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Hearing Date: November 22, 2016 at 10:00 a.m.
Objection Deadline: November 14, 2016

*Attorneys for Irving H. Picard, Esq., 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**

In re:

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

Debtor.

SIPA LIQUIDATION

No. 08-01789 (SMB)

(Substantively Consolidated)

In re:

BERNARD L. MADOFF,

Debtor.

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

Plaintiff,

v.

ESTATE OF STANLEY CHAIS, *et al.*,

Defendants.

Adv. Pro. No. 09-01172 (SMB)

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

Plaintiff,

v.

DOUGLAS HALL; STEVEN HEIMOFF;
BOTTLEBRUSH INVESTMENTS, L.P.;
LEGHORN INVESTMENTS LTD.; and
KAMALA D. HARRIS, solely in her capacity as
Attorney General for the State of California,

Defendants.

Adv. Pro. No. 12-01001 (SMB)

NOTICE OF MOTION FOR ENTRY OF ORDER PURSUANT TO SECTION 105(a) OF THE BANKRUPTCY CODE AND RULES 2002 AND 9019 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE APPROVING AN AGREEMENT BY AND BETWEEN THE TRUSTEE AND THE ESTATE OF STANLEY CHAIS AND OTHER DEFENDANTS IN ADVERSARY PROCEEDING NO. 09-01172, AND FOR ENTRY OF AN ORDER AUTHORIZING THE TRUSTEE TO SIGN ON TO, ON A LIMITED BASIS, (1) AN AGREEMENT EXECUTED BETWEEN THE ESTATE OF STANLEY CHAIS AND OTHER DEFENDANTS IN ADVERSARY PROCEEDING NO. 09-01172 AND KAMALA D. HARRIS, SOLELY IN HER CAPACITY AS ATTORNEY GENERAL OF THE STATE OF CALIFORNIA, AND (2) AN AGREEMENT EXECUTED BETWEEN THE ESTATE OF STANLEY CHAIS AND OTHER DEFENDANTS IN ADVERSARY PROCEEDING NO. 09-01172 AND PLAINTIFFS IN PENDING ACTIONS IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA

Irving H. Picard (the “Trustee”), as trustee for the substantively consolidated liquidation of Bernard L. Madoff Investment Securities LLC and the substantively consolidated Chapter 7 estate of Bernard L. Madoff, individually, by and through his undersigned counsel, will move as set forth in the annexed motion (the “Motion”) before the Honorable Stuart M. Bernstein, United States Bankruptcy Judge, at the United States Bankruptcy Court, the Alexander Hamilton Customs House, One Bowling Green, New York, New York 10004, on November 22, 2016 at 10:00 a.m., or as soon thereafter as

counsel may be heard, seeking: (i) 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 that certain agreement by and between the Trustee on the one hand and the Settling Defendants identified in Exhibit A to the Motion on the other hand; (ii) 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, authorizing the Trustee to sign on to, on a limited basis, an agreement executed between the Settling Defendants identified on Exhibit A to the Motion and Kamala D. Harris, solely in her capacity as Attorney General of the State of California; and (iii) 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, authorizing the Trustee to sign on to, on a limited basis, an agreement executed between the Settling Defendants identified on Exhibit A to the Motion and plaintiffs in pending actions in the Superior Court of the State of California as more particularly set forth in the Motion annexed hereto.

PLEASE TAKE FURTHER NOTICE that written objections to the Motion must be filed with the Clerk of the United States Bankruptcy Court, One Bowling Green, New York, New York 10004 by no later than **5:00 p.m. on November 14, 2016** (with a courtesy copy delivered to the Chambers of the Honorable Stuart M. Bernstein) and must be served upon (a) Baker & Hostetler LLP, counsel for the Trustee, 45 Rockefeller Plaza, New York, New York 10111, Attn: David J. Sheehan and Tracy Cole; (b) the Securities Investor Protection Corporation, 1667 K Street, NW, Suite 1000, Washington, DC 20006-1620, Attn: Kevin Bell; (c) Sills, Cummis, & Gross P.C., counsel for certain defendants, 101 Park Avenue,

28th Floor, New York, New York 10178, Attn: Andrew Sherman; (d) Milbank, Tweed, Hadley & McCloy LLP, counsel for certain defendants, 28 Liberty Street, New York, New York 10005, Attn: Dennis F. Dunne and Michael L. Hirschfeld; (e) Biernert, Miller & Katzman, counsel for certain defendants, 903 Calle Amancer, Suite 350, San Clemente, CA 92673, Attn: Steven Katzman; (f) Alexandra Robert Gordon, Deputy Attorney General, State of California Department of Justice, 455 Golden Gate Avenue, Ste. 11000, San Francisco, CA 94102-7002; (g) Milberg LLP, counsel for certain third party plaintiffs, One Pennsylvania Plaza, 50th Floor, New York, NY 10119, Attn: Barry A. Weprin; and (h) Weintraub Tobin Chediak Coleman Grodin Inc., counsel for certain third party plaintiffs, 10250 Constellation Blvd., Suite 2900, Los Angeles, CA 90067, Attn: Marvin Gelfand. 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.

Dated: New York, New York
October 28, 2016

BAKER & HOSTETLER LLP

By: /s/ Tracy Cole

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**UNITED STATES BANKRUPTCY COURT
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In re:

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SIPA LIQUIDATION

No. 08-01789 (SMB)

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Plaintiff,

v.

ESTATE OF STANLEY CHAIS, *et al.*,

Defendants.

