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Hearing Date: November 18, 2014 at 10 a.m.
Objection Deadline: November 11, 2014 at 5 p.m.

*Special Counsel to Irving H. Picard, Trustee for the
Substantively Consolidated SIPA Liquidation of
Bernard L. Madoff Investment Securities LLC and the estate of
Bernard L. Madoff*

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

SECURITIES INVESTOR PROTECTION
CORPORATION,

Plaintiff-Applicant,

v.

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

Defendant.

Adv. Pro. No. 08-01789 (SMB)

SIPA LIQUIDATION

(Substantively Consolidated)

In re:

BERNARD L. MADOFF,

Debtor.

IRVING H. PICARD, Trustee for the
Liquidation of Bernard L. Madoff Investment
Securities LLC,

Plaintiff,

v.

EDWARD BLUMENFELD, individually, and as
Trustee for SUSAN BLUMENFELD GST
TRUST, TRUST F/B/O SUSAN
BLUMENFELD, TRUST F/B/O DAVID
BLUMENFELD, and TRUST F/B/O BRAD
BLUMENFELD;

Adv. Pro. No. 10-04730 (SMB)

SUSAN BLUMENFELD, individually, and as Trustee for TRUST F/B/O SUSAN BLUMENFELD, TRUST F/B/O DAVID BLUMENFELD, TRUST F/B/O BRAD BLUMENFELD, DAVID BLUMENFELD FARMINGDALE TRUST, BRAD BLUMENFELD FARMINGDALE TRUST, BOXWOOD REALTY GROUP, and DOGWOOD REALTY GROUP;

DAVID BLUMENFELD, individually, and as Trustee for SUSAN BLUMENFELD GST TRUST, THE DAVID BLUMENFELD FAMILY TRUST, TRUST F/B/O DAVID BLUMENFELD, BOXWOOD REALTY GROUP, and DOGWOOD REALTY GROUP;

BRAD BLUMENFELD, individually, and as Trustee for SUSAN BLUMENFELD GST TRUST, THE DAVID BLUMENFELD FAMILY TRUST, TRUST F/B/O BRAD BLUMENFELD, BOXWOOD REALTY GROUP, and DOGWOOD REALTY GROUP;

HARVEY COHEN, individually, and as Trustee for EDWARD BLUMENFELD AND SUSAN BLUMENFELD CHARITABLE LEAD TRUST, EDWARD AND SUSAN BLUMENFELD 2007 CHARITABLE LEAD TRUST, and BRAD BLUMENFELD CHARITABLE LEAD TRUST;

BLUMENFELD DEVELOPMENT GROUP, LTD.; EDWARD AND SUSAN BLUMENFELD CHARITABLE LEAD TRUST; EDWARD BLUMENFELD & SUSAN BLUMENFELD 2007 CHARITABLE LEAD TRUST; TRUST F/B/O SUSAN BLUMENFELD; SUSAN BLUMENFELD GST TRUST; TRUST F/B/O DAVID BLUMENFELD; EDWARD BLUMENFELD & SUSAN BLUMENFELD, GUARDIANS FOR DAVID BLUMENFELD NY UGMA; BRAD BLUMENFELD CHARITABLE LEAD TRUST; TRUST F/B/O BRAD BLUMENFELD; EDWARD BLUMENFELD & SUSAN BLUMENFELD, GUARDIANS FOR BRAD BLUMENFELD NY UGMA; THE BRAD BLUMENFELD FAMILY

FOUNDATION; THE EDWARD AND SUSAN
BLUMENFELD FOUNDATION; BULL
MARKET FUND; EDWARD BLUMENFELD
ET AL II; DWD ASSOCIATES, LLC; BDG
DWD ASSOCIATES, LLC; EDB CAPITAL,
LLC; DOUBLE B SQUARED LLC; EDWARD
BLUMENFELD GERALD Y MORDFIN ET
AL; DOGWOOD REALTY GROUP;
EDWARD BLUMENFELD ET AL;
LAGUARDIA CORPORATE CENTER
ASSOCIATES, L.P.; LAGUARDIA
CORPORATE CENTER ASSOCIATES, LLC;
BOXWOOD REALTY GROUP; SOUTH SEA
HOLDINGS L.P.; BDG PISCATAWAY, LLC;
BDG KINGSBRIDGE, LLC; BWI; SUSAN
BLUMENFELD INTERIORS, LTD.; BDG
CONSTRUCTION CORP.; DAVID
BLUMENFELD FARMINGDALE TRUST;
THE DAVID BLUMENFELD FAMILY
TRUST; BRAD BLUMENFELD
FARMINGDALE TRUST; 45 SOUTH
SERVICE ROAD, LLC; BCC II, LLC; BDG
COMMACK, LLC; BDG DEER PARK
ASSOCIATES, LLC; BDG LAKE GROVE I,
LLC; BDG LARKFIELD ASSOCIATES, LLC;
CHARLESTON ENTERPRISES, LLC;
DANIEL LAND CO. LLC; BDG DANIEL
STREET, LLC; GOTHAM PLAZA
ASSOCIATES, LLC; BDG 125TH STREET,
LLC; 10 MICHAEL DRIVE ASSOCIATES,
L.P.; 500 BI-COUNTY ASSOCIATES, L.P.;
ARC-BDG SETAUKET ENTERPRISE;
BLUMCO SETAUKET, LLC; COBLUM
SETAUKET, LLC; BDG 115
BROADHOLLOW, L.P.; MAXROB, L.P.; B-4
PARTNERSHIP; 125 BETHPAGE
ASSOCIATES; and BDG YAPHANK, LLC;

Defendants.

**MOTION FOR ENTRY OF AN ORDER PURSUANT TO SECTION 105(A) OF
THE BANKRUPTCY CODE AND RULES 2002 AND 9019 OF THE FEDERAL
RULES OF BANKRUPTCY PROCEDURE APPROVING A SETTLEMENT
AGREEMENT BY AND BETWEEN THE TRUSTEE AND THE DEFENDANTS**

TO: THE HONORABLE STUART M. BERNSTEIN
UNITED STATES BANKRUPTCY JUDGE

Irving H. Picard (the “Trustee”), as trustee for the substantively consolidated liquidation of Bernard L. Madoff Investment Securities LLC (“BLMIS”) and the estate of Bernard L. Madoff (“Madoff,” and together with BLMIS, collectively, the “Debtors”), by and through his undersigned counsel, submits this motion (the “Motion”) seeking entry of an order, pursuant to section 105(a) of the United States Bankruptcy Code, 11 U.S.C. §§ 101 *et seq.* (the “Bankruptcy Code”), and Rules 2002 and 9019 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), approving a settlement, the terms and conditions of which are set forth in the settlement agreement (the “Agreement”)¹ by and among the Trustee on the one hand, and the Defendants, on the other hand, and in support thereof, the Trustee respectfully represents as follows:

PRELIMINARY STATEMENT

The Trustee’s settlement with the Defendants results in, immediately upon Closing (as defined in the Agreement), a payment to the Trustee by Defendants of \$32,750,000.00 million in cash (the “Settlement Payment”). In addition, those Defendants with BLMIS net losing Defendant Customer Claims (defined in the Agreement as the “Customer Claimholder Defendants”) shall assign such claims, totaling \$29,348,309.09 dollars, to the Trustee (the “Assignment”). At Closing, the settlement will have a current value to the BLMIS Estate of approximately \$50 million taking into account all catch-up distributions on the Defendant Customer Claims as of that date and related SIPC advances. Depending on the percentage ultimately paid by the Trustee on BLMIS customer claims, the settlement has a potential value to the BLMIS Estate of up to \$62,098,309.09, assuming a 100% recovery by the Trustee. The Settlement Payment and the Assignment add substantially to

¹ The form of Agreement is attached hereto as Exhibit A. Capitalized terms used but not defined herein have the meaning ascribed to such terms in the Agreement.

the funds available for distribution to customers who lost money as a result of Madoff's Ponzi scheme.

The Defendants in this proceeding had 38 accounts with BLMIS from which they received transfers. The Trustee's complaint against the Defendants seeks (i) the avoidance and recovery of initial transfers from those accounts to certain of the Defendants, (ii) the avoidance and recovery of a certain, non-account-related \$11 million fraudulent conveyance in December 2008 by BLMIS to a Defendant, and (iii) the recovery of subsequent transfers to certain other Defendants. The complaint also seeks the disallowance and equitable subordination of the Defendant Customer Claims.

This Settlement represents a good faith, complete, and total settlement between the Trustee and the Defendants as to any and all disputes between them raised in this Adversary Proceeding (including, without limitation, the Trustee's claims for the avoidance and/or recovery of transfers during the two-year period prior to the Filing Date (defined below), the six-year period prior to the Filing Date, and all times prior to such six-year period) and as to any and all claims filed with the Trustee by the Defendants.

This Settlement will benefit the customers of BLMIS with allowed claims, and the Trustee respectfully requests that the Court approve it.

BACKGROUND

1. On December 11, 2008 (the "Filing Date"),² the Securities and Exchange Commission ("SEC") filed a complaint in the United States District Court for the Southern

² In this case, the Filing Date is the date on which the Securities and Exchange Commission commenced its suit against BLMIS, December 11, 2008, which resulted in the appointment of a receiver for the firm. *See* Section 78lll(7)(B) of SIPA.

District of New York (the “District Court”) against the Debtors (Case No. 08 CV 10791). The complaint alleged that the Debtors engaged in fraud through the investment advisor activities of BLMIS.

2. On December 15, 2008, pursuant to section 78eee(a)(4)(A) of SIPA, the SEC consented to a combination of its own action with an application of SIPC. Thereafter, pursuant to section 78eee(a)(3) of SIPA, SIPC filed an application in the District Court alleging, *inter alia*, that BLMIS was not able to meet its obligations to securities customers as they came due and, accordingly, its customers needed the protection afforded by SIPA.

3. Also on December 15, 2008, the District Court entered an order pursuant to SIPA (the “Protective Decree”), to which BLMIS consented, that, in pertinent part:

- (i) removed the receiver and appointed the Trustee for the liquidation of the business of BLMIS pursuant to section 78eee(b)(3) of SIPA;
- (ii) appointed Baker & Hostetler LLP as counsel to the Trustee pursuant to section 78eee(b)(3) of SIPA; and
- (iii) removed the case to this Court pursuant to section 78eee(b)(4) of SIPA.

4. At a plea hearing on March 12, 2009 (the “Plea Hearing”) in the criminal action filed against him by the United States Attorney’s Office for the Southern District of New York, Madoff pled guilty to an 11-count criminal information which included securities fraud, money laundering, theft and embezzlement counts. At the Plea Hearing, Madoff admitted that he “operated a Ponzi scheme through the investment advisory side of [BLMIS].” (Plea Hr’g Tr. at 23:14-17.) On June 29, 2009, Madoff was sentenced to a term of imprisonment of 150 years.

5. On April 13, 2009, an involuntary bankruptcy petition was filed against Madoff. On June 9, 2009, this Court entered an order substantively consolidating the Chapter 7 estate of Madoff into the BLMIS SIPA proceeding.

THE DEFENDANTS

6. The Defendants are: (i) Edward Blumenfeld, his wife, and their two sons; (ii) Blumenfeld Development Group, Ltd. (“BDG”) -- the flagship of the real estate development business run by Edward and his sons -- and a number of BDG-affiliated companies, including DWD Associates LLC (“DWD”), discussed further below; (iii) a number of Blumenfeld family trusts; and (iv) the controller for BDG.

7. A number of the Defendants invested directly with BLMIS through 38 separate accounts, as listed in Exhibit A to the Complaint (Dkt. No. 1-1). Many of these accounts were net winners (redemptions exceeded deposits, resulting in fictitious profits), and twelve were net losers (deposits exceeded redemptions, resulting in a customer claim). The numbers are summarized and detailed in Exhibits A and B to the Complaint (Dkt. Nos. 1-1 and 1-2), respectively.

THE CLAIMS AGAINST THE DEFENDANTS

8. The Trustee filed this Adversary Proceeding against the Defendants on December 1, 2010 in order to, *inter alia*, avoid and recover transfers made from their BLMIS accounts and the aforementioned December 2008 \$11 million fraudulent conveyance. The Complaint asserts claims seeking (i) the avoidance and recovery of such transfers and conveyance, totaling approximately \$88 million during the six-year statutory period prior to the Filing Date,³ of which approximately \$27 million represents fictitious

³ The Complaint also asserts certain claims for the avoidance and recovery of transfers beyond the statutory six-year period.

profits, (ii) the recovery of subsequent transfers related thereto, and (iii) the disallowance and equitable subordination of the Defendant Customer Claims (and the disallowance of certain claims by net winning Defendants that were previously denied by the Trustee). The Trustee's claims against the Defendants include, but are not limited to, claims under Sections 502(d), 544(b), 547, 548, 550 and 551 of the Bankruptcy Code, SIPA § 78fff-2(c)(3), and Sections 270 to 281 of the New York Debtor and Creditor Law for initial and subsequent transfers (the "Transfers") within the applicable statutory period (collectively, the "Avoiding Power Claims").

9. The Defendants have disputed any liability to the BLMIS estate under the Complaint and deny that they received any of the fraudulent transfers asserted in the Complaint with actual knowledge of fraud at BLMIS, with willful blindness to circumstances suggesting fraud at BLMIS, or otherwise in bad faith.

THE CUSTOMER CLAIMS AGAINST THE BLMIS ESTATE

10. Prior to July 2, 2009, the bar date for filing claims, the Customer Claimholder Defendants filed the Defendant Customer Claims asserting losses in certain accounts, as reflected on their respective BLMIS account statements as of November 30, 2008. The table attached as Exhibit B-1 to the Agreement breaks down the Defendant Customer Claims by Defendant name, claim number and net equity value.⁴ Based on this Court's decision upholding the Trustee's calculation of Net Equity on a Cash In-Cash Out basis (and the Second Circuit Court of Appeals' affirmance, and United States Supreme

⁴ Due to their voluminous nature, the Defendant Customer Claims have not been filed herewith but are available at the Court's request.

Court's denial of *certiorari*, as to same),⁵ the Trustee has calculated the aggregate amount of the Defendant Customer Claims to be \$29,348,309.09 (the "Net Equity Claim").

MEDIATION AND THE TRUSTEE'S INVESTIGATION

11. Pursuant to a Stipulation and Order "so ordered" by this Court on August 27, 2012 (Dkt. No. 26), the Trustee and the Defendants (together, the "Parties") agreed to exchange limited discovery and mediate the issues presented in the Action. On December 3, 2012, this Court approved a mediator (Dkt. No. 29).

12. The Parties thereafter exchanged a substantial number of documents, and participated in multiple mediation sessions and extensive negotiations until March 17, 2014, when the mediation ended without a settlement.

13. Subsequent to March 17, 2014, the Parties continued to negotiate, ultimately reaching a settlement and executing the Agreement on October 16, 2014.

14. Before agreeing to settle, the Trustee and/or his counsel acting on his behalf conducted a comprehensive investigation of the Defendants' investments with BLMIS and their overall dealings and transactions with BLMIS and Madoff. The Trustee's investigation included, without limitation: (i) reviewing and analyzing the histories of the Defendants' investments and transactions with BLMIS, as reflected in their BLMIS account statements, correspondence, and other records available to the Trustee; (ii) reviewing and analyzing the voluminous records and documents, and other information, the Defendants provided to the Trustee pursuant to Bankruptcy Rule 2004 and in connection

⁵ *In re Bernard L. Madoff Inv. Sec. LLC*, 654 F.3d 229 (2d Cir. 2011), *reh'g and reh'g en banc den.* (2d Cir. Nov. 08, 2011), *cert. dismissed*, 132 S. Ct. 2712 (2012), *cert. denied*, 133 S. Ct. 24 (2012), 133 S. Ct. 25 (2012).

with the mediation; and (iii) participating in multiple meetings and discussions with counsel for the Defendants.

15. After a detailed review of the relevant records and a thorough and deliberate consideration of the uncertainty and risks inherent in all litigation, the Trustee, in the exercise of his business judgment, has determined that it is appropriate to resolve this matter rather than proceed with litigation.

