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**REFCO CEO AND OWNER PLEADS GUILTY
TO \$2.4 BILLION FRAUD**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced today the guilty plea of PHILLIP R. BENNETT, the former Chief Executive Officer and 50-percent owner of Refco, to a \$2.4 billion fraud. BENNETT had been charged in connection with his role in the collapse of the former financial services company, and pleaded guilty to all twenty counts in the superseding Indictment (the "Indictment") against him. According to the Indictment and statements made during today's guilty plea proceedings:

Refco was a large, Manhattan-based financial services company that offered securities, derivatives and commodities brokerage services to investors. From as early as the mid-1990s, Refco, which was then privately held and controlled in part by BENNETT, sustained hundreds of millions of dollars of losses through its own and its customers' trading. In order to hide the existence of those losses, BENNETT transferred many of them to appear as a debt owed to Refco by Refco Group Holdings, Inc. ("RGHI"), the holding company that controlled Refco and was in turn controlled by BENNETT.

BENNETT and others directed a series of transactions every year from at least 1999 through 2005 to hide the RGHI receivable from, among others, Refco's auditors, by temporarily paying down the receivable from RGHI over Refco's fiscal year-end and replacing it with a receivable from one or more other entities not related to BENNETT. Thus, at every fiscal year-end and, later, at every fiscal quarter-end, BENNETT directed transactions that turned the debt owed to Refco from RGHI into a debt owed to Refco by a Refco customer. Shortly after each fiscal year- or quarter-end, these transactions were unwound, returning the debt to RGHI.

The massive debt owed by BENNETT's holding company to

Refco was increased not only by losses sustained through its customers' trading but also through proprietary trading losses accumulated over several years, operating expenses shifted out of Refco Group and into RGHI, and fake foreign exchange and U.S. Treasury security trades carried out for the purpose of increasing Refco's stated income.

In particular, BENNETT hid from others, and contributed to the RGHI debt to Refco, among others, the following losses:

- At least \$90 million in losses sustained by a customer in trading on the Chicago Mercantile Exchange in 1997;
- At least \$185 million in losses sustained by a group of customers trading in Asian markets in 1997;
- At least \$40 million in losses from Refco's own trading in Russian bonds in 1998.

In addition, BENNETT caused the following expense-shifting and revenue-padding transactions, among others:

- At least approximately \$40 million of computer expenses moved out of Refco and into BENNETT's holding company between 1999 and 2002;
- At least approximately \$38 million in artificial income from inflated interest rates charged on the debt owed by BENNETT's holding company to Refco;
- At least approximately \$13 million in profits from fake U.S. Treasury notes between Refco and BENNETT's holding company; and
- At least approximately \$10 million in profits from fake foreign exchange trades between Refco and BENNETT's holding company.

In August 2004, Thomas H. Lee Partners, L.P., purchased a majority interest in Refco, financed by an approximately \$1.9 billion leveraged buyout transaction. In connection with that transaction, Refco sold approximately \$600 million of notes to the public and borrowed approximately \$800 million from a syndicate of banks. In August 2005, Refco conducted an initial public offering of approximately \$583 million of Refco's common stock.

On October 10, 2005, Refco issued a press release

announcing, in substance, that it had discovered that it was owed a debt of approximately \$430 million by an entity controlled by BENNETT. Following release of this information, the market price of Refco stock plummeted, and Refco's stock was subsequently delisted by the New York Stock Exchange. Refco Inc. and many of its subsidiaries filed petitions in bankruptcy on October 17, 2005.

BENNETT pleaded guilty to charges of conspiracy, securities fraud, making false filings with the SEC, wire fraud, making false statements to Refco's auditors, bank fraud and money laundering. The following chart summarizes the charges to which BENNETT pleaded guilty and the corresponding maximum penalties:

Count	Charge	Penalty
1	Conspiracy To Commit Securities Fraud, Wire Fraud, Bank Fraud, To Make Material Misstatements To Auditors, And To Make False Filings With The SEC	5 yrs prison, fine of the greater of \$250,000 or twice the gross gain or loss from the offense, 3 yrs supervised release
2, 3	Securities Fraud	20 yrs prison, fine of the greater of \$5 million or twice the gross gain or loss from the offense, 3 yrs supervised release
4	False Filing with the SEC - Securities Exchange Act of 1934	20 yrs prison, fine of the greater of \$5 million or twice the gross gain or loss from the offense, 3 yrs supervised release
5, 6	False Filing with the SEC -- Securities Act of 1933	5 yrs prison, fine of the greater of \$250,00 or twice the gross gain or loss from the offense, 3 yrs supervised release

7, 8, 9, 10, 11, 12, 13	Wire Fraud	20 yrs prison, fine of the greater of \$250,000 of twice the gross gain or loss from the offense, 3 yrs supervised release
14	Material Misstatements to Auditors	20 yrs prison, fine of the greater of \$5 million or twice the gross gain or loss from the offense, 3 yrs supervised release
15	Bank Fraud	30 yrs prison, fine of the greater of \$1 million or twice the gross gain or loss from the offense, 5 yrs supervised release
16, 17, 18, 19, 20	Money Laundering	10 yrs prison, fine of the greater of \$250,000 or twice the gross gain or loss from the offense, 3 yrs supervised release,

BENNETT, 59, resides in Gladstone, New Jersey.

BENNETT is scheduled to be sentenced on May 20, 2008 at 4 p.m. BENNETT remains free on bail pending sentencing.

Mr. GARCIA, a member of the President's Corporate Fraud Task Force, praised the efforts of the United States Postal Inspection Service, and thanked the Securities and Exchange Commission and the Commodity Futures Trading Commission for their assistance in the investigation of this case. The Criminal Investigators of the United States Attorney's Office also investigated the case.

Assistant United States Attorneys NEIL M. BAROFSKY, CHRISTOPHER L. GARCIA and RUA KELLY are in charge of the prosecution.

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