Adv. Pro. No. 09-01172 (SMB)

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

Plaintiff,

v.

DOUGLAS HALL; STEVEN HEIMOFF;
BOTTLEBRUSH INVESTMENTS, L.P.;
LEGHORN INVESTMENTS LTD.; and
KAMALA D. HARRIS, solely in her capacity as
Attorney General for the State of California,

Defendants.

Adv. Pro. No. 12-01001 (SMB)

**MOTION FOR ENTRY OF ORDER PURSUANT TO SECTION 105(a) OF THE
BANKRUPTCY CODE AND RULES 2002 AND 9019 OF THE FEDERAL RULES
OF BANKRUPTCY PROCEDURE APPROVING AN AGREEMENT BY AND
BETWEEN THE TRUSTEE AND THE ESTATE OF STANLEY CHAIS AND
OTHER DEFENDANTS IN ADVERSARY PROCEEDING NO. 09-01172, AND
FOR ENTRY OF AN ORDER AUTHORIZING THE TRUSTEE TO SIGN ON TO
ON A LIMITED BASIS (1) AN AGREEMENT EXECUTED BETWEEN THE
ESTATE OF STANLEY CHAIS AND OTHER DEFENDANTS IN ADVERSARY
PROCEEDING NO. 09-01172 AND KAMALA D. HARRIS, SOLELY IN HER
CAPACITY AS ATTORNEY GENERAL OF THE STATE OF CALIFORNIA; AND
(2) AN AGREEMENT EXECUTED BETWEEN THE ESTATE OF STANLEY
CHAIS AND OTHER DEFENDANTS IN ADVERSARY PROCEEDING NO. 09-
01172 AND PLAINTIFFS IN PENDING ACTIONS IN THE SUPERIOR COURT
OF THE STATE OF CALIFORNIA**

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 substantively consolidated Chapter 7 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: (i) entry of an order (the “TSA Approval 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 an agreement (the “Trustee Settlement Agreement”), a copy of which is annexed hereto as Exhibit B, by and between the Trustee on the one hand and the Defendants identified in Exhibit A¹ on the other hand; (ii) entry of an order (the “CAAG Approval Order”), pursuant to section 105(a) of the Bankruptcy Code and Bankruptcy Rules 2002 and 9019, authorizing the Trustee to sign on to, on a limited basis, an agreement (the “AG Settlement Agreement”), a copy of which is annexed hereto as Exhibit C, executed between the Defendants identified in Exhibit A on the one hand and Kamala D. Harris, solely in her capacity as Attorney General of the State of California (“Attorney General”) on the other hand; and (iii) entry of an order (the “CP Bankruptcy Approval 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, authorizing the Trustee to sign on to, on a limited basis, an agreement (the “CP Settlement Agreement”), a copy of which is annexed hereto as Exhibit D, executed between the Defendants identified on Exhibit A to the Motion and plaintiffs (the “California Plaintiffs”) in pending actions in the Superior Court of the State of California (the Trustee Settlement Agreement, AG Settlement Agreement, and CP Settlement Agreement shall herein be collectively referred to as the “Settlement”), and, in support thereof, the Trustee respectfully represents as follows:

¹ As fully set forth in Exhibit A, certain of the Defendants shall be referred to herein as the “Stanley Chais Defendants” and others as the “Chais Related Defendants.” The Stanley Chais Defendants and Chais Related Defendants shall be referred to collectively as the “Settling Defendants.”

PRELIMINARY STATEMENT

1. The Settlement results in the payment of approximately \$262 million to the fund of Customer Property for distribution by the Trustee to the victims of Madoff's crimes. Through this Settlement, the Trustee is obtaining all of the assets remaining in the Estate of Stanley Chais, substantially all of the assets of Pamela Chais and recovering all alleged fictitious profit transfers received by the Chais Related Defendants in the two years prior to the Filing Date, totaling approximately \$232 million in cash payments and an estimated \$30 million in other assets. The Trustee Settlement Agreement with the Settling Defendants represents a good faith, complete, and total compromise as to any and all claims the Trustee has asserted or could have asserted in his action against the Settling Defendants. The Trustee Settlement Agreement will greatly benefit the victims of the Madoff Ponzi scheme and the Trustee respectfully requests that the Court approve it.

2. The Trustee also seeks authorization to sign on to the AG Settlement Agreement and CP Settlement Agreement on a limited basis. The AG Settlement Agreement was executed by the Settling Defendants and the Attorney General simultaneously with the Trustee Settlement Agreement. Through the AG Settlement Agreement, the Settling Defendants have fully settled any and all claims the Attorney General has asserted or could have asserted against them. The CP Settlement Agreement was executed simultaneously with the Trustee Settlement Agreement and the AG Settlement Agreement and is subject to approval by the Superior Court of the State of California. Upon such approval, the Settling Defendants will have fully and finally settled any and all claims the California Plaintiffs have asserted or could have asserted against the Settling Defendants. The Trustee's limited participation in the AG Settlement Agreement and CP Settlement

Agreement will obviate the need for the Trustee's continued prosecution of his request for a stay of certain proceedings instituted by the Attorney General in the State of California. The Trustee respectfully asks this Court to authorize the Trustee to sign on to the AG Settlement Agreement and the CP Settlement Agreement on the limited basis described therein.

BACKGROUND

3. 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 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 investment advisor activities of BLMIS.

4. 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 the Securities Investor Protection Corporation ("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.