OVERVIEW OF THE AGREEMENT

16. The principal terms and conditions of the Agreement are generally as follows:⁶

- The terms and conditions of the Agreement shall become effective and enforceable on the first business day after the date that the Bankruptcy Court order approving the Agreement becomes a Final Order, as defined in the Agreement (the “Effective Date”). The Closing shall be on a business day no later than seven (7) business days after the Trustee provides notice to the Defendants that the Effective Date has occurred.
- At the Closing Date, the Trustee shall be paid a lump sum amount of \$32,750,000.
- At the Closing Date, the Defendants shall absolutely, unconditionally and irrevocably assign and transfer the Defendant Customer Claims totaling \$29,348,309.09 in full to the Trustee.
- As of the Closing Date, those non-net losing Defendants whose filed claims were denied by the Trustee shall withdraw their objections to such determinations.
- The Trustee will release, remise, and forever discharge the Defendants and certain related persons and entities on the specific terms set forth in the Agreement.
- The Defendants will release, remise, and forever discharge the Trustee and all his agents and BLMIS and its consolidated estate on the specific terms set forth in the Agreement.

⁶ Terms not otherwise defined in this section shall have the meaning ascribed in the Agreement. In the event of any inconsistency between the summary of terms provided in this section and the terms of the Agreement, the Agreement shall prevail.

- With respect to an interest Ruth Madoff purported to acquire in DWD by virtue of the \$11 million fraudulent conveyance noted above, the Trustee will acknowledge that, to the best of his knowledge, information and belief, no such interest was properly acquired or owned by Ruth Madoff, Bernard Madoff, or BLMIS, and will provide a written statement to that effect addressed to the DOJ and in the form provided by the Agreement.
- As soon as practicable after the Closing, the Trustee shall file a Notice of Dismissal dismissing this Adversary Proceeding, with prejudice and without costs to either the Trustee or the Defendants.

RELIEF REQUESTED

17. By this Motion, the Trustee respectfully requests that the Court enter an order substantially in the form of the proposed Order attached hereto as Exhibit B approving the Agreement.

LEGAL BASIS

18. Bankruptcy Rule 9019(a) states, in pertinent part, that “[o]n motion by the trustee and after notice and a hearing, the court may approve a compromise or settlement.” Courts have held that in order to approve a settlement or compromise under Bankruptcy Rule 9019(a), a court should find that the compromise proposed is fair and equitable, reasonable, and in the best interests of a debtor’s estate. *Air Line Pilots Assoc., Int’l v. Am. Nat’l Bank & Trust Co. of Chicago (In re Ionosphere Clubs, Inc.)*, 156 BR 414, 426 (S.D.N.Y. 1993), *aff’d*, 17 F.3d 600 (2d Cir. 1994) (citing *Protective Comm. for Indep. Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. 414, 424 (1968)).

19. The Second Circuit has stated that in determining whether to approve a compromise, the court should not decide the numerous questions of law and fact raised by the compromise, but rather should “canvass the issues and see whether the settlement ‘fall[s] below the lowest point in the range of reasonableness.’” *Cosoff v. Rodman (In re W.T. Grant Co.)*, 699 F.2d 599, 608 (2d Cir.), *cert. denied*, *Cosoff v. Rodman*, 464 U.S. 822

(1983) (quoting *Newman v. Stein*, 464 F.2d 689, 693 (2d Cir.), *cert. denied*, 409 U.S. 1039 (1972)); *see also In re Chemtura Corp.*, 439 B.R. 561, 594 (Bankr. S.D.N.Y. 2010). “[T]he court need not conduct a ‘mini-trial’ to determine the merits of the underlying litigation.” *In re Purified Down Prods. Corp.*, 150 B.R. 519, 522 (S.D.N.Y. 1993).

20. The factors that courts in the Second Circuit consider when approving bankruptcy settlements are well established. These interrelated factors are:

(1) the balance between the litigation’s possibility of success and the settlement’s future benefits; (2) the likelihood of complex and protracted litigation, with its attendant expense, inconvenience, and delay, including the difficulty in collecting on the judgment; (3) the paramount interests of the creditors, including each affected class’s relative benefits and the degree to which creditors either do not object to or affirmatively support the proposed settlement; (4) whether other parties in interest support the settlement; (5) the competency and experience of counsel supporting, and [t]he experience and knowledge of the bankruptcy court judge reviewing, the settlement; (6) the nature and breadth of releases to be obtained by officers and directors; and (7) the extent to which the settlement is the product of arm's length bargaining.

Fox v. Picard (In re Madoff), 848 F.Supp.2d. 469, 487-488 (S.D.N.Y. 2012), *aff’d*, 740 F.3d 81 (2d. Cir. 2014) (quoting *Motorola, Inc. v. Official Comm. of Unsecured Creditors (In re Iridium Operating LLC)*, 478 F.3d 452, 462 (2d Cir. 2007) (internal quotation marks and citations omitted)).

21. Even though the Court has discretion to approve settlements and must independently evaluate the reasonableness of the settlement, *In re Rosenberg*, 419 B.R. 532, 536 (Bankr. E.D.N.Y. 2009), the business judgment of the trustee and his counsel should be considered in determining whether a settlement is fair and equitable. *In re Chemtura Corp.*, 439 B.R. at 594. The competency and experience of counsel supporting

the settlement may also be considered. *Nellis v. Shugrue*, 165 B.R. 115, 122 (Bankr. S.D.N.Y. 1994). Finally, the Court should be mindful of the principle that “the law favors compromise.” *Vaughn v. Drexel Burnham Lambert Group, Inc. (In re Drexel Burnham Lambert Group, Inc.)*, 134 B.R. 499, 505 (quoting *In re Blair*, 538 F.2d 849, 851 (9th Cir. 1976)).

22. The Trustee’s settlement with the Defendants is fair and equitable and in the best interests of the estate and the customers of BLMIS. *See* Affidavit of the Trustee in Support of the Motion (the “Picard Affidavit”). A true and accurate copy of the Picard Affidavit is attached hereto as Exhibit C. The following considerations influenced the Trustee’s decision to settle:

a) Benefit to BLMIS Customers. The Agreement greatly furthers the interests of the customers of BLMIS by adding \$32,750,000 to the fund of BLMIS customer property and providing for a full assignment to the Trustee of the Defendant Customer Claims totaling approximately \$29.3 million, including without limitation any and all rights to distributions on such claims. At Closing, the settlement has a value to the BLMIS Estate of approximately \$50 million, taking into account all catch-up distributions on the Defendant Customer Claims as of that date and related SIPC advances. Depending on the percentage ultimately paid by the Trustee on BLMIS customer claims, the settlement has a potential value to the BLMIS Estate of up to \$62,098,309.09, assuming a 100% recovery on customer claims by the Trustee.

b) Nature of the Trustee’s Claims. As noted, the Complaint seeks recovery of six-year as well as two-year transfers, and transfers constituting principal as well as those constituting fictitious profits. The Agreement eliminates the uncertainty of

litigating these claims, including the highly contentious issues as to Defendants' good/bad faith. The Trustee cannot be certain that he would prevail in such a litigation, or that any litigation recovery would be greater than the substantial sums he is recovering through the settlement.

c) Avoidance of the Cost and Delay of Further Litigation. The Agreement eliminates the expense and delay of litigation, which would likely require extensive and costly discovery, and a prolonged trial. The Agreement also eliminates the inevitable delay caused by future likely appeals in this proceeding, which benefits the estate and the customers of BLMIS. Even if successful in whole or in part, litigation with the Defendants would delay distributions for years.

d) Difficulties with Collection. In light of the substantial amount of the Trustee's claims against Defendants and that Defendants consist of dozens of separate individuals, trusts, and business entities, if the Trustee were to prevail through litigation, there could be significant difficulties and delays associated with judgment enforcement efforts.

e) Finality. The Agreement resolves all claims among the Parties as to the Adversary Proceeding.

f) Experienced Counsel. The Parties are represented by sophisticated and experienced professionals. The Parties and their professionals understand the difficulties of a SIPA liquidation of this size and complexity and are aware of the harm to customers and creditor if the Agreement is not consummated.

g) Product of Arms-Length Negotiations. The settlement is the product of arm's length and good faith negotiations between the Trustee and the Defendants, which included several months of mediation before a court-approved mediator.

23. For all of these reasons, the Agreement is well within the "range of reasonableness," *In re W.T. Grant Co.*, 699 F.2d at 608 (quoting *Newman v. Stein*, 464 F.2d at 693), and confers a substantial benefit on the estate and the customers of BLMIS. The Trustee respectfully requests that the Court approve the Agreement.

CONCLUSION

24. In sum, the Trustee submits that the Agreement should be approved: (a) to avoid lengthy, burdensome, and expensive litigation as well as litigation risks and (b) because it represents a fair and reasonable compromise of the Avoiding Power Claims that greatly benefits the estate and the customers of BLMIS. Because the Agreement is well within the "range of reasonableness" and confers a substantial benefit on the estate, the Trustee respectfully requests that the Court enter an Order approving the Agreement.

NOTICE

25. In accordance with Bankruptcy Rules 2002 and 9019 and that certain Order Establishing Notice Procedures and Limiting Notice entered on December 5, 2011 (BLMIS Main Proceeding, Adv. Pro. No. 08-1789, Dkt. No. 4560) (the "Order Limiting Notice"), notice of this Motion is being given to (i) SIPC; (ii) the SEC; (iii) the Internal Revenue Service; (iv) the United States Attorney for the Southern District of New York; and (v) counsel for all Defendants and anyone else who has filed notices of appearance in this Adversary Proceeding. Also in accordance with the Order Limiting Notice, the Trustee has provided notice by e-mail to interested parties in the SIPA liquidation proceeding of the following: the Motion; the date and time scheduled for the hearing at which this Court will

consider the Motion; the date by which objections, if any, must be filed with this Court, and the name and address of the persons to be served with a copy of any objections. The Trustee submits that no other or further notice is required.

WHEREFORE, the Trustee respectfully requests entry of an Order substantially in the form of Exhibit B granting the relief requested in the Motion.

Dated: New York, New York
October 17, 2014

Respectfully submitted,

/s/ Howard L. Simon

Windels Marx Lane & Mittendorf, LLP

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Attorneys for Irving H. Picard,

Trustee for the Substantively Consolidated

SIPA Liquidation of Bernard L. Madoff

Investment Securities LLC and the estate of

Bernard L. Madoff

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*Special Counsel to Irving H. Picard, Trustee for the
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SECURITIES INVESTOR PROTECTION
CORPORATION,

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BERNARD L. MADOFF INVESTMENT
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Defendant.

Adv. Pro. No. 08-01789 (SMB)

SIPA Liquidation

(Substantively Consolidated)

In re:

BERNARD L. MADOFF,

Debtor.

Adv. Pro. No. 10-04730 (SMB)

IRVING H. PICARD, Trustee for the
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EDWARD BLUMENFELD, individually, and as
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BLUMENFELD, and TRUST F/B/O BRAD

BLUMENFELD;

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HARVEY COHEN, individually, and as Trustee
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BLUMENFELD CHARITABLE LEAD
TRUST, EDWARD AND SUSAN
BLUMENFELD 2007 CHARITABLE LEAD
TRUST, and BRAD BLUMENFELD
CHARITABLE LEAD TRUST;

BLUMENFELD DEVELOPMENT GROUP,
LTD.; EDWARD AND SUSAN
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TRUST; EDWARD BLUMENFELD & SUSAN
BLUMENFELD 2007 CHARITABLE LEAD
TRUST; TRUST F/B/O SUSAN
BLUMENFELD; SUSAN BLUMENFELD GST
TRUST; TRUST F/B/O DAVID
BLUMENFELD; EDWARD BLUMENFELD &
SUSAN BLUMENFELD, GUARDIANS FOR
DAVID BLUMENFELD NY UGMA; BRAD
BLUMENFELD CHARITABLE LEAD

TRUST; TRUST F/B/O BRAD BLUMENFELD; EDWARD BLUMENFELD & SUSAN BLUMENFELD, GUARDIANS FOR BRAD BLUMENFELD NY UGMA; THE BRAD BLUMENFELD FAMILY FOUNDATION; THE EDWARD AND SUSAN BLUMENFELD FOUNDATION; BULL MARKET FUND; EDWARD BLUMENFELD ET AL II; DWD ASSOCIATES, LLC; BDG DWD ASSOCIATES, LLC; EDB CAPITAL, LLC; DOUBLE B SQUARED LLC; EDWARD BLUMENFELD GERALD Y MORDFIN ET AL; DOGWOOD REALTY GROUP; EDWARD BLUMENFELD ET AL; LAGUARDIA CORPORATE CENTER ASSOCIATES, L.P.; LAGUARDIA CORPORATE CENTER ASSOCIATES, LLC; BOXWOOD REALTY GROUP; SOUTH SEA HOLDINGS L.P.; BDG PISCATAWAY, LLC; BDG KINGSBRIDGE, LLC; BWI; SUSAN BLUMENFELD INTERIORS, LTD.; BDG CONSTRUCTION CORP.; DAVID BLUMENFELD FARMINGDALE TRUST; THE DAVID BLUMENFELD FAMILY TRUST; BRAD BLUMENFELD FARMINGDALE TRUST; 45 SOUTH SERVICE ROAD, LLC; BCC II, LLC; BDG COMMACK, LLC; BDG DEER PARK ASSOCIATES, LLC; BDG LAKE GROVE I, LLC; BDG LARKFIELD ASSOCIATES, LLC; CHARLESTON ENTERPRISES, LLC; DANIEL LAND CO. LLC; BDG DANIEL STREET, LLC; GOTHAM PLAZA ASSOCIATES, LLC; BDG 125TH STREET, LLC; 10 MICHAEL DRIVE ASSOCIATES, L.P.; 500 BI-COUNTY ASSOCIATES, L.P.; ARC-BDG SETAUKET ENTERPRISE; BLUMCO SETAUKET, LLC; COBLUM SETAUKET, LLC; BDG 115 BROADHOLLOW, L.P.; MAXROB, L.P.; B-4 PARTNERSHIP; 125 BETHPAGE ASSOCIATES; and BDG YAPHANK, LLC,

Defendants.

NOTICE OF MOTION FOR ENTRY OF AN ORDER PURSUANT TO SECTION 105(a) OF THE BANKRUPTCY CODE AND RULES 2002 AND 9019 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE APPROVING A SETTLEMENT AGREEMENT BY AND BETWEEN THE TRUSTEE AND THE DEFENDANTS

PLEASE TAKE NOTICE that Irving H. Picard (the “Trustee”), as trustee for the substantively consolidated liquidation of Bernard L. Madoff Investment Securities LLC (“BLMIS”) and the estate of Bernard L. Madoff (“Madoff,” and together with BLMIS, collectively, the “Debtors”), by and through his undersigned counsel, will move before the Honorable Stuart M. Bernstein, United States Bankruptcy Judge, at the United States Bankruptcy Court, the Alexander Hamilton Customs House, One Bowling Green, Courtroom 723, New York, New York 10004, on **November 18, 2014 at 10:00 a.m.**, or as soon thereafter as counsel can be heard, for an order, pursuant to section 105(a) of the United States Bankruptcy Code, 11 U.S.C. §§ 101 *et seq.*, and Rules 2002 and 9019 of the Federal Rules of Bankruptcy Procedure, approving a settlement agreement (the “Agreement”) by and among the Trustee and the Defendants as more particularly set forth in the motion annexed hereto (the “Motion”).¹

PLEASE TAKE FURTHER NOTICE that responses or objections to the Motion, if any, must be in writing, shall conform to the Bankruptcy Rules and other applicable rules and orders of this Court, and shall be filed in accordance with General Order M-399 and the electronic filing procedures for the United States Bankruptcy Court for the Southern District of New York (available at www.nysb.uscourts.gov), with a courtesy copy delivered to the Chambers of the Honorable Stuart M. Bernstein, and shall be served upon (a) Windels Marx Lane & Mittendorf, LLP, 156 West 56th Street, New York, NY 10019, Attn: Howard L. Simon, Esq.; (b) Irving H. Picard, Esq., c/o Baker & Hostetler LLP, 45 Rockefeller Plaza, New York, NY 10111; (c) Goodwin Proctor LLP, The New York Times Building, 620 Eighth Avenue, New

¹ All defined terms not otherwise defined herein shall have the meaning ascribed in the Motion.

York, NY 10018, Attn: William P. Weintraub, Esq.; and (d) Clayman & Rosenberg LLP, 305 Madison Avenue, Suite 1301, New York, NY 10165, Attn: Seth L. Rosenberg, Esq., so as to be received no later than **November 11, 2014 at 5:00 p.m.** Any objections must specifically state the interest that the objecting party has in these proceedings and the specific basis of any objection to the Motion.

PLEASE TAKE FURTHER NOTICE that if no responses or objections are timely filed and served with respect to the Motion, the Motion shall be deemed uncontested and an order granting the requested relief may be entered with no further notice or opportunity to be heard offered to any party.

