

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

SECURITIES INVESTOR PROTECTION
CORPORATION,

Plaintiff-Applicant,

v.

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

Defendant.

In re:

BERNARD L. MADOFF,

Debtor.

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

SIPA Liquidation

(Substantively Consolidated)

**DECLARATION OF VINEET SEHGAL IN SUPPORT OF THE
TRUSTEE'S MOTION AND MEMORANDUM TO AFFIRM HIS
DETERMINATIONS DENYING CLAIMS OF CLAIMANTS HOLDING
INTERESTS IN THE LAZARUS-SCHY FAMILY PARTNERSHIP, THE SCHY
FAMILY PARTNERSHIP, OR THE LAZARUS INVESTMENT GROUP**

I, Vineet Sehgal, pursuant to 28 U.S.C. § 1746, declare as follows:

1. I am a Managing Director at AlixPartners LLP ("AlixPartners"), a consultant to, and claims agent for, Irving H. Picard as trustee (the "Trustee") for the substantively consolidated liquidation of the business of Bernard L. Madoff Investment Securities ("BLMIS") and Bernard L. Madoff ("Madoff") (collectively, the "Debtor").

2. In December, 2008, AlixPartners was retained by the Trustee as the Trustee's claims agent. As the claims agent, AlixPartners was responsible for both mailing the notice of the liquidation and claim forms to potential claimants and causing the notice of the liquidation to be published. AlixPartners has also been responsible for processing all claims submitted to the Trustee and assisting the Trustee in reviewing each customer claim filed to determine whether the asserted claim amount agrees with the "net equity" for that account. In addition, as

the accountants for the BLMIS estate, AlixPartners has assisted and continues to assist the Trustee in accounting for the assets of the BLMIS estate, including the cash and cash equivalents available to the Trustee.

3. I have been actively involved in the liquidation of BLMIS and the claims process since December 2008 and have personal knowledge of the matters set forth herein.

4. I submit this declaration based upon the information and knowledge acquired during the course of my retention and in support of Trustee's Motion And Memorandum To Affirm His Determinations Denying Claims Of Claimants Holding Interests In The Lazarus-Schy Family Partnership, The Schy Family Partnership, Or The Lazarus Investment Group (the "Motion").¹

5. At the Trustee's direction, my colleagues at AlixPartners and I have reviewed the books and records of BLMIS. During the course of my involvement in this matter, I have personally reviewed thousands of documents, as well as schedules prepared and information collected by my colleagues, relating to the books and records of BLMIS, third party records, bank records and other documentation relevant to BLMIS and its customer accounts and information systems. I have reviewed the books and records of BLMIS and the customer claims filed, analyzing the cash deposit activity, cash withdrawal activity, and transfers between accounts.

6. For purposes of the Motion, the Trustee selected three BLMIS accounts, held by three general partnerships, The Lazarus-Schy Family Partnership ("Lazarus Schy"), The Schy Family Partnership ("Schy Family"), and The Lazarus Investment Group ("Lazarus Investment")

¹ Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Motion. Certain exhibits attached to this Declaration have been partially redacted to remove sensitive personal information.

and, collectively with Lazarus Schy and Schy Family, the “Partnerships”), which accounts (the “Accounts”) are listed on Exhibit 1.

7. At the request of the Trustee, my colleagues at AlixPartners and I engaged in a review of the claims and other information provided by the Objecting Claimants to determine the account in which the Objecting Claimants were claiming to have invested.

8. If an Objecting Claimant failed to provide a BLMIS account number, my colleagues at AlixPartners and I reviewed the claim and any supplemental information attached to the claim form. The supplemental information may have included account statements, Partnership materials, or other Objecting Claimants’ explanations concerning their exposure to BLMIS. The objections filed by Objecting Claimants generally also mention one of the Partnerships. The results of that review are set out on Exhibits 2 and 3.