5. On that date, the District Court entered the Protective Decree, to which BLMIS consented, which, 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;

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

6. At a plea hearing (the “Plea Hearing”) on March 12, 2009 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 counts included securities fraud, money laundering, theft and embezzlement. 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.

7. 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 TRUSTEE’S CLAIMS AGAINST THE SETTLING DEFENDANTS

8. Stanley Chais (“Chais”) was one of BLMIS’s earliest investors. The Trustee asserts that, since at least the 1970s, Chais, his family and family trusts, their related entities, and three investment partnerships formed by Chais as General Partner (the “California Partnerships”) opened more than 60 accounts with BLMIS (the “Subject BLMIS Accounts”), from which approximately \$1.32 billion in alleged fictitious profits and principal was withdrawn collectively. Chais and his family members have maintained at all times that they were not aware of the fraudulent nature of Madoff’s activities or the allegedly fictitious nature of the profits distributed by BLMIS.

9. On May 1, 2009, the Trustee filed an adversary proceeding (the “Avoidance Action”) in this Court against Chais, his family members, and entities related to Chais.³ In the Avoidance Action, the Trustee sought to avoid and recover the approximately \$1.32 billion in BLMIS transfers which the Trustee alleges were made directly or indirectly to the Settling Defendants and the California Partnerships over the lifetime of their BLMIS accounts.⁴ Chais, his family members and entities related to Chais denied the material allegations of the Trustee’s complaint in the Avoidance Action. Subsequent to the filing of the Avoidance Action, on September 10, 2010, Chais died, and the Estate of Stanley Chais (the “Chais Estate”) was substituted in his place as a defendant in the Avoidance Action.

10. The Settling Defendants consist of the Chais Estate and a number of his family members, as well as investment funds, trusts, companies, and other entities associated with Chais, including the Chais Related Defendants. The Trustee asserts that, of the more than \$1.3 billion in transfers received by the Settling Defendants and the California Partnerships collectively from their BLMIS accounts during the period from 1995 through 2008, including approximately \$995 million received by the California Partnership Accounts, approximately \$1.05 billion consisted of alleged fictitious profits from the Ponzi scheme. The Trustee asserts that approximately \$804 million was withdrawn from the Subject BLMIS Accounts (including more than \$574 million withdrawn from the California Partnership Accounts) within the six years prior to the Filing Date, more than \$793 million

³ Defendant Albert Angel was dismissed without prejudice on November 4, 2009. *Picard v. Estate of Stanley Chais, et al.*, Adv. Pro. No. 09-01172 (ECF 34).

⁴ The BLMIS accounts held by the California Partnerships will be referred to herein as the “California Partnership Accounts”; all other BLMIS accounts at issue in the Avoidance Action will be referred to as the “Chais Family BLMIS Accounts.” A full list of the Chais Family BLMIS Accounts is included within Exhibit A to the Trustee Settlement Agreement.

of which consisted of alleged fictitious profits from the Ponzi scheme; of this amount approximately \$377 million was withdrawn (including more than \$301 million from the California Partnership Accounts) within the two years prior to the Filing Date, more than \$375 million of which consisted of alleged fictitious profits from the Ponzi scheme; and, of that amount, approximately \$46 million was withdrawn (including more than \$45 million from the California Partnership Accounts) within 90 days prior to the Filing Date, all of which consisted of alleged fictitious profits from the Ponzi scheme.

11. The Trustee's Complaint asserts claims against the Settling Defendants including, but not limited to, claims under Sections 542, 544(b), 547, 548, 550 and 551 of the Bankruptcy Code, SIPA § 78fff-2(c)(3), and Sections 270 to 279 of the New York Debtor and Creditor Law for direct or indirect transfers within the applicable statutory period (collectively, the "Avoiding Power Claims").

12. The Settling Defendants dispute the legal and factual bases of the Trustee's claims against them, including the Avoiding Power Claims and have asserted certain defenses to the Trustee's claims. The Settling Defendants assert their withdrawals from BLMIS were made in good faith and for value and, thus, are not avoidable. In addition, the Settling Defendants assert that the United States Court of Appeals for the Second Circuit's decision with respect to the application of Bankruptcy Code section 546(e) in these cases, as well as the District Court's decision preceding it, limit the claims the Trustee can bring against them to actual fraudulent conveyances made within two years prior to the Filing Date. Finally, the Chais Estate asserts that it would challenge the imputation to it of certain transfers from BLMIS to the California Partnerships.

13. Prior to July 2, 2009, the bar date for filing claims, certain of the Settling

Defendants filed customer claims with the Trustee, as identified in Exhibit B to the Trustee Settlement Agreement. The Trustee denied all claims filed by the Settling Defendants in relation to BLMIS accounts that were “net winners” of the Ponzi scheme according to the Trustee’s Net Investment Method. Ten customer claims filed by the Settling Defendants in relation to five accounts that were determined to be “net losers” of the fraud according to the Trustee’s Net Investment Method (the “Customer Claims”) were set aside pending resolution of the litigation against the Settling Defendants.

14. On November 12, 2009, certain of the Chais Related Defendants filed a motion to dismiss ten of the eleven counts in the Trustee’s complaint in the Avoidance Action under Bankruptcy Rule 7012(b) for failure to state a claim upon which relief could be granted.⁵ On February 24, 2010, this Court granted the Chais Related Defendants’ motion to dismiss in part, dismissing count 1 of the complaint seeking turnover and accounting related to the Chais Related Defendants’ BLMIS withdrawals, and denied the motion as to all of the remaining counts.