Dated: New York, New York
October 17, 2014

Respectfully submitted,

/s/ Howard L. Simon

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*Attorneys for Irving H. Picard,
Trustee for the Substantively Consolidated
SIPA Liquidation of Bernard L. Madoff
Investment Securities LLC and the Estate of
Bernard L. Madoff*

SETTLEMENT AGREEMENT

This Settlement Agreement (this "Agreement") is made and entered into as of October 16, 2014, by and between Irving H. Picard, in his capacity as the Trustee ("Trustee") for the liquidation proceedings under the Securities Investor Protection Act, 15 U.S.C. §§ 78aaa, *et seq.* ("SIPA") of Bernard L. Madoff Investment Securities LLC ("BLMIS") and the substantively consolidated Chapter 7 case of Bernard L. Madoff ("Madoff") pending before the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), on the one hand, and the parties listed on Exhibit A hereto (together, the Defendants), on the other hand. The Trustee and each of the Defendants shall be hereafter referred to individually as a "Party" and collectively as the "Parties."

BACKGROUND

A. BLMIS and its predecessor were broker-dealers registered with the United States Securities and Exchange Commission (the "Commission") and members of the Securities Investor Protection Corporation ("SIPC");

B. On December 11, 2008 (the "Filing Date"), the Commission filed a complaint in the United States District Court for the Southern District of New York (the "District Court") against BLMIS and Madoff. On December 12, 2008, the District Court entered an order which, among other things, appointed Lee S. Richards, Esq. as receiver (the "Receiver") for the assets of BLMIS (No. 08-CV-10791(LSS));

C. On December 15, 2008, pursuant to section 5(a)(4)(A) of SIPA, the Commission consented to a combination of its own action with the application of SIPC. Thereafter, SIPC filed an application in the District Court under section 5(a)(3) of SIPA alleging, *inter alia*, that BLMIS was not able to meet its obligations to securities customers as they came due and, accordingly, its customers needed the protections afforded by SIPA. On December 15, 2008, the District Court granted the SIPC application and entered an order under SIPA, which, in pertinent part, appointed the Trustee as the trustee for the liquidation of the business of BLMIS under section 5(b)(3) of SIPA, removed the Receiver as the receiver for BLMIS, and removed the case to the Bankruptcy Court under section 5(b)(4) of SIPA, where it is currently pending as Case No. 08-01789 (SMB). By Order dated June 2, 2009, the estate of Madoff (the "Madoff Estate") was substantively consolidated with the estate of BLMIS;

D. Pursuant to section 78fff-1(a) of SIPA, the Trustee has the general powers of a bankruptcy trustee in a case under Chapter 7 of the United States Bankruptcy Code, 11 U.S.C. §§ 101, *et seq.* (the "Bankruptcy Code"), as well as the powers granted pursuant to SIPA. Chapters 1, 3, 5 and subchapters I and II of Chapter 7 of the Bankruptcy Code apply to this SIPA proceeding to the extent consistent with SIPA;

E. Under SIPA, the Trustee is charged with the responsibility to marshal and liquidate the assets of BLMIS for distribution to BLMIS customers and others in accordance with SIPA in satisfaction of allowed claims, including through the recovery of avoidable transfers such as preference payments and fraudulent transfers made by BLMIS;

F. On or about December 1, 2010, the Trustee commenced an adversary proceeding against the Defendants in the Bankruptcy Court under the caption *Picard v. Edward Blumenfeld, et al.*, Adv. Pro. No. 10-04730 (SMB) (the “Adversary Proceeding”). In the Adversary Proceeding, the Trustee asserts a number of claims against the Defendants, including that the Defendants are liable to the BLMIS estate under 11 U.S.C. §§ 544, 547, 548, 550(a) and 551, SIPA sections 78fff(b), 78fff-1(a) and 78fff(2)(c)(3), the New York Debtor and Creditor Law §§ 273, 274, 275, 276, 276(a), 278 and 279, and New York Civil Practice Law and Rules §§ 203(g) and 213(8) for up to \$100,033,989 in avoidable transfers from BLMIS (the “Transfers”). The Adversary Proceeding also seeks to disallow and/or equitably subordinate the Defendant Customer Claims and the Determined Claims (each as defined below).

G. Prior to the filing of the Adversary Proceeding, certain Defendants who had been customers of BLMIS and maintained BLMIS customer accounts (together, the “Customer Claimholder Defendants”) filed customer claims in the BLMIS SIPA proceeding with an aggregate net losing equity value of \$29,348,309.09 which in each case have not been determined pending the outcome of the Adversary Proceeding (together the “Defendant Customer Claims”). Such Customer Claimholder Defendants, their respective claim numbers, and the respective net equity values of their Defendant Customer Claims, are set forth on Exhibit B-1 hereto.

H. Prior to the filing of the Adversary Proceeding, certain Defendants who had been customers of BLMIS and maintained BLMIS customer accounts (together, the “Determined Claimholder Defendants”) filed other customer claims in the BLMIS SIPA proceeding which in each case were denied by the Trustee (the “Determined Claims”) pursuant to a Notice of Trustee’s Determination of Claim (the “Determination Notices”), and such Defendants filed objections to their respective Determination Notices (each, an “Objection”, and together, the “Objections”), either prior to or subsequent to the filing of the Adversary Proceeding. The Determined Claimholder Defendants, their respective claim numbers, the date of the related Determination Notices and Objections, and the relevant docket number for the filed Objections, are set forth on Exhibit B-2 hereto.

I. On August 27, 2012, the Bankruptcy Court entered a Stipulation and Order permitting the Defendants and the Trustee to explore the possibility of resolving or compromising matters and issues in the Adversary Proceeding through mediation. Since that time, the parties to the Adversary Proceeding have exchanged certain discovery pursuant to such Order and have actively engaged in multiple formal and informal mediation sessions and further negotiations with counsel subsequent to termination of the mediation period. This Agreement represents the culmination of such efforts.

NOW THEREFORE, for good and valuable consideration as set forth herein, the adequacy and sufficiency of which is recognized for all purposes, the Parties agree as follows:

1. No Admission of Liability. This Agreement memorializes a settlement (“Settlement”) of disputed claims and is not in any way to be construed as an admission of liability, or of any issue of fact or law, by any Party hereto. Specifically, but without limitation, the Defendants deny that they received any of the fraudulent transfers asserted in the Complaint with actual knowledge of fraud at BLMIS, with willful blindness to circumstances suggesting fraud at BLMIS, or

otherwise in bad faith, and the Defendants dispute the legal and factual bases of the Trustee's potential claims. The Defendants have nonetheless decided to settle this matter to avoid the uncertainty, time required, and expense of continued litigation.

2. Effective Date.

(a) This Agreement is subject to approval by the Bankruptcy Court. If the Bankruptcy Court does not approve this Agreement, this Agreement shall be null and void, unless otherwise agreed in writing by the Parties. The Trustee shall provide a courtesy copy of the Bankruptcy Rule 9019 motion (the "Motion") seeking approval of the Agreement to Defendants at least one full business day (24 hours) prior to filing with the Bankruptcy Court; provided however that the form and content of the filed Motion shall be solely within the Trustee's discretion. The existence and terms of this Agreement shall remain confidential until such time as to the Motion is filed, except that, anytime on or after execution of the Agreement, the Defendants may provide an executed copy of the Agreement to the United States Department of Justice ("DOJ") in connection with the Defendants' activities contemplated by Section 9 below. For purposes of this Agreement, the term "business day" means a day that is a day of the year on which banks are not required or authorized by law to close in New York, New York.

(b) The terms and conditions of this Agreement shall become effective and enforceable on the first business day after the date that the Bankruptcy Court order approving this Agreement becomes a Final Order, as defined below (the "Effective Date"). "Final Order" shall mean an order of the Bankruptcy Court which is not subject to any stay of its effectiveness and (i) as to which (without regard to any time period under Bankruptcy Rule 9024) the time to appeal or petition for certiorari has expired and as to which no timely appeal or petition for certiorari shall then be pending; or (ii) if a timely appeal or writ of certiorari thereof has been sought, the order shall have been affirmed by the highest court to which such order was appealed, or certiorari shall have been denied or reargument or rehearing on remand shall have been denied or resulted in no modification of such order, and the time to take any further appeal or petition for certiorari shall have expired.

(c) If this Agreement does not become effective and the Effective Date does not occur, then (1) the Agreement shall be deemed null and void; (2) the Parties shall not be deemed to have waived any of their respective rights or to have settled any controversy between them that existed before the execution of the Agreement; (3) the Parties shall be restored *nunc pro tunc* to the respective legal positions that they were in immediately before the execution of the Agreement; (4) the Trustee shall return to the Defendants the executed Notices of Withdrawal of Objection (as described below); (5) neither this Agreement nor any exhibit (or document or instrument, if any) delivered hereunder shall be (i) with prejudice to any person or Party hereto, (ii) deemed to be or construed as an admission by any Party of any act, matter, or proposition, or of the merit or lack of merit of any claim or defense, or (iii) used in any manner or for any purpose in any subsequent proceeding in this action, or in any other action in any court or in any other proceeding; and (6) all negotiations, proceedings, and statements made in connection with the negotiation of this Agreement (i) shall be without prejudice to any person or party herein, (ii) shall not be deemed as or construed to be an admission by any Party herein of any act, matter, or proposition, or of the merit or lack of merit of any claim or defense, and (iii) shall not be offered

in evidence in this or any other action or proceeding, except in connection with this Agreement or the enforcement thereof.

3. Settlement Payment Obligation and Assignment of Defendant Customer Claims. In consideration for the covenants and agreements set forth in this Agreement and for other good and valuable consideration (including, without limitation, the releases set forth herein), the receipt and sufficiency of which is hereby acknowledged for purposes of this settlement only:

(a) In full and final payment and satisfaction of all amounts claimed by the Trustee, subject to the terms of this Agreement, the Defendants shall pay to the Trustee the amount of Thirty-Two Million Seven Hundred Fifty Thousand United States Dollars (\$32,750,000.00) (the "Settlement Payment Amount") on the Closing Date (as defined in Section 5 below) by wire transfer of immediately available funds to the account specified on Schedule I attached hereto or such other U.S. account as the Trustee may direct; and

(b) The Defendant Customer Claims, totaling \$29,348,309.09 million, shall be absolutely, unconditionally, and irrevocably assigned and transferred by each of the Customer Claimholder Defendants to the Trustee in full on the Closing Date, including without limitation, all rights and powers in respect of such Defendant Customer Claims.

4. Determinations; Withdrawals. In consideration for the covenants and agreements set forth in this Agreement and for other good and valuable consideration (including, without limitation, the releases set forth herein), the receipt and sufficiency of which is hereby acknowledged for purposes of this settlement only, the Parties agree to the following determinations and withdrawals with respect to the Determined Claims:

(a) The Determination Notices shall continue in full force and effect and shall be deemed final and not subject to dispute.

(b) As part of the consideration to Trustee hereunder, each Determined Claimholder Defendant has delivered concurrently herewith to Trustee for filing (on or after Closing) an executed Notice of Withdrawal of Objection with prejudice, in the form attached hereto as Exhibit C.

5. Closing. The closing ("Closing") shall be on a business day agreed by the Parties no later than seven (7) business days after the Trustee provides written notice (which may be by e-mail) to the Defendants that the Effective Date has occurred (the "Closing Date"). At the Closing, (i) Defendants shall pay the Settlement Payment Amount as contemplated by Section 3(a) above, (ii) the assignment and transfer contemplated by Section 3(b) above, the Notices of Withdrawal of Objection contemplated in Section 4 above, and the releases contained in Sections 6 and 7 below shall in each case become effective without any further action by any of the Parties, and (iii) the Notices of Withdrawal of Objection shall be dated as of the Closing Date.

6. Release by Trustee.

(a) In consideration for the covenants and agreements set forth in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which is hereby

acknowledged, except with respect to any rights arising under this Agreement, all of which are reserved:

(i) the Trustee, BLMIS, and the consolidated estates of BLMIS and Madoff hereby forever release, remise and discharge each Defendant (which includes all of the parties listed on Exhibit A hereto) and each of the Defendants' attorneys—specifically, Goodwin Proctor, LLP and the other firms with which William P. Weintraub has been affiliated during the pendency of the Adversary Proceeding, Clayman & Rosenberg, LLP, and Weil Gotshal & Manges LLP—from any and all past, present or future claims or causes of action (including any suit, petition, demand or other claim in law, equity or arbitration) and from any allegations of liability or damages (including any allegation of duties, debts, reckonings, contracts, controversies, agreements, promises, damages, responsibilities, covenants or accounts) of whatever kind, nature or description, direct or indirect, in law, equity or arbitration, absolute or contingent, in tort, contract, statutory liability or otherwise, based on strict liability, negligence, gross negligence, fraud, breach of fiduciary duty or otherwise (including attorneys' fees, costs or disbursements) known or unknown (including Unknown Claims, as defined below), liquidated or contingent, that are, have been, could have been, or might in the future be, asserted by Trustee against Defendants based on, arising out of, or relating in any way to BLMIS, the Madoff Estate, or the Adversary Proceeding (or any amended complaint that could have been filed therein), including for the sake of clarity (A) any other present or future litigation or proceeding arising out of or related to the liquidation of BLMIS or the Madoff Estate, (B) any claim or cause of action which the Trustee has the authority to assert by virtue of and in his capacity as trustee of the consolidated estates of BLMIS and Madoff on behalf of any entity currently, formerly, or in the future controlled by BLMIS or Madoff, (C) any causes of action with respect to any BLMIS customer claims or any transfers contemplated by the Adversary Proceeding (or any amended complaint that could have been filed therein) or otherwise, and (D) any subsequent transferee liability for any claims for money or property, or the proceeds or value thereof, that are based upon any Defendant's receipt of a transfer (or the proceeds or value thereof) that is derived from (or originated as) an initial transfer to another Defendant that is being released under the Settlement; and

(ii) the Trustee, BLMIS, and the consolidated estates of BLMIS and Madoff hereby forever release, remise and discharge each Non-Defendant Additional Releasee (which includes all of the parties listed on Exhibit D hereto) and any subsequent transferee thereof, solely with respect to any and all claims including future claims for money or property, or the proceeds or value thereof, that (A) originate from the initial transfers to Defendants that have been asserted, or could have been asserted, against Defendants in the Adversary Proceeding (or any amended complaint that could have been filed therein) or (B) could have been asserted with respect to the Referenced Transactions (as defined in Section 9(a) below), including without implied limitation, any subsequent transferee liability under Bankruptcy Code Section 550.

(b) The foregoing releases do not preclude the Trustee from naming 4th & Forty, LLC and/or BCC, II as a party only to the extent either is a necessary party in a proceeding by the Trustee to recover the interests held by the Estate of Andrew Madoff and/or the Estate of Mark

Madoff in such entities, provided that no claims or damages shall be asserted against such entities in that proceeding.

7. Release by Defendants.

(a) Defendants, on behalf of themselves and their executors, administrators, heirs and assigns, except with respect to (x) any rights arising under this Agreement, and (y) any and all remedies available to each Defendant pursuant to the LPO (as defined in Section 30 below) with respect to documents or other information produced by such Defendant to the Trustee, all of which as to both (x) and (y) are reserved, hereby release, remise, and forever discharge (i) Trustee, (ii) all of Trustee's attorneys, professionals, agents and consultants, and (iii) BLMIS and its consolidated estate from any and all claims or causes of action (including any suit, petition, demand, or other claim in law, equity or arbitration) and from any and all allegations of liability or damages (including any allegation of duties, debts, reckonings, contracts, controversies, agreements, promises, damages, responsibilities, covenants, or accounts) of whatever kind, nature or description, direct or indirect, in law, equity or arbitration, absolute or contingent, in tort, contract, statutory liability or otherwise, based on strict liability, negligence, gross negligence, fraud, breach of fiduciary duty or otherwise (including attorneys' fees, costs or disbursements) known or unknown (including Unknown Claims, as defined below), liquidated or contingent, that are, have been, could have been, or might in the future have been, asserted based on, arising out of, or relating in any way to BLMIS, the Madoff Estate, or the Adversary Proceeding, including for the sake of clarity the Defendants' BLMIS accounts and the Transfers (Sections 6(a) and 7(a), together, "Released Claims"). For clarity, nothing in this release shall release the right or claim of any Defendant to any and all distributions such Defendant receives from (i) the forfeiture fund established by the U.S. Department of Justice and (ii) the class action settlement in Shapiro v. JP Morgan Chase & Co., SDNY, No.11-CIV-8331 (CM) and Hill v. JP Morgan Chase & Co., SDNY, No. 11-7961 (CM) (together, the "Other Potential Distributions").