9. Each of the Objecting Claimants bases his or her customer claim on the Objecting Claimant’s relationship to one of the Partnerships and its Account. Each Objecting Claimant’s claim seeks a portion of the same account money that was also claimed by the Partnership.

10. On the attached Exhibit 1, the last column displays the number of objections filed by Objecting Claimants that AlixPartners was able to correlate to one of the Accounts.

11. Exhibit 2 provides a list of the 40 claims filed by Objecting Claimants that invested in one or more of the Partnerships and that have outstanding objections to the Trustee’s determination of their claims. Exhibit 2 also identifies the Objecting Claimants’ claim numbers, the docket numbers of the objections as filed with the Court, the lawyers originally representing the Objecting Claimants, the account-holding Partnership in which the Objecting Claimants invested, and the Partnership Account number. Each of the claims identified on Exhibit 2 was

denied by the Trustee on the grounds that the Objecting Claimants lacked accounts with BLMIS and were not customers of BLMIS.

12. Exhibit 3 provides additional information for the same claims set out in Exhibit 2, identifying the date and results of the Trustee's claim determinations, as well as the dates that the objections were filed with the Court, and also lists the Objecting Claimants and the claim numbers.

13. The Partnerships each filed two claims related to its Account (one a claim on the Trustee's form sent to the Trustee, and one on a different form and filed with the bankruptcy court), and sought a distribution from the fund of customer property for its Account.

14. Letters of determination were sent to Lazarus Schy and Schy Family which denied their customer claims on the grounds that they were net winners, that is, that they had withdrawn more money from BLMIS than they had deposited in their BLMIS Account. In contrast, Lazarus Investment was allowed a customer claim in the amount of \$26,000, which has since been paid.

15. Attached hereto as Exhibit 4 is a true and correct copy of the BLMIS account opening documents for the Lazarus Schy Account. Account opening documents have been located for many, but not all, of the BLMIS accounts, including two of the Accounts at issue here.

16. Attached hereto as Exhibit 5 is a true and correct copy of the November 30, 2008 BLMIS account statement for the Lazarus Schy Account.

17. Attached hereto as Exhibit 6 is a true and correct copy of claim 010501, filed with the Trustee by Lazarus Schy, with all but select attachments omitted.

18. Attached hereto as Exhibit 7 is a true and correct copy of claim 100200, filed with the Bankruptcy Court by Lazarus Schy, with all attachments omitted.

19. Attached hereto as Exhibit 8 is a true and correct copy of the Claim Determination Letter sent by the Trustee concerning the Lazarus Schy claims. The calculation of net equity from attached to the letter was completed by AlixPartners under my direction from BLMIS records concerning money deposited and withdrawn, and transfers between accounts, all as described in the letter. As noted in the letter, the Lazarus Schy BLMIS Account was initially opened by transfers from five other BLMIS accounts. Each of those other BLMIS accounts was closed after the transfers into the Lazarus Schy Account were complete.

20. Attached hereto as Exhibit 9 is a true and correct copy of The Lazarus-Schy Family Partnership Agreement (the "LS PA"), from the account maintenance files of BLMIS.

21. Attached hereto as Exhibit 10 is a true and correct copy of the BLMIS account maintenance files on the Lazarus Schy Account.

22. Attached hereto as Exhibit 11 is a true and correct copy of the BLMIS account opening documents for the Lazarus Investment Account.

23. Attached hereto as Exhibit 12 is a true and correct copy of the November 30, 2008 BLMIS account statement for the Lazarus Investment Account.

24. Attached hereto as Exhibit 13 is a true and correct copy of claim 010409, filed with the Trustee by Lazarus Investment, with all but select attachments omitted.

25. Attached hereto as Exhibit 14 is a true and correct copy of claim 100201, filed with the Bankruptcy Court by Lazarus Investment, with all attachments omitted.