15. On July 18, 2012, following a Chambers conference and hearing, the Court directed the parties to the Avoidance Action and the parties to the Injunction Action (as

⁵ On September 22, 2009, Chais Related Defendant Michael Chasalow separately moved to dismiss the Trustee’s complaint under Bankruptcy Rule 7012(b) for failure to state a claim upon which relief can be granted. *Picard v. Estate of Stanley Chais, et al.*, Adv. Pro. No. 09-01172 (ECF 11). In order to resolve Mr. Chasalow’s motion to dismiss, Mr. Chasalow and the Trustee entered a stipulation so ordered on January 13, 2011. In that stipulation Mr. Chasalow agreed that the Trustee would have leave to amend his complaint to make further factual allegations against Mr. Chasalow, provided that the Trustee’s amended complaint did not allege additional causes of action. *Id.* (ECF 89). The date by which the Trustee may file his amended complaint pursuant to the stipulation has been extended several times by mutual consent of the parties; the current deadline to file the amended complaint is November 10, 2016. *Id.* (ECF 151). On November 9, 2009, Chais Related Defendant Miri Chais additionally moved to dismiss under Bankruptcy Rule 7012(b) for lack of personal jurisdiction. Miri Chais’ motion was denied on November 30, 2010. *Id.* (ECF 87). Additionally, the Chais Related Defendants and the Stanley Chais Defendants each filed motions to withdraw the bankruptcy reference. *Id.* (ECF 118, 119). The reference was partially withdrawn and has since been returned to this Court.

hereinafter defined) to participate in mediation; the Court appointed (former and now) Bankruptcy Judge James L. Garrity Jr. as mediator. At the time of the order directing mediation, the Trustee had a pending request before this Court seeking authorization to file a partial motion for summary judgment on the Trustee's claims seeking avoidance and recovery of the transfers received by all defendants (including the Settling Defendants) within two years of the Filing Date. That request had been opposed by the Settling Defendants.

THE TRUSTEE'S INJUNCTION ACTION

16. Several actions ("California Actions") have also been filed in the State of California against Chais, the Chais Estate, and certain other defendants in the Avoidance Action based on alleged losses sustained by investors in the California Partnerships as a result of the Madoff Ponzi scheme and Chais' alleged conduct with respect to the California Partnerships. The California Actions currently pending in the Superior Court of the State of California are: *Bottlebrush Investments, LP v. The Lambeth Company, et al.*, Case No. BC407967; *Leghorn Investments, Ltd. v. Brighton Investments, et al.*, Case No. BC408661; *Heimoff v. Chais, et al.*, Case No. BC413821; *Hall v. Chais, et al.*, Case No. BC413820 (collectively, the "California Private Actions"); and *The People of the State of California v. Chais, et al.*, Case No. BC422257 (the "CAAG Action").

17. With the exception of the CAAG Action, each of the California Actions is a derivative action brought by investors in the California Partnerships. The plaintiffs in the four California Private Actions (as previously defined, the "California Plaintiffs") and the Attorney General allege that Chais misled investors in the California Partnerships into believing that he was actively managing their money and making independent investment

decisions on their behalf when, in reality, Chais passed all or virtually all of the investors' pooled funds on to Madoff and BLMIS.

18. The Attorney General commenced the CAAG Action in the California Superior Court on or about September 22, 2009, against Chais (for whom Pamela Chais, as personal representative and executor of the Chais Estate, was substituted as a defendant) and Does 1 through 100, inclusive, on behalf of investors in the California Partnerships. The Attorney General seeks restitution, disgorgement and civil penalties on behalf of the California Partnerships' investors, and costs. The Attorney General also sought an injunction prohibiting Chais from engaging in the conduct alleged in the CAAG Action to violate California state securities and business law. The Chais Related Defendants are not defendants in the CAAG Action and deny any liability to any investor in the California Partnerships, but have represented to the Trustee that they are contributing to the Restitution Fund (as defined herein) through cash payments and claim assignments to effectuate a global resolution of the Trustee's Avoidance Action, the California Private Actions and the CAAG Action upon the terms and conditions set forth in the applicable settlement agreements.

19. On January 4, 2012, the Trustee filed an adversary proceeding complaint accompanied by an application pursuant to sections 362(a) and 105(a) of the Bankruptcy Code, and SIPA §§ 78eee(a)(3) and 78eee(b)(2)(B) (the "Injunction Action") to: (i) enforce the District Court's December 15, 2008 stay order and related orders (the "Stay Orders") and the automatic stay in the BLMIS SIPA proceeding; (ii) declare that the California Actions, including the CAAG Action, violate the Stay Orders and the automatic stay and are void *ab initio* as against the defendants in the Avoidance Action; and (iii) preliminarily enjoin the

California Plaintiffs and the Attorney General from litigating the California Actions or any other actions against any of the defendants in the Avoidance Action pending the resolution of the Avoidance Action.

20. As alleged by the Trustee in the Injunction Action, the recoveries sought in the California Actions are duplicative in substantial part of the recoveries sought by the Trustee in the Avoidance Action, and the Settling Defendants lack sufficient assets to satisfy a judgment in the Trustee's favor in the Avoidance Action (the Stanley Chais Defendants lack sufficient assets to satisfy a judgment even in the amount of the Trustee's two-year avoidance claims, which the Trustee computes by, among other things, imputing to Chais the value of the two-year transfers to the California Partnerships), and thus any judgment obtained by the California Plaintiffs or the Attorney General in the California Actions would necessarily diminish the Trustee's ability to recover from the defendants in the Avoidance Action for the benefit of the Fund of Customer Property.