(b) For purposes of Sections 6 and 7, "Unknown Claims" shall mean any Released Claims that a Party does not know or suspect to exist in his, her or its favor at the time of giving the release in this Agreement that if known by him, her or it, might have affected his, her or its settlement and release in this Agreement. With respect to any and all Released Claims, the Parties shall expressly waive or be deemed to have waived, the provisions, rights and benefits of California Civil Code section 1542 (to the extent it applies herein), which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Each Party expressly waives, and shall be deemed to have waived, any and all provisions, rights and benefits conferred by any law of the United States or any state or territory of the United States, or principle of common law or foreign law, that is similar, comparable or equivalent in effect to California Civil Code section 1542. Each Party may hereafter discover facts in addition to or different from those that he, she or it now knows or believes to be true with

respect to the subject matter of the Released Claims, but each Party shall expressly have and shall be deemed to have fully, finally and forever settled and released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or noncontingent, whether or not concealed or hidden, that now exist or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including conduct that is negligent, reckless, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence or such different or additional facts. The Parties acknowledge and shall be deemed to have acknowledged that the foregoing waiver was separately bargained for and a key element of the settlement of which this release is a part.

8. Representations and Warranties.

(a) Trustee hereby represents and warrants to Defendants that, subject to the approval of the Bankruptcy Court as set forth in Section 2, (i) he has the full power, authority and legal right to execute and deliver this Agreement and to perform his obligations hereunder, and (ii) this Agreement has been duly executed and delivered by the Trustee and constitutes a valid and binding agreement of the Trustee enforceable against him in accordance with its terms.

(b) The Defendants hereby represent and warrant to Trustee that: (i) they have full power, authority and legal right to execute and deliver this Agreement and to perform their obligations hereunder; (ii) to the extent Defendants are not individual persons, the execution and delivery of this Agreement and the performance by such Defendants of their obligations hereunder have been duly and validly authorized by all necessary action on the part of such Defendants; (iii) this Agreement has been duly executed and delivered by Defendants and, subject to the approval of the Bankruptcy Court as set forth in Section 2, constitutes the valid and binding agreement of Defendants, enforceable against Defendants in accordance with its terms; (iv) in executing this Agreement, Defendants have done so with the full knowledge of any and all rights that Defendants may have with respect to the controversies herein compromised, and Defendants have received or have had the opportunity to obtain independent legal advice from their attorneys with regard to the facts relating to said controversies and with respect to the rights arising out of said facts; and (v) no other person or entity, other than those specifically identified herein, has any interest in the matters that Defendants release or assign herein (including without limitation the Defendant Customer Claims and Determined Claims), and Defendants have not assigned or transferred or purported to assign or transfer to any such third person or party all or any portion of the matters that Defendants release or assign herein (including without limitation the Defendant Customer Claims and Determined Claims).

9. Additional Representations and Warranties by Defendants; Survival.

(a) The Defendants hereby further represent and warrant that, to the best of their knowledge, information and belief, and after a reasonable review of their books and records that: (i) they are not immediate, mediate or subsequent transferees of any funds nor in possession of any property originating from Madoff or BLMIS, other than (A) those that are identified in the Adversary Proceeding and (B) those that are related to capital contributions for investments in real estate projects or compensation for services (specifically, investments made by Bernard L. Madoff in LaGuardia Corporate Center Associates, LLC, Edward Blumenfeld, Et. Al., 4th and Forty, LLC and/or W.D.I., LLC, investments made by Andrew Madoff and Mark Madoff in 4th

& Forty, LLC, investments made directly or indirectly by Peter Madoff in BDG Yaphank, LLC and/or BDG Leroy, LLC, rent payments made by BLMIS to LaGuardia Corporate Center Associates, LLC under BLMIS's lease for space at Bulova Corporate Center, payments made by BLMIS, Bernard and Ruth Madoff, Mark Madoff, Andrew Madoff, Peter and Marion Madoff, or any other Madoff family member or entity controlled by a Madoff family member to Susan Blumenfeld Interiors, Ltd. for work performed by Susan Blumenfeld Interiors, Ltd., and payments made by BLMIS or any Madoff family member or entity controlled by a Madoff family member to Blumenfeld Development Group, BDG Construction Corp., or Chaos Construction Corp. for work performed by any of those entities at Bulova Corporate Center, BLMIS's offices, including the office at 885 Third Avenue, or any other project listed herein or identified in the Adversary Proceeding; together, the "Referenced Transactions"); and (ii) they are not aware of any potential claims against them by Madoff or BLMIS, other than the claims that are identified in the Adversary Proceeding or are related to the Referenced Transactions.

(b) The Defendants are aware of and acknowledge that the Trustee is relying on the representations set forth in Section 8 above and this Section 9 in agreeing to provide the releases set forth in Section 5 above.

(c) Each of the representations and warranties set forth in Section 8 and this Section 9 shall survive in perpetuity.

10. DWD Interest. Notwithstanding anything contained herein to the contrary, the Settlement, when effective, inter alia, fully resolves and terminates the Trustee's asserted fraudulent transfer claims against Defendants for the recovery of \$11 million claimed to have been transferred by BLMIS to DWD Associates LLC ("DWD") on December 5, 2008, and also fully resolves and terminates any counterclaims and offsets that DWD and/or the other Defendants may have in respect of such transfer as against the Trustee. In connection with such transfer, the funds for which came solely from BLMIS, Ruth Madoff purported to acquire an interest in DWD (the "DWD Interest"). The Trustee acknowledges that, to the best of his knowledge, information and belief, none of Ruth Madoff, Bernard L. Madoff or BLMIS properly acquired or held as an owner any interest of any kind in DWD, beneficial or otherwise. The Trustee acknowledges that DWD, together with such other Defendants, if any (collectively, the "DWD Defendants"), may, as necessary or appropriate, seek the release or abandonment of any claim by the DOJ as to the purported DWD Interest. The Trustee will, upon reasonable notice, provide a written statement addressed to the DOJ consistent with this paragraph as to the purported DWD Interest, in the form as set forth on Exhibit E hereto. Neither the Trustee nor SIPC shall have any obligation to join formally in any litigation that may be initiated by the DWD Defendants relating to the seizure and forfeiture of the DWD Interest.

11. Further Assignment. Except with respect to the Other Potential Distributions, each of the Defendants shall absolutely, unconditionally, and irrevocably assign to the Trustee and SIPC, as subrogee to the extent of SIPC's cash advances, any and all rights, including causes of action or claims, that they may have against BLMIS arising out of or relating to any fraudulent or illegal activity with respect to their BLMIS accounts which gave rise to any such claims (to the extent such rights or claims exist; the Defendants are not aware of any such rights or claims). Each of the Defendants represent and warrant that they have not previously compromised, liened, or assigned any claim, cause of action, or other right against BLMIS, its principals or agents or any

third party arising out of or related to any fraudulent or illegal activity giving rise to any such claims.

12. Dismissal of Adversary Proceeding. As soon as practicable after the Closing, the Trustee shall file a Notice of Dismissal dismissing the Adversary Proceeding, with prejudice and without costs to either the Trustee or the Defendants.

13. Termination of Litigation. The Defendants agree to terminate and will not pursue any other litigation involving the Trustee or SIPC arising out of or relating to BLMIS, including any consolidated briefings before District Judge Rakoff of the United States District Court for the Southern District of New York and any appeals related to such proceedings.

14. Termination of Agreements with BLMIS. Any and all prior agreements between Defendants and BLMIS are hereby terminated as of the date of this Agreement.

15. Announcements. Any press release or similar announcement or communications to the media as to the Settlement or the terms and conditions of the Settlement, or any postings on websites or blogs or other publicly available electronic media as to the settlement or the terms and conditions thereof (other than the Settlement Agreement itself and any filings on the Court's electronic docket addressing the Settlement), shall be subject to the prior review and approval of the Trustee and the Defendants, which shall not be unreasonably withheld. The Parties agree not to make any disparaging statement with respect to each other or the terms and conditions of the Settlement and this Agreement.

16. Insolvency-Related Provisions. The payment to be made under this Agreement shall be allocated to, paid by and borne by the Defendants in accordance with such allocation as shall be determined by the Defendants and set forth in a schedule provided by the Defendants to the Trustee and retained by him; provided however that no Defendant shall be allocated a total payment amount which is greater than the total initial transfers from BLMIS alleged to have been made to such Defendant in the Trustee's complaint in the Adversary Proceeding. Each of the Defendants hereby represent to the Trustee that:

(a) Any payment or assignment of claims made pursuant to this Agreement is intended to constitute a contemporaneous exchange for new value given to the Defendants pursuant to Bankruptcy Code Section 547(c)(1); and in reliance on the Settlement, including without limitation the Settlement Payment Amount and the assignment of Defendant Customer Claims, the Trustee is contemporaneously providing the benefits to the Defendants set forth in the Settlement Agreement, including without limitation the releases;

(b) Each of the Defendants represents to the Trustee, to the best of Defendants' knowledge, information and belief, that (i) as of, and after the transactions contemplated by, the Closing, it, he, or she shall be solvent within the meaning of Bankruptcy Code section 547(b)(3) and 548(a)(1)(B)(ii)(I) and able to pay its, his or her debts when due and (ii) the payments and other transactions contemplated by the Closing shall not render any such Defendant insolvent; and

(c) If a Defendant commences, or a third party commences against a Defendant, any case, proceeding, or other action under any law relating to bankruptcy, insolvency,

reorganization, or relief from creditors, such Defendant shall not argue or otherwise take the position that: (i) Defendant's obligations under this Agreement may be avoided under the Bankruptcy Code section 547, (ii) Defendant was insolvent at the time of entry into, or became insolvent as a result of payments made under, this Agreement, and (iii) the mutual promises, covenants and obligations under this Agreement do not constitute a contemporaneous exchange for new value given to such Defendant.

17. Further Assurances. Each Party shall execute and deliver any document or instrument reasonably requested by the other Party after the date of this Agreement to effectuate the intent of this Agreement.

18. Entire Agreement. This Agreement constitutes the entire agreement and understanding between the Parties pertaining to the subject matter hereof and supersedes any and all prior or contemporaneous agreements, representations and understandings of the Parties concerning the subject matter hereof.

19. Amendment; Waiver. This Agreement may not be terminated, amended or modified in any way except by written instrument signed by all Parties. No waiver of any provision of this Agreement shall be deemed to constitute a waiver of any other provision hereof, whether or not similar, nor shall such waiver constitute a continuing waiver.

20. Assignment. This Agreement may not be assigned by either Party without the prior written consent of the other Party.

21. Successors. This Agreement shall be binding upon and inure to the benefit of each Party and its respective successors and permitted assigns.

22. Negotiated Agreement. This Agreement has been fully negotiated by the Parties. Each Party acknowledges and agrees that this Agreement has been drafted jointly, and the rule that ambiguities in an agreement or contract may be construed against the drafter shall not apply in the construction or interpretation of this Agreement.

23. Severability. Except for the requirements that (i) the Defendants pay the Settlement Payment Amount and assign the Defendant Customer Claims, as set forth in Section 3 hereof, withdraw the Objections as set forth in Section 4 hereof, and grant releases to the Trustee and other named persons in the form and scope set forth in Section 7 hereof and (ii) the Trustee provide the written statement set forth in Exhibit E hereto and grant releases to the Defendants and the Non-Defendant Additional Releasees in the form and scope set forth in Section 6 hereof, in each case the failure, invalidity or unenforceability of which would substantially destroy the benefit of this Agreement for the affected Party, in the event that any term or provision of this Agreement or any application thereof is deemed to be invalid or unenforceable, the remainder of this Agreement and any other application of such term or provision shall not be affected thereby.

24. Counterparts; Electronic Copy of Signatures. This Agreement may be executed and delivered in any number of counterparts, each of which so executed and delivered shall be deemed to be an original and all of which shall constitute one and the same document. Each Party may evidence its execution of this Agreement by delivery to the other Party of scanned or faxed copies of its signature, with the same effect as the delivery of an original signature.

25. Governing Law. This Agreement and any claim related directly or indirectly to this Agreement shall be governed by and construed in accordance with the laws of the State of New York (without regard to the principles of conflicts of law thereof), the Bankruptcy Code and SIPA. Each Party hereby waives on behalf of itself and its successors and assigns any and all right to argue that the choice of New York law provision is or has become unreasonable in any legal proceeding.

26. JURISDICTION; WAIVER OF JURY TRIAL.

(a) THE BANKRUPTCY COURT SHALL HAVE EXCLUSIVE JURISDICTION OVER ANY AND ALL DISPUTES BETWEEN OR AMONG THE PARTIES, WHETHER IN LAW OR EQUITY, ARISING OUT OF OR RELATING TO THIS AGREEMENT. IN THE EVENT THE BLMIS PROCEEDING IS CLOSED BY A FINAL DECREE AND NOT REOPENED, THE PARTIES AGREE THAT ANY DISPUTE ARISING OUT OF THIS AGREEMENT MAY BE BROUGHT IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK OR THE SUPREME COURT OF THE STATE OF NEW YORK IN NEW YORK COUNTY.

(b) EACH PARTY HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

27. Expenses. Each Party shall bear its respective expenses relating to or arising out of this Agreement, including, but not limited to, fees for attorneys, accountants and other advisors.

28. Notices. All notices, requests, demands, consents and communications necessary or required under this Agreement shall be in writing and shall be delivered by hand or sent by registered or certified mail, return receipt requested, by overnight mail with confirmation, by facsimile (receipt confirmed) or by electronic means (receipt confirmed), to:

If to the Trustee:

Irving H. Picard
Baker & Hostetler LLP
45 Rockefeller Plaza
New York, New York 10111
F: 212-589-4201
E: ipicard@bakerlaw.com

With a copy to:

Howard L. Simon, Esq. and Kim M. Longo, Esq.
Windels Marx Lane & Mittendorf, LLP
156 West 56th Street
New York, New York 10019
F: 212-262-1215
E: hsimon@windelsmarx.com
E: klongo@windelsmarx.com

If to the Defendants:

Seth L. Rosenberg
Clayman & Rosenberg LLP
305 Madison Ave
New York, NY 10165

William P. Weintraub
Goodwin Proctor, LLP
The New York Times Building
620 Eighth Ave

F: 212-949-8255
E: Rosenberg@clayro.com

New York, NY 10018
F: 212-355-3333
E: wweintraub@goodwinproctor.com

A Party may change its address for receiving notice by giving notice of a new address in the manner provided herein. All such notices, requests, demands, consents and other communications shall be deemed to have been duly given or sent two (2) days following the date on which mailed, or on the date on which delivered by courier or by hand or by facsimile or electronic transmission (receipt confirmed), as the case may be, and addressed as aforesaid.

29. No Third Party Beneficiaries. Except as expressly provided in Section 6 or Section 7, the Parties do not intend to confer any benefit by or under this Agreement upon any person or entity other than the Parties hereto and their respective successors and permitted assigns.

30. Confidential Documents. The Trustee and each Defendant acknowledges that all documents or other information that have been provided by the Trustee to any Defendant, or by any Defendant to the Trustee (other than those produced by Defendants on June 1, 2009 and August 7, 2009, all of which documents were not designated by Defendants as confidential at the time of production), have been designated as “confidential” and shall continue to be treated as “confidential” (to the extent not de-designated by Defendants or court order) pursuant to and in accordance with that certain Litigation Protective Order issued by the Bankruptcy Court in the consolidated BLMIS main docket (Adv. Pro. No. 08-01789) on June 6, 2011, as revised by that certain Order Modifying the June 6, 2013 Litigation Protective Order issued by the Bankruptcy Court in the consolidated BLMIS main docket (Adv. Pro. No. 08-01789) on September 17, 2013 (together, the “LPO”), and that certain Order Establishing Procedures for Third-Party Data Rooms issued by the Bankruptcy Court in the consolidated BLMIS main docket (Adv. Pro. No. 08-01789) on September 17, 2013.

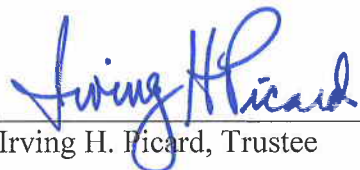
31. Captions and Rules of Construction. The captions in this Agreement are inserted only as a matter of convenience and for reference and do not define, limit or describe the scope of this Agreement or the scope or content of any of its provisions. Any reference in this Agreement to a section is to a section of this Agreement. “Including” is not intended to be a limiting term.

[Signature page follows]

IN WITNESS WHEREOF, each Party has caused this Agreement to be duly executed and delivered as of the date set forth above.