26. Attached hereto as Exhibit 15 is a true and correct copy of the Claim Determination Letter sent by the Trustee concerning the Lazarus Investment claims. The

calculation of net equity from attached to the letter was completed by AlixPartners under my direction from BLMIS records concerning money deposited and withdrawn, and transfers between accounts, all as described in the letter.

27. Attached hereto as Exhibit 16 is a true and correct copy of The Lazarus Investment Group partnership agreement (the "LI PA"), as attached to claim 101409 of Lazarus Investment.

28. Attached hereto as Exhibit 17 is a true and correct copy of the BLMIS account maintenance files on the Lazarus Investment Account.

29. Attached hereto as Exhibit 18 is a true and correct copy of the November 30, 2008 BLMIS account statement for the Schy Family Account.

30. Attached hereto as Exhibit 19 is a true and correct copy of the claim 010280, filed with the Trustee by Schy Family, with all but select attachments omitted.

31. Attached hereto as Exhibit 20 is a true and correct copy of claim 100184, filed with the Bankruptcy Court by Schy Family, with all attachments omitted.

32. Attached hereto as Exhibit 21 is a true and correct copy of the Claim Determination Letter sent by the Trustee concerning the Schy Family claims. The calculation of net equity from attached to the letter was completed by AlixPartners under my direction from BLMIS records concerning money deposited and withdrawn, and transfers between accounts, all as described in the letter.

33. Attached hereto as Exhibit 22 is a true and correct copy of The Schy Family Partnership Agreement (the "SF PA"), from the account maintenance files of BLMIS.

34. Attached hereto as Exhibit 23 is a true and correct copy of the BLMIS account maintenance files on the Schy Family Account.

35. The Accounts were in the names of their respective Partnerships, not the Objecting Claimants, as detailed on Exhibit 1 attached hereto.² The books and records of BLMIS do not reflect individual deposits or withdrawals by the Objecting Claimants. The amounts that the Objecting Claimants allege are owed to them are not discernable from the books and records of BLMIS.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Executed on April 3, 2015

New York, New York

/s/ Vineet Sehgal
Vineet Sehgal
Managing Director
AlixPartners LLP,
40 W 57th St,
New York, NY 10019

² Some Claimants may have held accounts in their own names, in addition to investing in the Partnerships. Such accounts, to the extent they exist, were not included in the claims specified in Exhibits 2 and 3. The Trustee's Motion only deals with the claims of Objecting Claimants insofar as they invested, directly or indirectly in the Partnerships.

EXHIBIT 1 – ACCOUNT-HOLDING PARTNERSHIPS

Partnership With An Account At Bernard L. Madoff Investment Securities LLC (“BLMIS”)

Partnership Account Name	Partnership Name	Partnership Account Number	Claim Filed By Partnership	Total Outstanding Objections Received From Claimants Invested In The Partnership
The Lazarus Schy Partnership	The Lazarus-Schy Family Partnership	1ZB300	Yes (010501 and 100200)	6
The Lazarus Investment Group	The Lazarus Investment Group	1ZB375	Yes (010409 and 100201)	12
Schy Family Partnership	The Schy Family Partnership	1ZB481	Yes (010280 and 100184)	22
				Total: 40

EXHIBIT 2 – OBJECTING CLAIMANTS

List Of Claimants Invested In The Partnerships Identified In Exhibit 1 With
Outstanding Objections To The Trustee's Determination of Claim