21. The Trustee's proposed injunction in the Injunction Action would have barred the California Plaintiffs and the Attorney General from pursuing claims against and recovering from the defendants in the Avoidance Action until resolution of the Avoidance Action in order to protect the Trustee's ability to recover to benefit the Fund of Customer Property. The California Plaintiffs and the Attorney General opposed the Trustee's request for injunctive relief and otherwise challenged the positions asserted by the Trustee in the Injunction Action. As noted above, on July 18, 2012, the Injunction Action and the Avoidance Action were referred to joint mediation. The mediator's final report, which noted that a full settlement had not yet been reached, was filed on February 11, 2015. *See Picard v. Estate of Stanley Chais, et al.*, Adv. Pro. No. 09-01172 (ECF 142).

SETTLEMENT DISCUSSIONS AND TRUSTEE'S INVESTIGATION

22. At various times following the Trustee's filing of the Avoidance Action, the Settling Defendants, through their respective counsel, engaged in good faith discussions with the Trustee aimed at resolving the Trustee's claims. Although promoting the participants' understanding of their respective positions, those discussions did not produce an agreement. Starting in July 2012, at the direction of the Court, the Trustee, the Settling Defendants, the Attorney General, and the California Plaintiffs engaged in multiple mediation conferences under the direction of Bankruptcy Judge James L. Garrity, Jr., who at that time was retired from the Court. While the Settling Defendants informed the Trustee, the California Plaintiffs, and the Attorney General that they disputed any liability to the Trustee, the California Plaintiffs, or to the Attorney General, their good faith negotiations yielded the Settlement. The Settlement is the result of negotiations and mediation conferences over nearly four years, including a number of face-to-face meetings among counsel, multiple substantive teleconferences, multiple exchanges of numbers and drafts between and among the parties to the Settlement, and clarifying developments in the applicable case law.

23. The Trustee has conducted a comprehensive investigation of the Settling Defendants' direct and indirect investments with BLMIS. The Settling Defendants have cooperated with the Trustee and facilitated the investigation by providing information the Trustee has requested. In addition to the above, the Trustee and the Attorney General have cooperated in an investigation and analysis, consistent with the Trustee's "net equity" methodology, of the investments made by the investors in the California Partnerships to assist in determining the extent of the individual harms, if any, to these investors for the

purposes of the formation and administration of a fund in excess of \$15 million (the “Restitution Fund”) supervised by the Attorney General for the administration and payment of claims made by third party investors of the California Partnerships, including the California Plaintiffs.

24. After a 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 reach a business resolution in this matter rather than proceed to further litigation.

CONTRIBUTION TO THE CUSTOMER PROPERTY ESTATE

25. The Settlement resolves any and all claims the Trustee has or could have asserted against the Settling Defendants, including but not limited to claims to avoid direct and indirect transfers to the Settling Defendants made by BLMIS during the 90-day, two-year, and six-year periods prior to the Filing Date, claims to avoid direct and indirect transfers to the Settling Defendants by BLMIS over the life of the Chais Family BLMIS Accounts, and all other claims the Trustee has brought against the Settling Defendants.

26. This Settlement will return to BLMIS’s consolidated estate, for distribution to qualifying BLMIS customers, a total of approximately \$260 million, including \$232 million in cash payments and an estimated \$30 million in other assets⁶ from the Settling Defendants. Significantly, the Estate of Stanley Chais and his widow, Pamela Chais, will contribute substantially all of their remaining assets in payment of the Settlement. In addition, the Chais Related Defendants’ contribution to the Settlement will include the full amount that

⁶ This figure does not include assets, possession of which will be transferrable to the Trustee upon the death of Pamela Chais under the Trustee Settlement Agreement, which include virtually all personal property owned by Pamela Chais and her condominium.

the Chais Related Defendants withdrew from BLMIS in the two years before the Filing Date.

THE AGREEMENTS

27. The principal terms and conditions of the Trustee Settlement Agreement, a copy of which is attached hereto as Exhibit B, are as follows⁷:

- Within five (5) Business Days of the TSA Approval Order becoming final and unappealable, there will be a Closing at which the Stanley Chais Defendants shall pay or transfer their cash assets identified in the Trustee Settlement Agreement to the Trustee for the benefit of the Fund of Customer Property. In addition, the Stanley Chais Defendants shall transfer to the Trustee certain alternative investments maintained by the Stanley Chais Defendants to be liquidated for the benefit of the Fund of Customer Property.
- At Closing, Pamela Chais shall transfer all of her real, tangible, and personal property to the Trustee, subject to limited exceptions for exempt assets and to which she will retain a life estate therein, which she will maintain and insure at her own cost during her lifetime.
- Upon Mrs. Chais' death, the life estate shall terminate and possession of her real, tangible and personal property transferred pursuant to the Grant Deed with Reserved Life Estate and Bill of Sale and General Assignment attached as Exhibit D and E to the Trustee Settlement Agreement in which Mrs. Chais retained a life estate shall revert to the Trustee for the benefit of the Fund of Customer Property; except that certain family members shall be allowed to select up to \$75,000 worth of certain personal property with a sentimental value that will be transferred to them.
- At Closing, the Chais Related Defendants shall pay or transfer approximately \$38.7 million in cash assets to the Trustee. Additionally, Chais Investments, Ltd. will transfer to the Trustee all of its liquid assets (with the exception of any liquid assets necessary to meet future capital calls on non-liquid investments) and will use reasonable efforts to liquidate, in a manner intended to maximize value, all of its non-liquid assets and transfer to the Trustee.