TRUSTEE

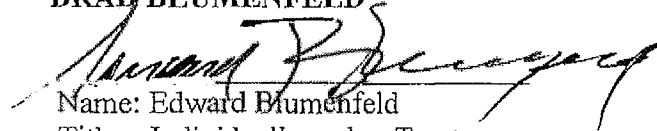
**THE TRUSTEE FOR THE LIQUIDATION
PROCEEDINGS OF BERNARD L. MADOFF
INVESTMENT SECURITIES LLC AND THE
SUBSTANTIVELY CONSOLIDATED
BANKRUPTCY CASE OF BERNARD L. MADOFF**

By: 
Irving H. Picard, Trustee

[TRUSTEE SIGNATURE PAGE TO SETTLEMENT AGREEMENT]

DEFENDANTS

EDWARD BLUMENFELD, individually, and as Trustee for SUSAN BLUMENFELD GST TRUST, TRUST F/B/O SUSAN BLUMENFELD, TRUST F/B/O DAVID BLUMENFELD, and TRUST F/B/O BRAD BLUMENFELD



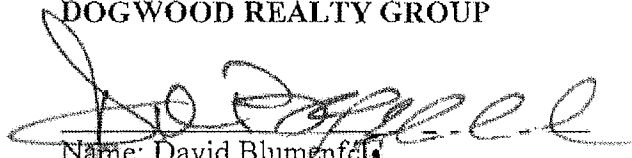
Name: Edward Blumenfeld
Title: Individually and as Trustee

SUSAN BLUMENFELD, individually, and as Trustee for TRUST F/B/O SUSAN BLUMENFELD, TRUST F/B/O DAVID BLUMENFELD, TRUST F/B/O BRAD BLUMENFELD, DAVID BLUMENFELD FARMINGDALE TRUST, BRAD BLUMENFELD FARMINGDALE TRUST, BOXWOOD REALTY GROUP, and DOGWOOD REALTY GROUP



Name: Susan Blumenfeld
Title: Individually and as Trustee

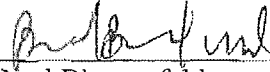
DAVID BLUMENFELD, individually, and as Trustee for SUSAN BLUMENFELD GST TRUST, THE DAVID BLUMENFELD FAMILY TRUST, TRUST F/B/O DAVID BLUMENFELD, BOXWOOD REALTY GROUP, and DOGWOOD REALTY GROUP



Name: David Blumenfeld
Title: Individually and as Trustee

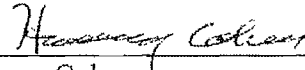
[DEFENDANT SIGNATURE PAGE TO SETTLEMENT AGREEMENT]

BRAD BLUMENFELD, individually, and as Trustee for SUSAN BLUMENFELD GST TRUST, THE DAVID BLUMENFELD FAMILY TRUST, TRUST F/B/O BRAD BLUMENFELD, BOXWOOD REALTY GROUP, and DOGWOOD REALTY GROUP



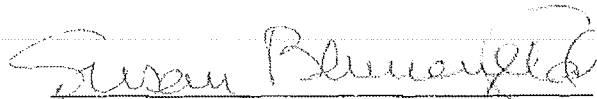
Name: Brad Blumenfeld
Title: Individually and as Trustee

HARVEY COHEN, individually, and as Trustee for EDWARD BLUMENFELD AND SUSAN BLUMENFELD CHARITABLE LEAD TRUST, EDWARD AND SUSAN BLUMENFELD 2007 CHARITABLE LEAD TRUST, and BRAD BLUMENFELD CHARITABLE LEAD TRUST



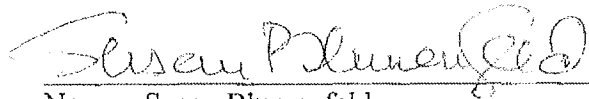
Name: Harvey Cohen
Title: Individually and as Trustee

TRUST F/B/O SUSAN BLUMENFELD



Name: Susan Blumenfeld
Title: Trustee

TRUST F/B/O DAVID BLUMENFELD



Name: Susan Blumenfeld
Title: Trustee

[DEFENDANT SIGNATURE PAGE TO SETTLEMENT AGREEMENT - CONT'D]

TRUST F/B/O BRAD BLUMENFELD



Name: Susan Blumenfeld
Title: Trustee

DAVID BLUMENFELD FARMINGDALE TRUST



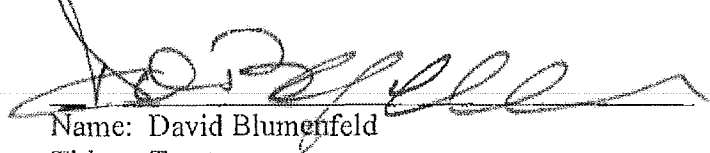
Name: Susan Blumenfeld
Title: Trustee

SUSAN BLUMENFELD GST TRUST



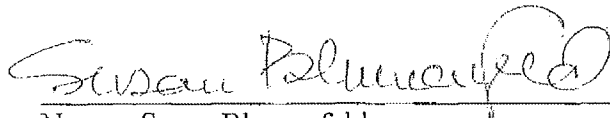
Name: Brad Blumenfeld
Title: Trustee

THE DAVID BLUMENFELD FAMILY TRUST



Name: David Blumenfeld
Title: Trustee

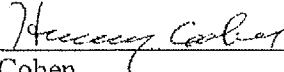
BRAD BLUMENFELD FARMINGDALE TRUST



Name: Susan Blumenfeld
Title: Trustee

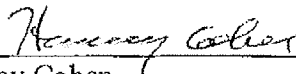
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**EDWARD BLUMENFELD AND SUSAN
BLUMENFELD CHARITABLE LEAD TRUST**



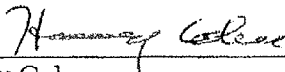
Name: Harvey Cohen
Title: Trustee

**EDWARD BLUMENFELD AND SUSAN
BLUMENFELD 2007 CHARITABLE LEAD
TRUST**



Name: Harvey Cohen
Title: Trustee

**BRAD BLUMENFELD CHARITABLE LEAD
TRUST**



Name: Harvey Cohen
Title: Trustee

**BLUMENFELD DEVELOPMENT GROUP,
LTD**
A New York Corporation



Name: Edward Blumenfeld
Title: President

[DEFENDANT SIGNATURE PAGE TO SETTLEMENT AGREEMENT - CONT'D]

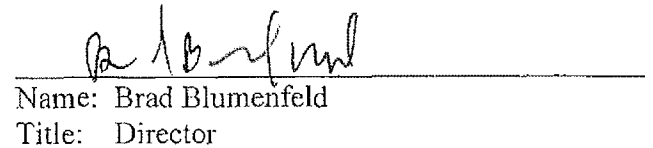
**EDWARD BLUMENFELD AND SUSAN
BLUMENFELD GUARDIANS FOR DAVID
BLUMENFELD NY UGMA**


Name: Edward Blumenfeld
Title: Guardian

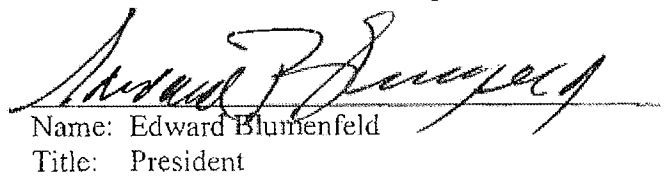
**EDWARD BLUMENFELD AND SUSAN
BLUMENFELD GUARDIANS FOR BRAD
BLUMENFELD NY UGMA**


Name: Edward Blumenfeld
Title: Guardian

**THE BRAD BLUMENFELD FAMILY
FOUNDATION**
A New York Not-For- Profit Corporation


Name: Brad Blumenfeld
Title: Director

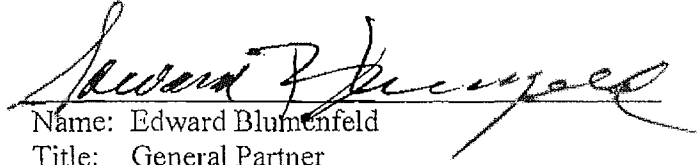
**THE EDWARD AND SUSAN BLUMENFELD
FOUNDATION**
A New York Not-For-Profit Corporation


Name: Edward Blumenfeld
Title: President

[DEFENDANT SIGNATURE PAGE TO SETTLEMENT AGREEMENT - CONT'D]

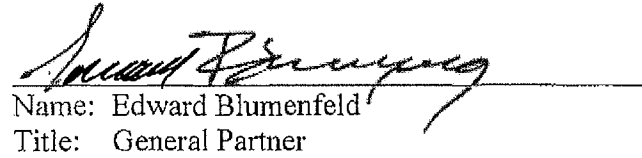
BULL MARKET FUND

A New York Partnership


Name: Edward Blumenfeld
Title: General Partner

EDWARD BLUMENFELD ET AL II

A New York Partnership


Name: Edward Blumenfeld
Title: General Partner

DWD ASSOCIATES, LLC

A New York Limited Liability Company

By: BDG DWD Associates, LLC, its Manager


Name: David Blumenfeld
Title: Manager

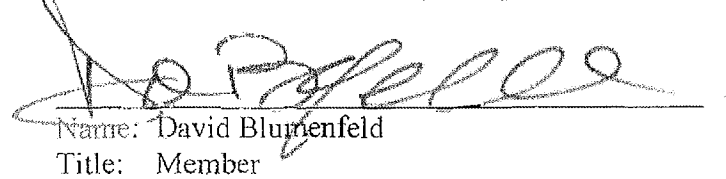
BDG DWD ASSOCIATES, LLC

A New York Limited Liability Company


Name: David Blumenfeld
Title: Manager

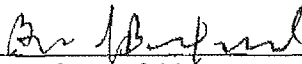
EDB CAPITAL, LLC

A New York Limited Liability Company


Name: David Blumenfeld
Title: Member

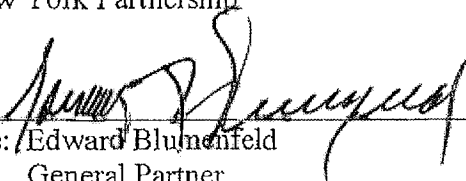
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DOUBLE B SQUARED, LLC
A New York Limited Liability Company



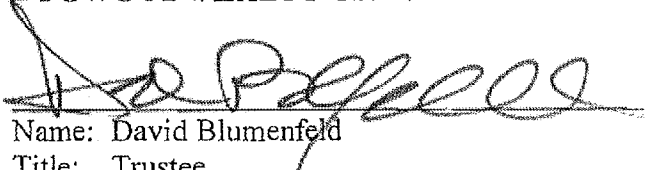
Name: Brad Blumenfeld
Title: Manager

**EDWARD BLUMENFELD GERALD Y
MORDFIN ET AL**
A New York Partnership




Name: Edward Blumenfeld
Title: General Partner

DOGWOOD REALTY GROUP



Name: David Blumenfeld
Title: Trustee

EDWARD BLUMENFELD ET AL
A New York Partnership




Name: Edward Blumenfeld
Title: General Partner

[DEFENDANT SIGNATURE PAGE TO SETTLEMENT AGREEMENT - CONT'D]

LAGUARDIA CORPORATE CENTER ASSOCIATES, LP

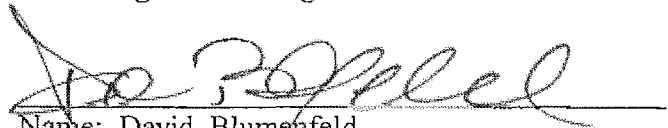
A New York Limited Partnership
By: LAG Time Associates, its
general partner



Name: Edward Blumenfeld
Title: General Partner

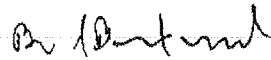
LAGUARDIA CORPORATE CENTER ASSOCIATES, LLC

A New York Limited Liability Company
By: LaGuardia Management, Inc.,
its general manager



Name: David Blumenfeld
Title: President

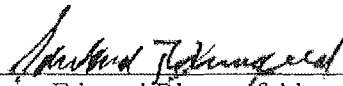
BOXWOOD REALTY GROUP



Name: Brad Blumenfeld
Title: Trustee

SOUTH SEA HOLDINGS, LP

A New York Limited Partnership
By: Significant Tasks, Inc., its
general partner



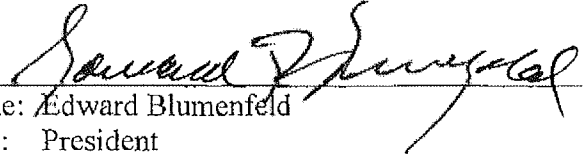
Name: Edward Blumenfeld
Title: President

[DEFENDANT SIGNATURE PAGE TO SETTLEMENT AGREEMENT - CONT'D]

BDG PISCATAWAY, LLC

A New York Limited Liability Company

By: BDG Piscataway, Inc., its general manager



Name: Edward Blumenfeld

Title: President

BDG KINGSBRIDGE, LLC

A New York Limited Liability Company

By: BDG Kingsbridge, Inc., its general manager



Name: Edward Blumenfeld

Title: President

**BWI (A/K/A BLUMENFELD WEINSTEIN
INC.)**

A New York Corporation



Name: Edward Blumenfeld

Title: President

SUSAN BLUMENFELD INTERIORS, LTD.

A New York Corporation



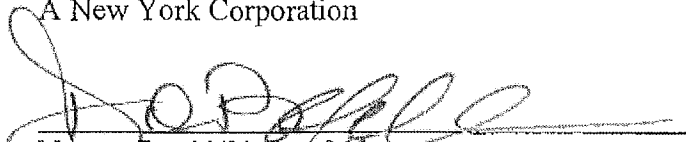
Name: Susan Blumenfeld

Title: President

[DEFENDANT SIGNATURE PAGE TO SETTLEMENT AGREEMENT - CONT'D]

BDG CONSTRUCTION CORP.

A New York Corporation



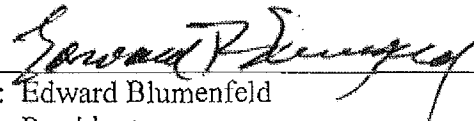
Name: David Blumenfeld

Title: President

45 SOUTH SERVICE ROAD, LLC

A New York Limited Liability Company

By: BDG Asset Management, Inc.,
its general manager



Name: Edward Blumenfeld

Title: President

BCC II, LCC

A New York Limited Liability Company

By: BDG Asset Management, Inc.,
its general manager



Name: Brad Blumenfeld

Title: Vice President

BDG COMMACK, LLC

A New York Limited Liability Company

By: BDG Asset Management, Inc.,
its general manager

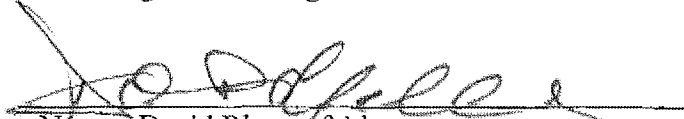


Name: Edward Blumenfeld

Title: President


[DEFENDANT SIGNATURE PAGE TO SETTLEMENT AGREEMENT - CONT'D]

BDG DEER PARK ASSOCIATES, LLC
A New York Limited Liability Company
By: BDG Asset Management, Inc.,
its general manager



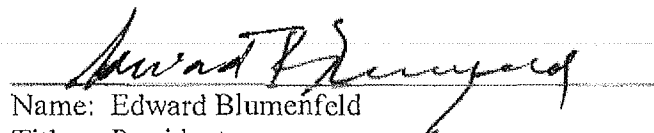
Name: David Blumenfeld
Title: Vice President

BDG LAKE GROVE I, LLC
A New York Limited Liability Company
By: BDG Asset Management, Inc.,
its general manager



Name: David Blumenfeld
Title: Vice President

BDG LARKFIELD ASSOCIATES, LLC
A New York Limited Liability Company
By: BDG Asset Management, Inc.,
its general manager



Name: Edward Blumenfeld
Title: President

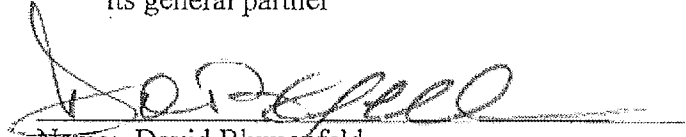
[DEFENDANT SIGNATURE PAGE TO SETTLEMENT AGREEMENT - CONT'D]

