilpon and Mr. Katz assumed full ownership of the Mets, they offered Mr. Madoff a piece of the club, according to the lawsuit. He declined.

The lawsuit says that across decades of investing, and in the face of repeated warnings, Mr. Wilpon and Mr. Katz, and their partners at Sterling Equities, never did meaningful due diligence on Mr. Madoff and his firm.

Mr. Madoff's scam obliterated the fortunes and savings of thousands of individuals, foundations and businesses, some of which sank virtually all of their holdings into his firm. Mr. Madoff gained what amounted to a cult following, with eager and sophisticated investors who could not contemplate that a man of his stature and track record could possibly be a fraud.

But the owners of the Mets and their families do appear to occupy a distinctive place in the galaxy of defrauded investors. They, along with their business entities, held the greatest number of accounts of any discrete group of investors.

Moreover, this lawsuit, unlike other major cases filed by the trustee, asserts that steady returns from Madoff investments were woven into every facet of the Wilpon family's interests -- through the Mets and SNY, the team's television network; commercial real estate ventures; and investment funds. Indeed, the Sterling empire "was so heavily invested" in Mr. Madoff that it experienced a severe liquidity crisis the moment he was arrested, the trustee's lawsuit asserts.

The suit is seeking the return of what it calls $300 million in "fictitious profits," a net gain from some 200 accounts held by Mr. Wilpon, Mr. Katz, their real estate business and the Mets organization that over the years Mr. Wilpon and Mr. Katz used to build and sustain their multimillion-dollar empire.

The trustee is also seeking roughly $700 million beyond those profits, in part because the two men looked the other way for so long while their empire benefited from tainted Madoff money.

The lawsuit had been sealed at the request of Mr. Wilpon's lawyers, who said doing so would aid settlement discussions. But lawyers involved in the case said settlement talks never got serious; they now appear a remote possibility in the near term.

Mr. Picard called the Mets owners sophisticated investors who should have known better but were "simply in too deep" to act on any warnings.

"They are a team of sophisticated professionals who built a business empire spanning four major industries, including real estate, professional baseball and sports media, private equity and hedge funds," the lawsuit says. "Notably, very early on in their almost quarter-century-long business relationship with Madoff, the Sterling partners discovered Madoff's anomalous and implausibly high and consistent returns, and then found endless ways to exploit those returns."

The lawsuit could well imperil the pair's ownership of the Mets, and perhaps much of the rest of their holdings. Last week Mr. Wilpon announced that he was seeking a partner to buy a 25 percent stake in the team. Mr. Wilpon, Mr. Katz and Mr. Wilpon's son Jeff met with baseball's commissioner, Bud Selig, in New York this week to discuss the suit and their financial situation.

The lawsuit sketches out how Mr. Wilpon and Mr. Katz first became investors in Mr. Madoff's operation as far back as 1985, and how over the coming years their families grew close, and their investments with each other -- Mr. Madoff and his wife placed at least $11 million into various Sterling holdings beginning in 1991 -- grew ever more elaborate.

Mr. Madoff and his firm -- and their consistent, even lucrative investment returns -- functioned in any number of useful ways for Mr. Wilpon's most ambitious business ventures, and even the basic operations of his ball club, according to the lawsuit.

Mr. Wilpon and Mr. Katz's Madoff accounts were, in a sense, a ready source of cash, and were regularly used by Mr. Wilpon as collateral for loans, as his real estate dealings multiplied, his ownership of the team grew -- Madoff accounts were used as backing to secure the loans used to buy Nelson Doubleday's 50 percent stake in the team in 2002 -- and a new ballpark was built in Queens. For instance, the suit says, Mr. Wilpon and his partners took out loans from banks simply to use the money to open new accounts with Mr. Madoff.

But a lawyer for the trustee said Friday that Mr. Wilpon's use of Mr. Madoff and his money went further.

"When Fred would have certain cash needs, what we're alleging is he'd go to Bernie and Bernie on paper would make an investment into one of the Sterling Equities properties or some other vehicle that Fred was offering and then Fred would get the use of that capital," said David Sheehan, a lawyer who is advising Mr. Picard. "And after Fred had no use for the money, he'd return it and the investment was rescinded.

"So rather than going to conventional banking channels and disclosing he needed additional capital, what he'd do is obtain the funds from Bernie under the guise of an investment rather than as a loan," Mr. Sheehan said, "because if he took it as a loan he'd have to disclose it as a loan to the banks from which he already borrowed money."

At one point, Sterling explored the possibility of buying what a fellow investor described as "fraud insurance." The firm looked into it, but concluded, according to the lawsuit, that the organization was so heavily invested in Mr. Madoff that the amount they needed dwarfed what was available in the market.

Over the years, what the trustee calls "red flags" emerged. The first, in fact, might have been raised by Mr. Katz's son, David, who worried in the late 1990s that too much of the family's money and business was tied to Mr. Madoff. Soon, others raised or expressed alarm. No one inside or outside the Sterling organization could replicate Mr. Madoff's remarkable returns, either in their own investment funds or through modeling.

In time, more serious doubts arose, according to the lawsuit. Merrill Lynch weighed in with worry. Peter Stamos, a partner in the Sterling Stamos hedge fund, expressed his skepticism and refused to put the firm's money in Mr. Madoff's hands.

But the relationship with Mr. Madoff endured.

In fact, the suit contends that in one instance Mr. Katz appears to have accommodated Mr. Madoff's wish not to have his investment operation potentially exposed to the scrutiny of regulators.

The suit says that in July 2003 Mr. Madoff expressed concern to Mr. Katz about Sterling Stamos's plan to register with the Securities and Exchange Commission as an investment adviser because it might bring regulatory scrutiny upon him, and perhaps even make him register as well.

The suit contends that in October of that year Mr. Katz told Mr. Stamos and others at Sterling Stamos that if they proceeded it would interfere with his close relationship with Mr. Madoff, and force Mr. Madoff to disclose information, the lawsuit says, that he was "disposed to keep secret." As a consequence, the suit says, the companies began a comprehensive restructuring to build a legal wall between Sterling Equities and Sterling Stamos, even moving the new branch's offices to 450 Park Avenue form the Sterling headquarters.

"All of these steps were taken to accommodate Madoff's insistence on avoiding certain disclosures and potential regulatory scrutiny," the trustee asserts.

The suit also charges that Sterling partners referred investors to Mr. Madoff -- nearly 200 friends, business associates and others over the years -- but shielded Mr. Madoff from any inquiries by those investors, and even screened out certain "sophisticated investors who were denied access."

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GRAPHIC: PHOTO: Irving H. Picard is seeking $1 billion from Mets owners on behalf of Bernard Madoff's victims. (PHOTOGRAPH BY FRED R. CONRAD/THE NEW YORK TIMES) (D4)

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