⁷ Capitalized words not otherwise defined in this section shall have the meaning ascribed to them in the Trustee Settlement Agreement. In the event of any inconsistency between the summary of terms provided in this section and the terms of the Trustee Settlement Agreement, the Trustee Settlement Agreement shall prevail.

- At Closing the Trustee will allow the Customer Claims in the combined amount of \$4,877,810 in the same manner as claims are calculated and allowed for any “net loser” customers of BLMIS. Upon allowance of these Customer Claims, the Chais Related Defendants will assign the Customer Claims to the Trustee.
- The Trustee will use his reasonable best efforts to obtain a final, non-appealable permanent injunction in favor of the Defendants enjoining the continued prosecution of any claims released by the Trustee as part of the Trustee Settlement Agreement and any claim that is duplicative or derivative of any such claim.
- If, within one (1) year after the Restitution Claim Bar Date (as defined in the AG Settlement Agreement), subject to extension, the Defendants make a written request upon the conditions agreed by the Defendants and the Trustee, the Trustee shall, within sixty (60) days after receiving such request, seek leave to move for partial summary judgment against the California Partnerships in the Avoidance Action with respect to preferences and avoidance of two year transfers and assign any judgments it may obtain to the Chais Related Defendants.
- The Trustee will release, acquit, and absolutely discharge the Settling Defendants on the specific terms set forth in the Trustee Settlement Agreement. The release will become effective upon the Trustee’s actual receipt of the cash payment and other assets, as set forth in the Trustee Settlement Agreement.
- The Settling Defendants will release, acquit, and absolutely discharge the Trustee and all his agents and BLMIS and its consolidated estate on the specific terms set forth in the Trustee Settlement Agreement. The release will become effective upon the Trustee’s actual receipt of the cash payment and assets at Closing, as set forth in the Trustee Settlement Agreement.
- The Settling Defendants agree that they are subject to the jurisdiction of this Court for the purpose of the SIPA Proceeding and the Trustee’s Avoidance Claims.

28. The Trustee’s limited obligations under the AG Settlement Agreement, a copy of which is attached hereto as Exhibit C, are generally as follows⁸:

⁸ Capitalized words not otherwise defined in this section shall have the meaning ascribed to them in the AG Settlement Agreement. In the event of any inconsistency between the summary of terms provided in this section and the terms of the AG Settlement Agreement, the AG Settlement Agreement shall prevail.

- At Closing, the Chais Related Defendants will assign the Customer Claims to the Trustee. The Trustee anticipates that this assignment will result in an additional recovery to the estate of approximately \$4.8 million. In exchange for the assignment of the Customer Claims, the Trustee will forbear from receiving \$5 million of the settlement payments due to be paid by the Settling Defendants under the terms of the Trustee Settlement Agreement. At Closing, the \$5 million shall be transferred by the Stanley Chais Defendants to the Attorney General for contribution to the Restitution Fund.
- At Closing, \$7.5 million of the settlement payments due to be paid by the Settling Defendants under the terms of the Trustee Settlement Agreement shall instead be transferred by the Stanley Chais Defendants to the Attorney General for contribution to the Restitution Fund, for the benefit of the claimants to the Restitution Fund.

29. The Trustee's limited obligations under the CP Settlement Agreement, a copy of which is attached hereto as Exhibit D, are generally as follows⁹:

- Upon approval of the CP Settlement Agreement by the Superior Court of the State of California and entry of a final non-appealable order approving the CP Settlement Agreement, the Trustee will forbear from receiving \$2.6 million of the settlement payments due to be paid by the Settling Defendants under the terms of the Trustee Settlement Agreement, which shall have been transferred by the Stanley Chais Defendants to an escrow account held by the Stanley Chais Defendants' counsel acting as an escrow agent. Within ten (10) Business Days of the CPAS Effective Date, the \$2.6 million shall be transferred to the Attorney General for contribution to the Restitution Fund or to the attorneys for the California Plaintiffs to the extent any amount is approved by the Superior Court of the State of California for payment of the California Plaintiffs' legal fees.

RELIEF REQUESTED

30. By this Motion, the Trustee respectfully requests that the Court enter an order substantially in the form of the proposed TSA Approval Order annexed hereto as Exhibit E approving the Trustee Settlement Agreement, an order substantially in the form of the

⁹ Capitalized words not otherwise defined in this section shall have the meaning ascribed to them in the CP Settlement Agreement. In the event of any inconsistency between the summary of terms provided in this section and the terms of the CP Settlement Agreement, the CP Settlement Agreement shall prevail.

proposed CAAG Approval Order annexed hereto as Exhibit F, and an order substantially in the form of the proposed CP Bankruptcy Approval Order annexed hereto as Exhibit G.

LEGAL BASIS

31. 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 bankruptcy court should find that the compromise proposed is fair and equitable, reasonable, and in the best interests of a debtor’s estate. *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)).