CHARLESTON ENTERPRISES, LLC

A New York Limited Liability Company

By: BDG Charleston, L.P.,
its sole member

By: BDG Charleston, Inc.,
its general partner



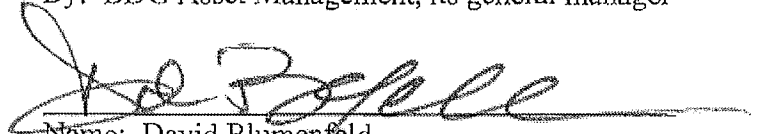
Name: David Blumenfeld

Title: Vice President

DANIEL LAND CO. LLC

A New York Limited Liability Company

By: BDG Asset Management, its general manager



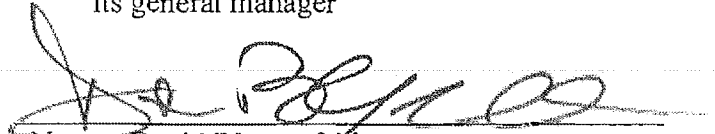
Name: David Blumenfeld

Title: Vice President

BDG DANIEL STREET, LLC

A New York Limited Liability Company

By: BDG Asset Management, Inc.,
its general manager



Name: David Blumenfeld

Title: Vice President

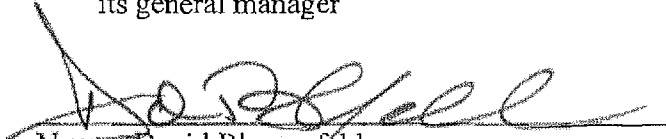
[DEFENDANT SIGNATURE PAGE TO SETTLEMENT AGREEMENT - CONT'D]

GOTHAM PLAZA ASSOCIATES, LLC

A New York Limited Liability Company

By: BDG 125th Street, LLC,
its general manager

By: BDG Asset Management, Inc.,
its general manager



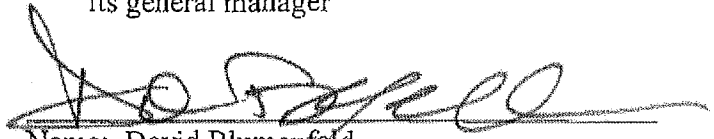
Name: David Blumenfeld

Title: Vice President

BDG 125th STREET, LLC

A New York Limited Liability Company

By: BDG Asset Management, Inc.,
its general manager



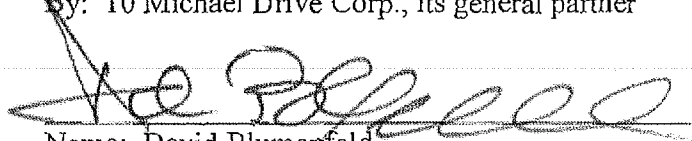
Name: David Blumenfeld

Title: Vice President

10 MICHAEL DRIVE ASSOCIATES, LP

A New York Limited Partnership

By: 10 Michael Drive Corp., its general partner



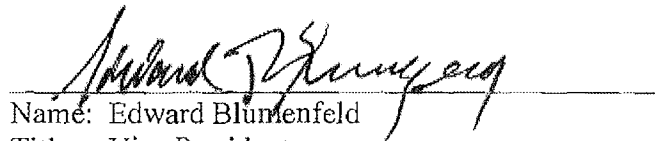
Name: David Blumenfeld

Title: President

500 BI-COUNTY ASSOCIATES, LP

A New York Limited Partnership

By: 500 Bi-County, Ltd., its general partner



Name: Edward Blumenfeld

Title: Vice President

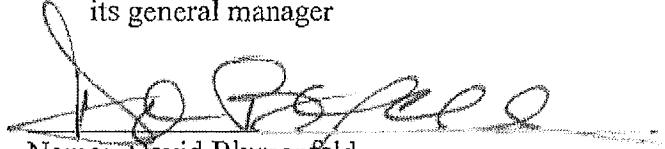
[DEFENDANT SIGNATURE PAGE TO SETTLEMENT AGREEMENT - CONT'D]

ARC-BDG SETAUKET ENTERPRISE

A New York Limited Partnership

By: Blumco Setauket, LLC,
General Partner

By: BDG Asset Management, Inc.,
its general manager



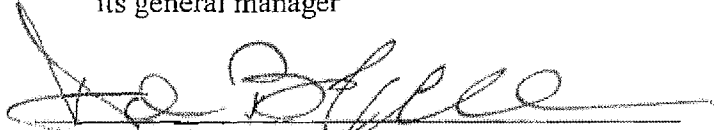
Name: David Blumenfeld

Title: Vice President

BLUMCO SETAUKET, LLC

A New York Limited Liability Company

By: BDG Asset Management, Inc.,
its general manager




Name: David Blumenfeld

Title: Vice President

COBLUM SETAUKET, LLC

A New York Limited Liability Company

By: BDG Asset Management, Inc.,
its general manager



Name: David Blumenfeld

Title: Vice President

BDG 115 BROADHOLLOW, LP

A New York Limited Partnership

By: BDG 115 Broadhollow, Inc.,
its general partner



Name: David Blumenfeld

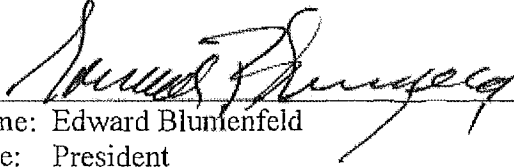
Title: Vice President

[DEFENDANT SIGNATURE PAGE TO SETTLEMENT AGREEMENT - CONT'D]

MAXROB, LP

A New York Limited Partnership

By: Maxrob Corp., its general partner

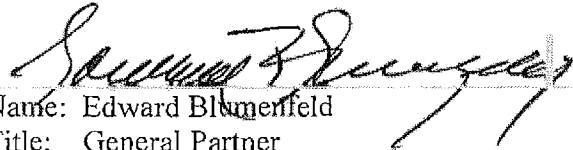


Name: Edward Blumenfeld

Title: President

B-4 PARTNERSHIP

A New York General Partnership



Name: Edward Blumenfeld

Title: General Partner

125 BETHPAGE ASSOCIATES

A New York Limited Partnership



Name: Edward Blumenfeld

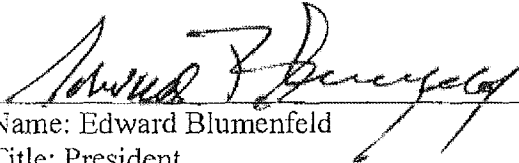
Title: General Partner

BDG YAPHANK, LLC

A New York Limited Liability Company

By: BDG Five Times, LLC, its manager

By: BDG Asset Management, Inc.,
its general manager



Name: Edward Blumenfeld

Title: President

[DEFENDANT SIGNATURE PAGE TO SETTLEMENT AGREEMENT - CONT'D]

Schedule 1

WIRING INSTRUCTIONS

Citi Private Bank
153 East 53rd Street 23rd floor
New York, New York 10022
ABA No.: 021000089
Swift Code: CITIUS33
Account Name: Irving H. Picard, Trustee for the Liquidation of Bernard L. Madoff
Investment Securities LLC
Account No.: XXXXXXXXXX

Exhibit A
Defendants

1. EDWARD BLUMENFELD, individually, and as Trustee for SUSAN BLUMENFELD GST TRUST, TRUST F/B/O SUSAN BLUMENFELD, TRUST F/B/O DAVID BLUMENFELD, TRUST, and TRUST F/B/O BRAD BLUMENFELD
2. SUSAN BLUMENFELD, individually, and as Trustee for TRUST F/B/O SUSAN BLUMENFELD, TRUST F/B/O DAVID BLUMENFELD, TRUST F/B/O BRAD BLUMENFELD, DAVID BLUMENFELD FARMINGDALE TRUST, BRAD BLUMENFELD FARMINGDALE TRUST, BOXWOOD REALTY GROUP, and DOGWOOD REALTY GROUP
3. DAVID BLUMENFELD, individually, and as Trustee for SUSAN BLUMENFELD GST TRUST, THE DAVID BLUMENFELD FAMILY TRUST, TRUST F/B/O DAVID BLUMENFELD, BOXWOOD REALTY GROUP, and DOGWOOD REALTY GROUP
4. BRAD BLUMENFELD, individually, and as Trustee for SUSAN BLUMENFELD GST TRUST, THE DAVID BLUMENFELD FAMILY TRUST, TRUST F/B/O BRAD BLUMENFELD, BOXWOOD REALTY GROUP, and DOGWOOD REALTY GROUP
5. HARVEY COHEN, individually, and as Trustee for EDWARD BLUMENFELD AND SUSAN BLUMENFELD CHARITABLE LEAD TRUST, EDWARD AND SUSAN BLUMENFELD 2007 CHARITABLE LEAD TRUST, and BRAD BLUMENFELD CHARITABLE LEAD TRUST
6. BLUMENFELD DEVELOPMENT GROUP, LTD.
7. EDWARD AND SUSAN BLUMENFELD CHARITABLE LEAD TRUST
8. EDWARD BLUMENFELD & SUSAN BLUMENFELD 2007 CHARITABLE LEAD TRUST
9. TRUST F/B/O SUSAN BLUMENFELD
10. SUSAN BLUMENFELD GST TRUST
11. TRUST F/B/O DAVID BLUMENFELD
12. EDWARD BLUMENFELD & SUSAN BLUMENFELD, GUARDIANS FOR DAVID BLUMENFELD NY UGMA
13. BRAD BLUMENFELD CHARITABLE LEAD TRUST
14. TRUST F/B/O BRAD BLUMENFELD
15. EDWARD BLUMENFELD & SUSAN BLUMENFELD, GUARDIANS FOR BRAD BLUMENFELD NY UGMA
16. THE BRAD BLUMENFELD FAMILY FOUNDATION
17. THE EDWARD AND SUSAN BLUMENFELD FOUNDATION
18. BULL MARKET FUND
19. EDWARD BLUMENFELD ET AL II
20. DWD ASSOCIATES, LLC
21. BDG DWD ASSOCIATES, LLC
22. EDB CAPITAL, LLC
23. DOUBLE B SQUARED, LLC
24. EDWARD BLUMENFELD GERALD Y MORDFIN ET AL
25. DOGWOOD REALTY GROUP
26. EDWARD BLUMENFELD ET AL
27. LAGUARDIA CORPORATE CENTER ASSOCIATES, L.P.
28. LAGUARDIA CORPORATE CENTER ASSOCIATES, LLC

29. BOXWOOD REALTY GROUP
30. SOUTH SEA HOLDINGS, L.P.
31. BDG PISCATAWAY, LLC
32. BDG KINGSBRIDGE, LLC
33. BWI (A/K/A BLUMENFELD WEINSTEIN INC.)
34. SUSAN BLUMENFELD INTERIORS, LTD.
35. BDG CONSTRUCTION CORP.
36. DAVID BLUMENFELD FARMINGDALE TRUST
37. THE DAVID BLUMENFELD FAMILY TRUST
38. BRAD BLUMENFELD FARMINGDALE TRUST
39. 45 SOUTH SERVICE ROAD, LLC
40. BCC II, LLC
41. BDG COMMACK, LLC
42. BDG DEER PARK ASSOCIATES, LLC
43. BDG LAKE GROVE I, LLC
44. BDG LARKFIELD ASSOCIATES, LLC
45. CHARLESTON ENTERPRISES, LLC
46. DANIEL LAND CO., LLC
47. BDG DANIEL STREET, LLC
48. GOTHAM PLAZA ASSOCIATES, LLC
49. BDG 125TH STREET, LLC
50. 10 MICHAEL DRIVE ASSOCIATES, L.P.
51. 500 BI-COUNTY ASSOCIATES, L.P.
52. ARC-BDG SETAUKET ENTERPRISE
53. BLUMCO SETAUKET, LLC
54. COBLUM SETAUKET, LLC
55. BDG 115 BROADHOLLOW, L.P.
56. MAXROB, L.P.
57. B-4 PARTNERSHIP
58. 125 BETHPAGE ASSOCIATES
59. BDG YAPHANK, LLC

Exhibit B-1
Defendant Customer Claims

Customer Claimholder Defendant	Claim Number	Net Equity Value of Defendant Customer Claim
Edward Blumenfeld	011805	\$3,231,265.30
Edward Blumenfeld et al	011056	\$1,202,500.00
EDB LLC	009054	
	009066	\$5,792,400.00
DWD Associates LLC	008496	\$5,980,000.00
Trust F/B/O Susan Blumenfeld	009141	\$530,325.48
Susan Blumenfeld Interiors Ltd. Profit Sharing Plan and Trust II	009140	\$123,795.00
Susan Blumenfeld Interiors Ltd Profit Sharing Plan and Trust	009844	\$133,660.00
The Edward Blumenfeld and Susan Blumenfeld 2007 Charitable Lead Trust	009055	
	009067	\$6,994,363.31
David Blumenfeld	011796	\$340,000.00
Brad A. Blumenfeld	011047	\$3,910,000.00
	009052	
The Brad Blumenfeld Charitable Lead Trust	009079	\$910,000.00
Brad Blumenfeld Family Foundation	009049	
	009065	\$200,000.00
TOTALS:		\$29,348,309.09

Exhibit B-2
Determined Claims

Determined Claimholder Defendant	Claim Number	Date of Determination Letter		Date of Objection	Docket Number of Objection
Edward Blumenfeld	011057	8/3/2010		12/13/2010	3418
Boxwood Realty Group	011799	10/19/2009		11/13/2009	759
The Edward and Susan Blumenfeld Foundation	011055	10/19/2009 as re-determined on 11/18/2010	*	11/13/2009	756
Double B Squared LLC	011054	10/19/2009		11/13/2009	757
South Sea Holdings, L.P.	011059	10/19/2009		11/13/2009	758
Susan Blumenfeld	011795	4/28/2010 as re-determined on 11/18/2010	*	10/7/2010	3027
Susan Blumenfeld	011800	4/26/2010		10/7/2010	3029
The Susan Blumenfeld GST Trust	009051 009063	8/3/2010		9/16/2010	2991
The Edward Blumenfeld and Susan Blumenfeld Charitable Lead Trust	009050 009068	9/22/2010		10/7/2010	3028
David Blumenfeld	011220	4/26/2010		10/7/2010	3026
Trust f/b/o David Blumenfeld	011804	10/19/2009 as re-determined on 11/22/2010	*	11/12/2009	732
Trust f/b/o Brad Blumenfeld	009142	9/16/2010		12/13/2010	3419
Brad Blumenfeld	011797	9/10/2010		9/16/2010	2990
Bull Market Fund	009840	10/5/2010		11/3/2010	3097

* These claims were re-determined solely due to a change in the net equity, based on new account information which became available.

Exhibit C
Notice of Withdrawal of Objection

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

SECURITIES INVESTOR PROTECTION
CORPORATION,

Plaintiff-Applicant,

v.

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

Defendant.

Adv. Pro. No. 08-01789 (SMB)

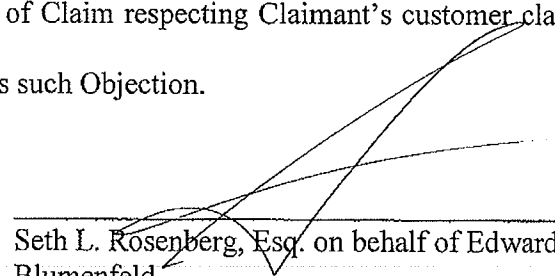
SIPA LIQUIDATION

(Substantively Consolidated)

NOTICE OF WITHDRAWAL OF OBJECTION

Edward Blumenfeld (the "Claimant"), having filed an objection (the "Objection", Docket No. 3418) to the Trustee's Notice of Determination of Claim respecting Claimant's customer claim (#011057), hereby gives notice that he withdraws such Objection.

Dated: _____, 2014



Seth L. Rosenberg, Esq. on behalf of Edward
Blumenfeld
Clayman & Rosenberg LLP
305 Madison Avenue
New York, NY 10165
T: 212.922.1080

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

SECURITIES INVESTOR PROTECTION
CORPORATION,

Plaintiff-Applicant,

v.

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

Defendant.

Adv. Pro. No. 08-01789 (SMB)

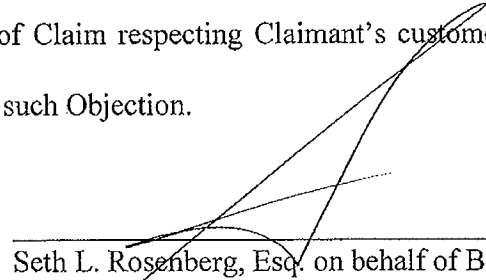
SIPA LIQUIDATION

(Substantively Consolidated)

NOTICE OF WITHDRAWAL OF OBJECTION

Boxwood Realty Group (the "Claimant"), having filed an objection (the "Objection", Docket No. 759) to the Trustee's Notice of Determination of Claim respecting Claimant's customer claim (#011799), hereby gives notice that it withdraws such Objection.