Claimant	Claim Number	Objection To Determination Docket Number	Counsel	Partnership Invested In	Partnership Account Number
Jared Lazarus	010805	3597	Becker & Poliakoff, LLP	The Lazarus Schy Partnership	1ZB300
Jared Lazarus	100203	3597	Becker & Poliakoff, LLP	The Lazarus Schy Partnership	1ZB300
Michael Lazarus	010816	3597	Becker & Poliakoff, LLP	The Lazarus Schy Partnership	1ZB300
Michael Lazarus	100205	3597	Becker & Poliakoff, LLP	The Lazarus Schy Partnership	1ZB300
Zipora Lazarus	010646	3597	Becker & Poliakoff, LLP	The Lazarus Schy Partnership	1ZB300
Zipora Lazarus	100185	3597	Becker & Poliakoff, LLP	The Lazarus Schy Partnership	1ZB300
Adam Lazarus	010747	3598	Becker & Poliakoff, LLP	The Lazarus Investment Group	1ZB375
Adam Lazarus	100198	3598	Becker & Poliakoff, LLP	The Lazarus Investment Group	1ZB375
Amber Lazarus	010749	3598	Becker & Poliakoff, LLP	The Lazarus Investment Group	1ZB375
Amber Lazarus	100202	3598	Becker & Poliakoff, LLP	The Lazarus Investment Group	1ZB375
Audra Lazarus	010729	3598	Becker & Poliakoff, LLP	The Lazarus Investment Group	1ZB375
Audra Lazarus	100197	3598	Becker & Poliakoff, LLP	The Lazarus Investment Group	1ZB375
Linda Lazarus	010728	3598	Becker & Poliakoff, LLP	The Lazarus Investment Group	1ZB375
Linda Lazarus	100196	3598	Becker & Poliakoff, LLP	The Lazarus Investment Group	1ZB375
Ronald Lazarus	010719	3598	Becker & Poliakoff, LLP	The Lazarus Investment Group	1ZB375
Ronald Lazarus	100195	3598	Becker & Poliakoff, LLP	The Lazarus Investment Group	1ZB375
Zipora Lazarus	010603	3598	Becker & Poliakoff, LLP	The Lazarus Investment Group	1ZB375
Zipora Lazarus	100190	3598	Becker & Poliakoff, LLP	The Lazarus Investment Group	1ZB375
Zipora Lazarus	010602	3599	Becker & Poliakoff, LLP	Schy Family Partnership	1ZB481
Zipora Lazarus	100189	3599	Becker & Poliakoff, LLP	Schy Family Partnership	1ZB481
Abe Schy Custodian For J.S.	010983	3599	Becker & Poliakoff, LLP	Schy Family Partnership	1ZB481
Abe Schy Custodian For J.S.	100207	3599	Becker & Poliakoff, LLP	Schy Family Partnership	1ZB481
Abe Schy	010982	3599	Becker & Poliakoff, LLP	Schy Family Partnership	1ZB481
Abe Schy	100212	3599	Becker & Poliakoff, LLP	Schy Family Partnership	1ZB481
Abe Schy Custodian For B.S.	010981	3599	Becker & Poliakoff, LLP	Schy Family Partnership	1ZB481
Abe Schy Custodian For B.S.	100209	3599	Becker & Poliakoff, LLP	Schy Family Partnership	1ZB481

Claimant	Claim Number	Objection To Determination Docket Number	Counsel	Partnership Invested In	Partnership Account Number
Abe Schy Custodian For M.S.	010980	3599	Becker & Poliakoff, LLP	Schy Family Partnership	1ZB481
Abe Schy Custodian For M.S.	100211	3599	Becker & Poliakoff, LLP	Schy Family Partnership	1ZB481
Doron Schy	012681	3599	Becker & Poliakoff, LLP	Schy Family Partnership	1ZB481
Doron Schy	100276	3599	Becker & Poliakoff, LLP	Schy Family Partnership	1ZB481
Elan Schy	010881	3599	Becker & Poliakoff, LLP	Schy Family Partnership	1ZB481
Elan Schy	100210	3599	Becker & Poliakoff, LLP	Schy Family Partnership	1ZB481
Ira Schy	010601	3599	Becker & Poliakoff, LLP	Schy Family Partnership	1ZB481
Ira Schy	100186	3599	Becker & Poliakoff, LLP	Schy Family Partnership	1ZB481
Lisa Schy	010986	3599	Becker & Poliakoff, LLP	Schy Family Partnership	1ZB481
Lisa Schy	100378	3599	Becker & Poliakoff, LLP	Schy Family Partnership	1ZB481
Rose Schy	010649	3599	Becker & Poliakoff, LLP	Schy Family Partnership	1ZB481
Rose Schy	100187	3599	Becker & Poliakoff, LLP	Schy Family Partnership	1ZB481
Steve Schy	012935	3599	Becker & Poliakoff, LLP	Schy Family Partnership	1ZB481
Steve Schy	100387	3599	Becker & Poliakoff, LLP	Schy Family Partnership	1ZB481