32. The Second Circuit has stated that a bankruptcy court, in determining whether to approve a compromise, 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.’” *Liu v. Silverman* (*In re Liu*), 1998 U.S. App. LEXIS 31698, at *3 (2d Cir. Dec. 18, 1998) (quoting *In re W.T. Grant Co.*, 699 F.2d 599, 608 (2d Cir. 1983)); *see also* *Masonic Hall & Asylum Fund v. Official Comm. Of Unsecured Creditors (In re Refco, Inc.)*, 2006 U.S. Dist. LEXIS 85691, at *21-22 (S.D.N.Y. Nov. 16, 2006); *In re Ionosphere Clubs*, 156 B.R. at 426; *In re Purified Down Prods. Corp.*, 150 B.R. 519, 522 (S.D.N.Y. 1993) (“[T]he court need not conduct a ‘mini-trial’ to determine the merits of the underlying litigation”); *In re Drexel Burnham Lambert Group, Inc.*, 134 B.R. 499, 505 (Bankr. S.D.N.Y. 1991).

33. In deciding whether a compromise falls within the “range of reasonableness,” courts consider the following factors:

- (i) the probability of success in the litigation;
- (ii) the difficulties associated with collection;
- (iii) the complexity of the litigation, and the attendant expense, inconvenience, and delay; and
- (iv) the paramount interests of the creditors (or in this case, customers).

In re Refco, Inc., 2006 U.S. Dist. LEXIS 85691 at *22; *Nellis v. Shugrue*, 165 B.R. 115, 122 (S.D.N.Y. 1994) (citing *In re Drexel Burnham Lambert Group, Inc.*, 960 F.2d 285, 292 (2d Cir. 1992), *cert. dismissed*, 506 U.S. 1088 (1993)).

34. The bankruptcy court may credit and consider the opinions of the trustee or debtor and their counsel in determining whether a settlement is fair and equitable. *See In re Purified Down Prods.*, 150 B.R. at 522; *In re Drexel Burnham Lambert Group, Inc.*, 134 B.R. at 505. 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. The competency and experience of counsel supporting the settlement may also be considered. *Nellis*, 165 B.R. at 122. Finally, the court should be mindful of the principle that “the law favors compromise.” *In re Drexel Burnham Lambert Group, Inc.*, 134 B.R. at 505 (quoting *In re Blair*, 538 F.2d 849, 851 (9th Cir. 1976)).

35. The Trustee believes that the terms of the Settlement fall well above the lowest point in the range of reasonableness and, accordingly, the Settlement should be approved by this Court. The Settlement avoids the cost and delay of what could otherwise be lengthy and contentious litigation. (See Affidavit of the Trustee in Support of the Motion (the “Picard Affidavit”), a true and accurate copy of which is attached hereto as Exhibit H). The Settlement resolves the bulk of the claims at issue in the Avoidance Action and resolves

the claims against the Attorney General and the California Plaintiffs in the Injunction Action, and was reached after a full and fair mediation in which all parties to both Actions participated in good faith. The Settlement will resolve the Trustee's claims against the Settling Defendants in the Avoidance Action and the Trustee's claims against the Attorney General and the California Plaintiffs in the Injunction Action without the need to litigate further concerning the more than 60 BLMIS accounts at issue and without the need to obtain injunctive relief against the Attorney General and the California Plaintiffs.

36. The Settlement will permit the Trustee to collect and distribute essentially the same amount he would have obtained as a judgment had he moved forward with and been entirely successful on his proposed motion for partial summary judgment on his two-year Avoidance Claims prior to engaging in mediation. And the Settlement allows the Trustee to do so without having to grapple with various collection issues the Trustee otherwise would have faced, and without the potential diminution, in the case of the Stanley Chais Defendants, of recoverable assets by reason of litigation costs and expenses. Given the current state of the law regarding the Trustee's ability to sustain avoidance claims, the Trustee made the decision to settle for the amount currently recoverable rather than continuing litigation where his efforts to collect additional funds would prove challenging unless there was an intervening reversal by the Supreme Court applicable to the Trustee's claims beyond the two-year period.

37. Further, although the Trustee has alleged facts in the context of the Avoidance Action that he asserts obviate the application of section 546(e), that allegation is disputed by the Settling Defendants. The rulings by the District Court and evidentiary issues associated with such allegations, compounded by those created by Chais' death, create

uncertainty as to additional recovery under these theories. While the Trustee is confident that he would have prevailed, the litigation risk in this particular matter is heightened by the nature of the relationship between Chais and BLMIS.

38. The transfers at issue extend over many decades and are disbursed over dozens of accounts, which are held in the names of various trusts, partnerships, corporations, and other entities, including a charitable foundation, some of which are located abroad and all of which have differing abilities to satisfy any potential judgment. Had the Trustee continued litigation against the Settling Defendants and successfully imposed liability on them, collection would likely involve the pursuit of subsequent transferees in various countries. Litigation could conceivably continue for many additional years and could result in a recovery of potentially less than the amount payable under the terms of the Settlement, which includes recovery of the two-year fictitious profit transfers received by the Chais Related Defendants, regardless of each individual defendant's ability to pay, and includes substantially all of the assets of the Stanley Chais Defendants. This Settlement allows the Trustee to avoid the complications associated with litigating against and collecting judgments from numerous Chais-related BLMIS accountholders and the individual defendants behind each Chais-related entity, and permits a swift recovery that the Trustee deems to be in the best interest of the Estate.