Dated: _____, 2014



Seth L. Rosenberg, Esq. on behalf of Boxwood
Realty Group
Clayman & Rosenberg LLP
305 Madison Avenue
New York, NY 10165
T: 212.922.1080

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

SECURITIES INVESTOR PROTECTION
CORPORATION,

Plaintiff-Applicant,

v.

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

Defendant.

Adv. Pro. No. 08-01789 (SMB)

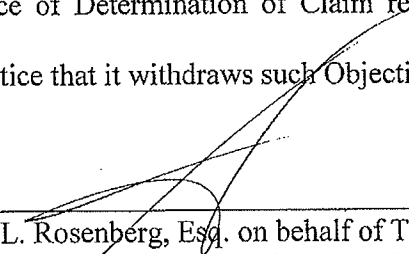
SIPA LIQUIDATION

(Substantively Consolidated)

NOTICE OF WITHDRAWAL OF OBJECTION

The Edward and Susan Blumenfeld Foundation (the "Claimant"), having filed an objection (the "Objection", Docket No. 756) to the Trustee's Notice of Determination of Claim respecting Claimant's customer claim (#011055), hereby gives notice that it withdraws such Objection.

Dated: _____, 2014


Seth L. Rosenberg, Esq. on behalf of The
Edward and Susan Blumenfeld Foundation
Clayman & Rosenberg LLP
305 Madison Avenue
New York, NY 10165
T: 212.922.1080

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES INVESTOR PROTECTION
CORPORATION,

Plaintiff-Applicant,

v.

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

Defendant.

Adv. Pro. No. 08-01789 (SMB)

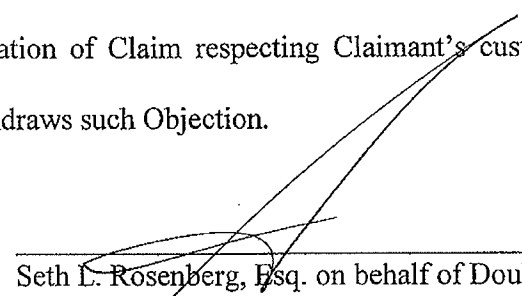
SIPA LIQUIDATION

(Substantively Consolidated)

NOTICE OF WITHDRAWAL OF OBJECTION

Double B Squared, LLC (the "Claimant"), having filed an objection (the "Objection", Docket No. 757) to the Trustee's Notice of Determination of Claim respecting Claimant's customer claim (#011054), hereby gives notice that it withdraws such Objection.

Dated: _____, 2014


Seth L. Rosenberg, Esq. on behalf of Double B
Squared, LLC
Clayman & Rosenberg LLP
305 Madison Avenue
New York, NY 10165
T: 212.922.1080

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES INVESTOR PROTECTION
CORPORATION,

Plaintiff-Applicant,

v.

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

Defendant.

Adv. Pro. No. 08-01789 (SMB)

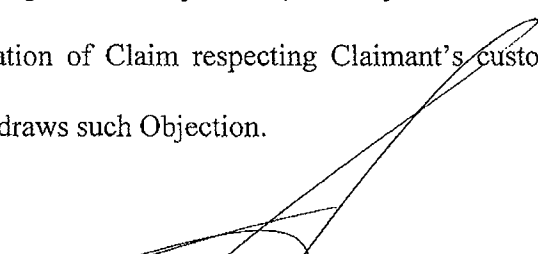
SIPA LIQUIDATION

(Substantively Consolidated)

NOTICE OF WITHDRAWAL OF OBJECTION

South Sea Holdings, L.P. (the "Claimant"), having filed an objection (the "Objection", Docket No. 758) to the Trustee's Notice of Determination of Claim respecting Claimant's customer claim (#011059), hereby gives notice that it withdraws such Objection.

Dated: _____, 2014



Seth L. Rosenberg, Esq. on behalf of
South Sea Holdings, L.P.
Clayman & Rosenberg LLP
305 Madison Avenue
New York, NY 10165
T: 212.922.1080

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

SECURITIES INVESTOR PROTECTION
CORPORATION,

Plaintiff-Applicant,

v.

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

Defendant.

Adv. Pro. No. 08-01789 (SMB)

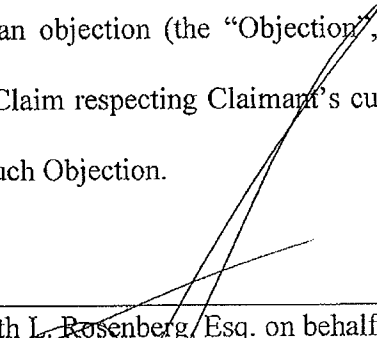
SIPA LIQUIDATION

(Substantively Consolidated)

NOTICE OF WITHDRAWAL OF OBJECTION

Susan Blumenfeld (the "Claimant"), having filed an objection (the "Objection", Docket No. 3027) to the Trustee's Notice of Determination of Claim respecting Claimant's customer claim (#011795), hereby gives notice that she withdraws such Objection.

Dated: _____, 2014



Seth L. Rosenberg, Esq. on behalf of
Susan Blumenfeld
Clayman & Rosenberg LLP
305 Madison Avenue
New York, NY 10165
T: 212.922.1080

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

SECURITIES INVESTOR PROTECTION
CORPORATION,

Plaintiff-Applicant,

v.

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

Defendant.

Adv. Pro. No. 08-01789 (SMB)

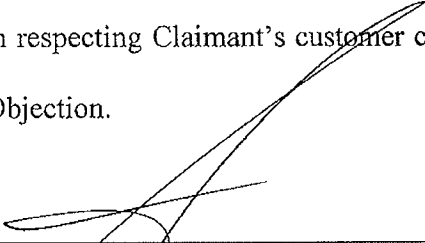
SIPA LIQUIDATION

(Substantively Consolidated)

NOTICE OF WITHDRAWAL OF OBJECTION

Susan Blumenfeld (the "Claimant"), having filed an objection (the "Objection", Docket No. 3029) to the Trustee's Notice of Determination of Claim respecting Claimant's customer claim (#011800), hereby gives notice that she withdraws such Objection.

Dated: _____, 2014



Seth L. Rosenberg, Esq. on behalf of
Susan Blumenfeld
Clayman & Rosenberg LLP
305 Madison Avenue
New York, NY 10165
T: 212.922.1080

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

SECURITIES INVESTOR PROTECTION
CORPORATION,

Plaintiff-Applicant,

v.

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

Defendant.

Adv. Pro. No. 08-01789 (SMB)

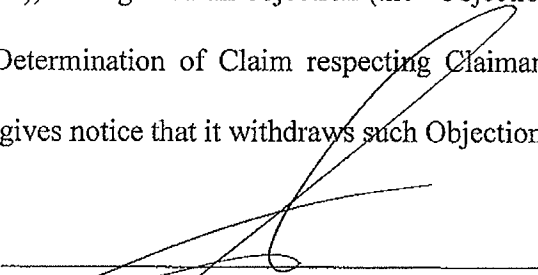
SIPA LIQUIDATION

(Substantively Consolidated)

NOTICE OF WITHDRAWAL OF OBJECTION

The Susan Blumenfeld GST Trust (the "Claimant"), having filed an objection (the "Objection", Docket No. 2991) to the Trustee's Notice of Determination of Claim respecting Claimant's customer claims (#009063 and #009051), hereby gives notice that it withdraws such Objection.

Dated: _____, 2014



Seth E. Rosenberg, Esq. on behalf of
The Susan Blumenfeld GST Trust
Clayman & Rosenberg LLP
305 Madison Avenue
New York, NY 10165
T: 212.922.1080

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES INVESTOR PROTECTION
CORPORATION,

Plaintiff-Applicant,

v.

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

Defendant.

Adv. Pro. No. 08-01789 (SMB)

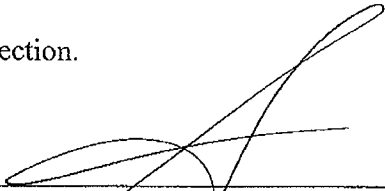
SIPA LIQUIDATION

(Substantively Consolidated)

NOTICE OF WITHDRAWAL OF OBJECTION

David Blumenfeld (the "Claimant"), having filed an objection (the "Objection", Docket No. 3026) to the Trustee's Notice of Determination of Claim respecting Claimant's customer claim (#011220), hereby gives notice that he withdraws such Objection.

Dated: _____, 2014


Seth L. Rosenberg, Esq. on behalf of
David Blumenfeld
Clayman & Rosenberg LLP
305 Madison Avenue
New York, NY 10165
T: 212.922.1080

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES INVESTOR PROTECTION
CORPORATION,

Plaintiff-Applicant,

v.

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

Defendant.

Adv. Pro. No. 08-01789 (SMB)

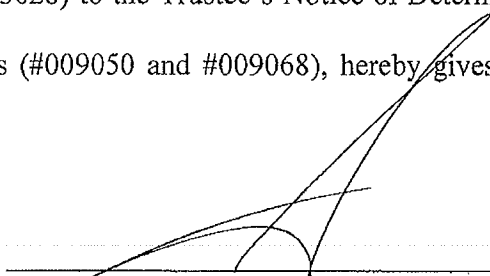
SIPA LIQUIDATION

(Substantively Consolidated)

NOTICE OF WITHDRAWAL OF OBJECTION

The Edward Blumenfeld and Susan Blumenfeld Charitable Lead Trust (the "Claimant"), having filed an objection (the "Objection", Docket No. 3028) to the Trustee's Notice of Determination of Claim respecting Claimant's customer claims (#009050 and #009068), hereby gives notice that it withdraws such Objection.

Dated: _____, 2014


Seth L. Rosenberg, Esq. on behalf of
The Edward Blumenfeld and Susan
Blumenfeld Charitable Lead Trust
Clayman & Rosenberg LLP
305 Madison Avenue
New York, NY 10165
T: 212.922.1080

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES INVESTOR PROTECTION
CORPORATION,

Plaintiff-Applicant,

v.

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

Defendant.

Adv. Pro. No. 08-01789 (SMB)

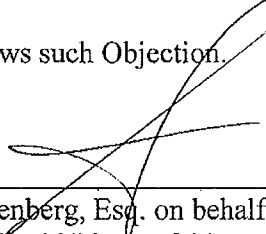
SIPA LIQUIDATION

(Substantively Consolidated)

NOTICE OF WITHDRAWAL OF OBJECTION

Trust f/b/o David Blumenfeld (the "Claimant"), having filed an objection (the "Objection", Docket No. 732) to the Trustee's Notice of Determination of Claim respecting Claimant's customer claim (#011804), hereby gives notice that it withdraws such Objection.

Dated: _____, 2014



Seth L. Rosenberg, Esq. on behalf of
Trust f/b/o David Blumenfeld
Clayman & Rosenberg LLP
305 Madison Avenue
New York, NY 10165
T: 212.922.1080

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES INVESTOR PROTECTION
CORPORATION,

Plaintiff-Applicant,

v.

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

Defendant.

Adv. Pro. No. 08-01789 (SMB)

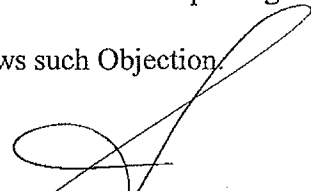
SIPA LIQUIDATION

(Substantively Consolidated)

NOTICE OF WITHDRAWAL OF OBJECTION

Trust f/b/o Brad Blumenfeld (the "Claimant"), having filed an objection (the "Objection", Docket No. 3419) to the Trustee's Notice of Determination of Claim respecting Claimant's customer claim (#009142), hereby gives notice that it withdraws such Objection.

Dated: _____, 2014



Seth L. Rosenberg, Esq. on behalf of
Trust f/b/o Brad Blumenfeld
Clayman & Rosenberg LLP
305 Madison Avenue
New York, NY 10165
T: 212.922.1080

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

SECURITIES INVESTOR PROTECTION
CORPORATION,

Plaintiff-Applicant,

v.

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

Defendant.

Adv. Pro. No. 08-01789 (SMB)

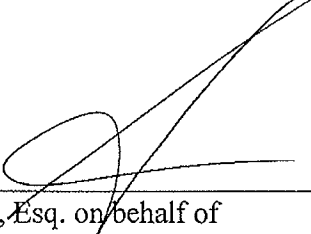
SIPA LIQUIDATION

(Substantively Consolidated)

NOTICE OF WITHDRAWAL OF OBJECTION

Brad Blumenfeld (the "Claimant"), having filed an objection (the "Objection", Docket No. 2990) to the Trustee's Notice of Determination of Claim respecting Claimant's customer claim (#011797), hereby gives notice that he withdraws such Objection.

Dated: _____, 2014



Seth L. Rosenberg, Esq. on behalf of
Brad Blumenfeld
Clayman & Rosenberg LLP
305 Madison Avenue
New York, NY 10165
T: 212.922.1080

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

SECURITIES INVESTOR PROTECTION
CORPORATION,

Plaintiff-Applicant,

v.

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

Defendant.

Adv. Pro. No. 08-01789 (SMB)

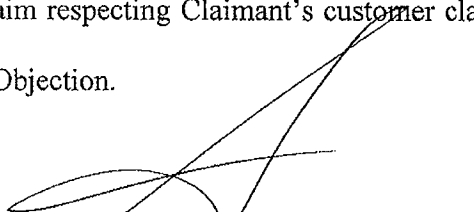
SIPA LIQUIDATION

(Substantively Consolidated)

NOTICE OF WITHDRAWAL OF OBJECTION

Bull Market Fund (the "Claimant"), having filed an objection (the "Objection", Docket No. 3097) to the Trustee's Notice of Determination of Claim respecting Claimant's customer claim (#009840), hereby gives notice that it withdraws such Objection.

Dated: _____, 2014



Seth L. Rosenberg, Esq. on behalf of
Bull Market Fund
Clayman & Rosenberg LLP
305 Madison Avenue
New York, NY 10165
T: 212.922.1080

Exhibit D
Non-Defendant Additional Releasees

1. BDG LEROY, LLC
2. SUSAN BLUMENFELD INTERIORS, LTD. PROFIT SHARING PLAN AND TRUST
3. SUSAN BLUMENFELD INTERIORS, LTD. PROFIT SHARING PLAN AND TRUST II
4. LUCAS BLUMENFELD TRUST
5. MAX BLUMENFELD TRUST
6. FISHER DAVIS BLUMENFELD TRUST
7. ARDENWOOD ENTERPRISES
8. BDG OF HAUPPAUGE, LLC
9. BDG 45 KNIGHTSBRIDGE, LLC
10. EDWARD BLUMENFELD ET AL 45 KNIGHTSBRIDGE
11. BLUE CANYON 1800 L.P.
12. B CAPITAL, LLC
13. B.E.D. REALTY I
14. BLU ART ASSOCIATES
15. BRAD BLUMENFELD TRUST
16. DAVID BLUMENFELD TRUST
17. BDG AIRCHARTER, INC.
18. BDG MLJF, INC.
19. ANNA BLUMENFELD
20. FRANCIE SWIFT
21. JONATHAN COHEN
22. DAVID KAPLAN
23. ANNA MARIA ASSUMPCAO
24. 4th & Forty, LLC
25. W.D.I., LLC
26. HEATHER COHEN
27. ROBERTA COHEN
28. SANDY COHEN
29. MICHAEL DEJOSEPH
30. DAVID ENNIS
31. ANTHONY GALU
32. DEBRA BLUM
33. SUSAN HYMAN
34. ANDREW KATZ
35. BARRY & DIANE KATZ REVOCABLE TRUST
36. BARBARA LIOTTA
37. NELSON LOPEZ
38. NICHOLAS G. LOPEZ
39. THE ESTATE OF STANLEY MILLER
40. DAN MISHAEL

41. GERALD MORDFIN
42. EDWARD MOSKOWITZ
43. ERIC NYSTROM
44. MARISSA NYSTROM
45. EVE QUELER
46. R.C. DOLNER, LLC
47. MARY RIVAS
48. NINA RUNSDORF
49. THE ESTATE OF HAROLD SILVERMAN
50. Any and all existing or former partners of the Bull Market Fund

Exhibit E

DWD Letter

_____, 201_

U.S. Department of Justice
United States Attorney- Southern District of New York
[PROPER CONTACT TO BE DETERMINED]

Re: DWD Associates, LLC

Dear [_____]:

I write this letter in my capacity as Trustee under the Securities Investor Protection Act, 15 U.S.C. §§ 78aaa, *et seq.* of Bernard L. Madoff Investment Securities LLC (“BLMIS”) and the substantively consolidated Chapter 7 case of Bernard L. Madoff (“Madoff”) pending before the United States Bankruptcy Court for the Southern District of New York. I understand that, pursuant to that certain Preliminary Order of Forfeiture (Final as to the Defendant) entered in U.S.A. v. Bernard L. Madoff, S.D.N.Y. 09 Cr. 213(DC), the District Court for the Southern District of New York ordered that Madoff forfeit, among other things, “any and all ownership interest held in the name of Ruth Madoff or Bernard Madoff in the assets of . . . DWD Associates, LLC” (“DWD”). In connection with litigation I commenced against DWD and certain other related persons and entities in 2010, my attorneys reviewed a transfer from BLMIS to DWD on December 5, 2008, the funds for which came solely from BLMIS. Based on that review, I am writing this letter to acknowledge that, to the best of my knowledge, information and belief, Ruth Madoff did not acquire an interest in DWD by virtue of that transfer and none of Ruth Madoff, Madoff, or BLMIS properly acquired or held as an owner any interest of any kind in DWD, beneficial or otherwise. The litigation against DWD was recently settled in a matter which fully resolves and terminates the Trustee’s asserted fraudulent transfer claims for the recovery of the \$11 million claimed to have been transferred by BLMIS to DWD on December 5, 2008.