EXHIBIT 3 – OBJECTION DETAILS

Further Details of Outstanding Objections From Claimants Invested In The Partnerships Identified In Exhibit 1

Claim Number	Claimant	Partnership	Partnership Account Number	Determination Status	Date of Objection
010646	Zipora Lazarus	The Lazarus Schy Partnership	1ZB300	Claim for securities and/or credit balance denied (11/19/2010).	12/28/2010
010805	Jared Lazarus	The Lazarus Schy Partnership	1ZB300	Claim for securities and/or credit balance denied (11/19/2010).	12/28/2010
010816	Michael Lazarus	The Lazarus Schy Partnership	1ZB300	Claim for securities and/or credit balance denied (11/19/2010).	12/28/2010
100185	Zipora Lazarus	The Lazarus Schy Partnership	1ZB300	Claim for securities and/or credit balance denied (11/19/2010).	12/28/2010
100203	Jared Lazarus	The Lazarus Schy Partnership	1ZB300	Claim for securities and/or credit balance denied (11/19/2010).	12/28/2010
100205	Michael Lazarus	The Lazarus Schy Partnership	1ZB300	Claim for securities and/or credit balance denied (11/19/2010).	12/28/2010
010603	Zipora Lazarus	The Lazarus Investment Group	1ZB375	Claim for securities and/or credit balance denied (12/3/2010).	12/28/2010
010719	Ronald Lazarus	The Lazarus Investment Group	1ZB375	Claim for securities and/or credit balance denied (12/3/2010).	12/28/2010
010728	Linda Lazarus	The Lazarus Investment Group	1ZB375	Claim for securities and/or credit balance denied (12/3/2010).	12/28/2010
010729	Audra Lazarus	The Lazarus Investment Group	1ZB375	Claim for securities and/or credit balance denied (12/3/2010).	12/28/2010
010747	Adam Lazarus	The Lazarus Investment Group	1ZB375	Claim for securities and/or credit balance denied (12/3/2010).	12/28/2010
010749	Amber Lazarus	The Lazarus Investment Group	1ZB375	Claim for securities and/or credit balance denied (12/3/2010).	12/28/2010
100190	Zipora Lazarus	The Lazarus Investment Group	1ZB375	Claim for securities and/or credit balance denied (12/3/2010).	12/28/2010
100195	Ronald Lazarus	The Lazarus Investment Group	1ZB375	Claim for securities and/or credit balance denied (12/3/2010).	12/28/2010
100196	Linda Lazarus	The Lazarus Investment Group	1ZB375	Claim for securities and/or credit balance denied (12/3/2010).	12/28/2010
100197	Audra Lazarus	The Lazarus Investment Group	1ZB375	Claim for securities and/or credit balance denied (12/3/2010).	12/28/2010
100198	Adam Lazarus	The Lazarus Investment Group	1ZB375	Claim for securities and/or credit balance denied (12/3/2010).	12/28/2010
100202	Amber Lazarus	The Lazarus Investment Group	1ZB375	Claim for securities and/or credit balance denied (12/3/2010).	12/28/2010
010601	Ira Schy	Schy Family Partnership	1ZB481	Claim for securities and/or credit balance denied (12/3/2010).	12/28/2010