Best regards,

Irving H. Picard, Trustee

Cc: Howard L. Simon, Windels Marx Lane & Mittendorf, LLP
William P. Weintraub, Goodwin Proctor, LLP
Seth L. Rosenberg, Clayman & Rosenberg LLP

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

SECURITIES INVESTOR PROTECTION
CORPORATION,

Plaintiff-Applicant,

v.

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

Defendant.

Adv. Pro. No. 08-01789 (SMB)

SIPA Liquidation

(Substantively Consolidated)

In re:

BERNARD L. MADOFF,

Debtor.

IRVING H. PICARD, Trustee for the
Liquidation of Bernard L. Madoff Investment
Securities LLC,

Plaintiff,

v.

EDWARD BLUMENFELD, individually, and as
Trustee for SUSAN BLUMENFELD GST
TRUST, TRUST F/B/O SUSAN
BLUMENFELD, TRUST F/B/O DAVID
BLUMENFELD, and TRUST F/B/O BRAD
BLUMENFELD;

SUSAN BLUMENFELD, individually, and as
Trustee for TRUST F/B/O SUSAN
BLUMENFELD, TRUST F/B/O DAVID
BLUMENFELD, TRUST F/B/O BRAD
BLUMENFELD, DAVID BLUMENFELD
FARMINGDALE TRUST, BRAD
BLUMENFELD FARMINGDALE TRUST,
BOXWOOD REALTY GROUP, and
DOGWOOD REALTY GROUP;

DAVID BLUMENFELD, individually, and as

Adv. Pro. No. 10-04730 (SMB)

Trustee for SUSAN BLUMENFELD GST TRUST, THE DAVID BLUMENFELD FAMILY TRUST, TRUST F/B/O DAVID BLUMENFELD, BOXWOOD REALTY GROUP, and DOGWOOD REALTY GROUP;

BRAD BLUMENFELD, individually, and as Trustee for SUSAN BLUMENFELD GST TRUST, THE DAVID BLUMENFELD FAMILY TRUST, TRUST F/B/O BRAD BLUMENFELD, BOXWOOD REALTY GROUP, and DOGWOOD REALTY GROUP;

HARVEY COHEN, individually, and as Trustee for EDWARD BLUMENFELD AND SUSAN BLUMENFELD CHARITABLE LEAD TRUST, EDWARD AND SUSAN BLUMENFELD 2007 CHARITABLE LEAD TRUST, and BRAD BLUMENFELD CHARITABLE LEAD TRUST;

BLUMENFELD DEVELOPMENT GROUP, LTD.; EDWARD AND SUSAN BLUMENFELD CHARITABLE LEAD TRUST; EDWARD BLUMENFELD & SUSAN BLUMENFELD 2007 CHARITABLE LEAD TRUST; TRUST F/B/O SUSAN BLUMENFELD; SUSAN BLUMENFELD GST TRUST; TRUST F/B/O DAVID BLUMENFELD; EDWARD BLUMENFELD & SUSAN BLUMENFELD, GUARDIANS FOR DAVID BLUMENFELD NY UGMA; BRAD BLUMENFELD CHARITABLE LEAD TRUST; TRUST F/B/O BRAD BLUMENFELD; EDWARD BLUMENFELD & SUSAN BLUMENFELD, GUARDIANS FOR BRAD BLUMENFELD NY UGMA; THE BRAD BLUMENFELD FAMILY FOUNDATION; THE EDWARD AND SUSAN BLUMENFELD FOUNDATION; BULL MARKET FUND; EDWARD BLUMENFELD ET AL II; DWD ASSOCIATES, LLC; BDG DWD ASSOCIATES, LLC; EDB CAPITAL, LLC; DOUBLE B SQUARED LLC; EDWARD BLUMENFELD GERALD Y MORDFIN ET AL; DOGWOOD REALTY GROUP; EDWARD BLUMENFELD ET AL;

LAGUARDIA CORPORATE CENTER
ASSOCIATES, L.P.; LAGUARDIA
CORPORATE CENTER ASSOCIATES, LLC;
BOXWOOD REALTY GROUP; SOUTH SEA
HOLDINGS L.P.; BDG PISCATAWAY, LLC;
BDG KINGSBRIDGE, LLC; BWI; SUSAN
BLUMENFELD INTERIORS, LTD.; BDG
CONSTRUCTION CORP.; DAVID
BLUMENFELD FARMINGDALE TRUST;
THE DAVID BLUMENFELD FAMILY
TRUST; BRAD BLUMENFELD
FARMINGDALE TRUST; 45 SOUTH
SERVICE ROAD, LLC; BCC II, LLC; BDG
COMMACK, LLC; BDG DEER PARK
ASSOCIATES, LLC; BDG LAKE GROVE I,
LLC; BDG LARKFIELD ASSOCIATES, LLC;
CHARLESTON ENTERPRISES, LLC;
DANIEL LAND CO. LLC; BDG DANIEL
STREET, LLC; GOTHAM PLAZA
ASSOCIATES, LLC; BDG 125TH STREET,
LLC; 10 MICHAEL DRIVE ASSOCIATES,
L.P.; 500 BI-COUNTY ASSOCIATES, L.P.;
ARC-BDG SETAUKET ENTERPRISE;
BLUMCO SETAUKET, LLC; COBLUM
SETAUKET, LLC; BDG 115
BROADHOLLOW, L.P.; MAXROB, L.P.; B-4
PARTNERSHIP; 125 BETHPAGE
ASSOCIATES; and BDG YAPHANK, LLC,

Defendants.

**ORDER PURSUANT TO SECTION 105(a) OF THE BANKRUPTCY CODE AND
RULES 2002 AND 9019 OF THE FEDERAL RULES OF BANKRUPTCY
PROCEDURE APPROVING A SETTLEMENT AGREEMENT BY AND BETWEEN
THE TRUSTEE AND THE DEFENDANTS**

Upon the motion (ECF Number 43, the “Motion”)¹ of Irving H. Picard, Esq. (the “Trustee”) as trustee for the substantively consolidated liquidation of Bernard L. Madoff Investment Securities LLC and the estate of Bernard L. Madoff, seeking entry of an order, pursuant to section 105(a) of the United States Bankruptcy Code, 11 U.S.C. §§ 101 *et seq.*, and Rules 2002 and 9019 of the Federal Rules of Bankruptcy Procedure, approving the agreement, by and between the Trustee and the Defendants as more particularly set forth in the agreement annexed thereto (the “Agreement”); and it appearing that due and sufficient notice has been given to all parties in interest as required by Rules 2002 and 9019 of the Federal Rules of Bankruptcy Procedure and the Order Establishing Notice Procedures (SIPA Proceeding, ECF No. 4560); and the Court having considered the Affidavit of Irving H. Picard in support of the Motion; and it further appearing the relief sought in the Motion is appropriate based upon the record of the hearing held before this Court to consider the Motion; and it further appearing that this Court has jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and after due deliberation; and sufficient cause appearing therefor; it is

ORDERED, that the Motion is granted; and it is further

ORDERED, that the Agreement between the Trustee and the Defendants is hereby approved and authorized; and it is further

ORDERED, that the Trustee and the Defendants shall each comply with and carry

¹ All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Motion.

out the terms of the Agreement; and it is further

ORDERED, that this Court shall have exclusive jurisdiction over any and all disputes between or among the Parties arising out of or relating to the Agreement, as set forth more fully in the Agreement.

Dated: New York, New York
_____, 2014

HONORABLE STUART M. BERNSTEIN
UNITED STATES BANKRUPTCY JUDGE

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

SECURITIES INVESTOR PROTECTION
CORPORATION,

Plaintiff-Applicant,

v.

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

Defendant.

Adv. Pro. No. 08-01789 (SMB)

SIPA LIQUIDATION

(Substantively Consolidated)

In re:

BERNARD L. MADOFF,

Debtor.

IRVING H. PICARD, Trustee for the
Liquidation of Bernard L. Madoff Investment
Securities LLC,

Plaintiff,

v.

EDWARD BLUMENFELD, individually, and as
Trustee for SUSAN BLUMENFELD GST
TRUST, TRUST F/B/O SUSAN
BLUMENFELD, TRUST F/B/O DAVID
BLUMENFELD, and TRUST F/B/O BRAD
BLUMENFELD;

SUSAN BLUMENFELD, individually, and as
Trustee for TRUST F/B/O SUSAN
BLUMENFELD, TRUST F/B/O DAVID
BLUMENFELD, TRUST F/B/O BRAD
BLUMENFELD, DAVID BLUMENFELD
FARMINGDALE TRUST, BRAD
BLUMENFELD FARMINGDALE TRUST,
BOXWOOD REALTY GROUP, and
DOGWOOD REALTY GROUP;

Adv. Pro. No. 10-04730 (SMB)

DAVID BLUMENFELD, individually, and as Trustee for SUSAN BLUMENFELD GST TRUST, THE DAVID BLUMENFELD FAMILY TRUST, TRUST F/B/O DAVID BLUMENFELD, BOXWOOD REALTY GROUP, and DOGWOOD REALTY GROUP;

BRAD BLUMENFELD, individually, and as Trustee for SUSAN BLUMENFELD GST TRUST, THE DAVID BLUMENFELD FAMILY TRUST, TRUST F/B/O BRAD BLUMENFELD, BOXWOOD REALTY GROUP, and DOGWOOD REALTY GROUP;

HARVEY COHEN, individually, and as Trustee for EDWARD BLUMENFELD AND SUSAN BLUMENFELD CHARITABLE LEAD TRUST, EDWARD AND SUSAN BLUMENFELD 2007 CHARITABLE LEAD TRUST, and BRAD BLUMENFELD CHARITABLE LEAD TRUST;

BLUMENFELD DEVELOPMENT GROUP, LTD.; EDWARD AND SUSAN BLUMENFELD CHARITABLE LEAD TRUST; EDWARD BLUMENFELD & SUSAN BLUMENFELD 2007 CHARITABLE LEAD TRUST; TRUST F/B/O SUSAN BLUMENFELD; SUSAN BLUMENFELD GST TRUST; TRUST F/B/O DAVID BLUMENFELD; EDWARD BLUMENFELD & SUSAN BLUMENFELD, GUARDIANS FOR DAVID BLUMENFELD NY UGMA; BRAD BLUMENFELD CHARITABLE LEAD TRUST; TRUST F/B/O BRAD BLUMENFELD; EDWARD BLUMENFELD & SUSAN BLUMENFELD, GUARDIANS FOR BRAD BLUMENFELD NY UGMA; THE BRAD BLUMENFELD FAMILY FOUNDATION; THE EDWARD AND SUSAN BLUMENFELD FOUNDATION; BULL MARKET FUND; EDWARD BLUMENFELD ET AL II; DWD ASSOCIATES, LLC; BDG DWD ASSOCIATES, LLC; EDB CAPITAL, LLC; DOUBLE B SQUARED LLC; EDWARD BLUMENFELD GERALD Y MORDFIN ET

AL; DOGWOOD REALTY GROUP;
EDWARD BLUMENFELD ET AL;
LAGUARDIA CORPORATE CENTER
ASSOCIATES, L.P.; LAGUARDIA
CORPORATE CENTER ASSOCIATES, LLC;
BOXWOOD REALTY GROUP; SOUTH SEA
HOLDINGS L.P.; BDG PISCATAWAY, LLC;
BDG KINGSBRIDGE, LLC; BWI; SUSAN
BLUMENFELD INTERIORS, LTD.; BDG
CONSTRUCTION CORP.; DAVID
BLUMENFELD FARMINGDALE TRUST;
THE DAVID BLUMENFELD FAMILY
TRUST; BRAD BLUMENFELD
FARMINGDALE TRUST; 45 SOUTH
SERVICE ROAD, LLC; BCC II, LLC; BDG
COMMACK, LLC; BDG DEER PARK
ASSOCIATES, LLC; BDG LAKE GROVE I,
LLC; BDG LARKFIELD ASSOCIATES, LLC;
CHARLESTON ENTERPRISES, LLC;
DANIEL LAND CO. LLC; BDG DANIEL
STREET, LLC; GOTHAM PLAZA
ASSOCIATES, LLC; BDG 125TH STREET,
LLC; 10 MICHAEL DRIVE ASSOCIATES,
L.P.; 500 BI-COUNTY ASSOCIATES, L.P.;
ARC-BDG SETAUKET ENTERPRISE;
BLUMCO SETAUKET, LLC; COBLUM
SETAUKET, LLC; BDG 115
BROADHOLLOW, L.P.; MAXROB, L.P.; B-4
PARTNERSHIP; 125 BETHPAGE
ASSOCIATES; and BDG YAPHANK, LLC,

Defendants.

STATE OF NEW YORK)
) ss:
COUNTY OF NEW YORK)

Irving H. Picard, being duly sworn, hereby attests as follows:

1. I am the trustee for the substantively consolidated liquidation of Bernard L. Madoff Investment Securities LLC (“BLMIS”) and the estate of Bernard L. Madoff (“Madoff,” and together with BLMIS, collectively, the “Debtors”). I am familiar with the affairs of the Debtors. I respectfully submit this Affidavit in support of the motion (the “Motion”) seeking entry of an order, pursuant to section 105(a) of the United States Bankruptcy Code, 11 U.S.C. §§ 101 *et seq.*, and Rules 2002 and 9019 of the Federal Rules of Bankruptcy Procedure, approving a settlement agreement (the “Agreement”) by and among the Trustee and the Defendants.

2. I make this Affidavit based upon my own personal knowledge, or upon information that I believe to be true.

3. All capitalized terms not defined herein have the meaning ascribed to them in the Motion.

4. I believe that the terms of the Agreement fall well above the lowest point in the range of reasonableness and, accordingly, the Agreement should be approved by this Court. The settlement results in: (a) a \$32.75 million settlement payment and (b) the assignment to the Trustee of Defendants’ Customer Claims, totaling approximately \$29.3 million dollars.

5. The settlement resolves all claims against the Defendants as to the Adversary Proceeding without the need for protracted, costly, and uncertain litigation. I recognize that litigating these claims would undoubtedly be extremely complex, create significant delay, and would involve both litigation risk and difficulties associated with collection.

6. This settlement represents a good faith, complete, and total settlement between the Trustee and the Defendants as to any and all disputes between them raised in this Adversary Proceeding (including, without limitation, claims for the avoidance and/or recovery of transfers during the two-year period prior to the Filing Date, the six-year period prior to the Filing Date, and all times prior to such six-year period) and as to the Customer Claims.

7. The Agreement also greatly furthers the interests of the customers of BLMIS with allowed claims by adding, at Closing, approximately \$50 million to the Fund of Customer Property, with a potential total amount added of up to \$62,098,309.09, assuming a 100% recovery.

8. Given the potential impact of the above issues, and the complexities involved in proceeding with litigation, I have determined, in my business judgment, that the Agreement represents a fair compromise of the Avoiding Power Claims.

9. In sum, I respectfully submit that the Agreement should be approved (a) to avoid lengthy and burdensome litigation and (b) because the Agreement represents a reasonable compromise of the Avoiding Power Claims.

/s/ Irving H. Picard
IRVING H. PICARD

Sworn to before me this 17th
day of October, 2014

/s/ Sonya M. Graham
NOTARY
Notary Public, State of New York
No. 01GR6133214
Qualified in Westchester County
Commission Expires: 9/12/2017