Claim Number	Claimant	Partnership	Partnership Account Number	Determination Status	Date of Objection
010602	Zipora Lazarus	Schy Family Partnership	1ZB481	Claim for securities and/or credit balance denied (12/3/2010).	12/28/2010
010649	Rose Schy	Schy Family Partnership	1ZB481	Claim for securities and/or credit balance denied (12/3/2010).	12/28/2010
010881	Elan Schy	Schy Family Partnership	1ZB481	Claim for securities and/or credit balance denied (12/3/2010).	12/28/2010
010980	Abe Schy Custodian For M.S.	Schy Family Partnership	1ZB481	Claim for securities and/or credit balance denied (12/3/2010).	12/28/2010
010981	Abe Schy Custodian For B.S.	Schy Family Partnership	1ZB481	Claim for securities and/or credit balance denied (12/3/2010).	12/28/2010
010982	Abe Schy	Schy Family Partnership	1ZB481	Claim for securities and/or credit balance denied (12/3/2010).	12/28/2010
010983	Abe Schy Custodian For J.S.	Schy Family Partnership	1ZB481	Claim for securities and/or credit balance denied (12/3/2010).	12/28/2010
010986	Lisa Schy	Schy Family Partnership	1ZB481	Claim for securities and/or credit balance denied (12/3/2010).	12/28/2010
012681	Doron Schy	Schy Family Partnership	1ZB481	Claim for securities and/or credit balance denied (12/3/2010).	12/28/2010
012935	Steve Schy	Schy Family Partnership	1ZB481	Claim for securities and/or credit balance denied (12/3/2010).	12/28/2010
100186	Ira Schy	Schy Family Partnership	1ZB481	Claim for securities and/or credit balance denied (12/3/2010).	12/28/2010
100187	Rose Schy	Schy Family Partnership	1ZB481	Claim for securities and/or credit balance denied (12/3/2010).	12/28/2010
100189	Zipora Lazarus	Schy Family Partnership	1ZB481	Claim for securities and/or credit balance denied (12/3/2010).	12/28/2010
100207	Abe Schy Custodian For J.S.	Schy Family Partnership	1ZB481	Claim for securities and/or credit balance denied (12/3/2010).	12/28/2010
100209	Abe Schy Custodian For B.S.	Schy Family Partnership	1ZB481	Claim for securities and/or credit balance denied (12/3/2010).	12/28/2010
100210	Elan Schy	Schy Family Partnership	1ZB481	Claim for securities and/or credit balance denied (12/3/2010).	12/28/2010
100211	Abe Schy Custodian For M.S.	Schy Family Partnership	1ZB481	Claim for securities and/or credit balance denied (12/3/2010).	12/28/2010
100212	Abe Schy	Schy Family Partnership	1ZB481	Claim for securities and/or credit balance denied (12/3/2010).	12/28/2010
100276	Doron Schy	Schy Family Partnership	1ZB481	Claim for securities and/or credit balance denied (12/3/2010).	12/28/2010
100378	Lisa Schy	Schy Family Partnership	1ZB481	Claim for securities and/or credit balance denied (12/3/2010).	12/28/2010

Claim Number	Claimant	Partnership	Partnership Account Number	Determination Status	Date of Objection
100387	Steve Schy	Schy Family Partnership	1ZB481	Claim for securities and/or credit balance denied (12/3/2010).	12/28/2010

**Securities Investor Protection Corporation
v.
Bernard L. Madoff Investment Securities LLC**

**In re: Bernard L. Madoff Investment Securities and
Bernard L. Madoff, Debtors**

Case No. 08-01789 (SMB)

**SIPA Liquidation
(Substantively Consolidated)**

**Exhibits 4-23 to the Declaration of Vineet Sehgal are available
for review upon written or telephonic request to:**

**Baker & Hostetler LLP
45 Rockefeller Plaza
New York, NY 10111
Attn: Stephanie Ackerman, Esq.
Tel: (212) 847-2851
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