39. The Trustee's narrow obligations under the AG Settlement Agreement and CP Settlement Agreement will obviate the need for further injunction proceedings with respect to the California Actions, saving the time and expense of litigating further injunction proceedings against the Attorney General and the California Plaintiffs where there is risk that, absent an injunction, the Attorney General or the California Plaintiffs may be awarded

damages from the Settling Defendants' funds that otherwise would be recoverable for the Fund of Customer Property. The Trustee's obligations under the AG Settlement Agreement and CP Settlement Agreement also permit the Settling Defendants to resolve the allegations made by the investors in the California Partnerships and diminish the likelihood of challenge to or appeal of the TSA Approval Order by third parties based on the allegations in the California Actions. Because the Settlement will fully resolve both the Injunction Action and the Avoidance Action, the Settlement will greatly reduce the time and cost necessary for further litigation. Thus, the Settlement also will allow distribution of recovered funds from the Fund of Customer Property far sooner than any recovery after continued litigation.

40. Thus, the Settlement greatly furthers the interests of BLMIS customers by adding an estimated \$262 million to the Fund of Customer Property, and results in the Trustee recovering all of the withdrawals made by the Chais Related Defendants from BLMIS within the two years prior to the Filing Date, and obtaining virtually all of the assets in the Estate of Stanley Chais or held by his widow, Pamela Chais, without the delay and expense of further litigation and the attendant uncertainty.

CONCLUSION

41. In sum, the Trustee submits that the Trustee Settlement Agreement should be approved: (a) to avoid any further litigation that may be lengthy, burdensome, uncertain, and expensive; (b) to obtain all of the assets of the Estate of Stanley Chais and virtually all of the assets of his widow, Pamela Chais; (c) to recover all alleged fictitious profit withdrawals made by the Chais Related Defendants within the two-year period prior to the Filing Date; and (d) because it represents a fair and reasonable compromise that will greatly benefit the estate and the customers of BLMIS. Because the Trustee Settlement Agreement

is well within the “range of reasonableness” and confers a substantial benefit on the estate, the Trustee respectfully requests that the Court enter the TSA Approval Order approving the Trustee Settlement Agreement. Additionally, to resolve the California Actions without significant diminution of the Settling Defendants’ assets available for the recovery for the Fund of Customer Property and to benefit investors in the California Partnerships who do not have claims against the Fund of Customer Property, the Trustee requests authorization to sign onto the AG Settlement Agreement and CP Settlement Agreement on a limited basis and undertake the narrow obligations attributable to the Trustee thereunder.

NOTICE

42. In accordance with Bankruptcy Rules 2002 and 9019, notice of this Motion has been given to (i) SIPC; (ii) the SEC; (iii) the Internal Revenue Service; (iv) the United States Attorney for the Southern District of New York; (v) Sills, Cummis, & Gross P.C., counsel for certain defendants; (vi) Milbank, Tweed, Hadley & McCloy LLP, counsel for certain defendants; (vii) Biernert, Miller & Katzman, counsel for certain defendants; (viii) Alexandra Robert Gordon, Deputy Attorney General, State of California Department of Justice; (ix) Milberg LLP, attorneys for certain third party plaintiffs; and (x) Weintraub Tobin Chediak Coleman Grodin Inc., counsel for certain third party plaintiffs. Notice of this Motion also will be provided via email and/or U.S. Mail to all persons who have filed notices of appearance in the BLMIS proceeding and to all defendants in this Adversary Proceeding pursuant to the Order Establishing Notice Procedures (ECF No. 4560). The Trustee submits that no other or further notice is required.

WHEREFORE, the Trustee respectfully requests entry of Orders substantially in the form of Exhibits E, F and G granting the relief requested in the Motion.

Dated: New York, New York
October 28, 2016

Respectfully submitted,

/s/ Tracy Cole

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Trustee for the SIPA Liquidation of Bernard L.
Madoff Investment Securities LLC and the
Chapter 7 estate of Bernard L. Madoff*

EXHIBIT A

EXHIBIT A

LIST OF SETTLING DEFENDANTS

STANLEY CHAIS DEFENDANTS:

1. Estate of Stanley Chais
2. Pamela Chais
3. Appleby Productions Ltd.
4. The Appleby Productions Ltd. Defined Contribution Plan
5. The Appleby Productions Ltd. Money Purchase Plan
6. The Appleby Productions Ltd. Profit Sharing Plan,
7. Chais Family Foundation
8. Chais Investments, Ltd.
9. Chais 1991 Family Trust

CHAIS RELATED DEFENDANTS

1. The Unicycle Trading Company
2. Unicycle Corp., individually and as the General Partner of The Unicycle Trading Company
3. The Unicycle Corporation Money Purchase Plan
4. Onondaga, Inc., individually and as General Partner of Chais Investments Ltd.
5. The Onondaga, Inc. Money Purchase Plan
6. The Onondaga, Inc. Defined Benefit Pension Plan
7. Chais Management, Inc., individually and as General Partner of Chais Management Ltd.
8. Chais Management Ltd.
9. Chais Venture Holdings
10. Emily Chasalow
11. Mark Chais
12. William Chais
13. Michael Chasalow
14. Miri Chais, referred to in the Trustee's Avoidance Complaint as Mirie Chais¹
15. Wrenn Chais
16. 1994 Trust For The Children Of Stanley And Pamela Chais
17. 1996 Trust For The Children Of Stanley And Pamela Chais, referred to in the Trustee's Avoidance Complaint as The 1996 Trust For The Children Of Pamela Chais And Stanley Chais
18. BLMIS Account 1C1286, sued in the Trustee's Complaint as The 1999 Trust for the Children of Stanley and Pamela Chais

¹Motions and answers filed in Adversary Proceeding No. 09-01172 have indicated corrected names for various defendants. These defendants will be referred to herein by their corrected names.

19. 1999 Trust For The Grandchildren Of Stanley And Pamela Chais
20. Emily Chais 1983 Trust
21. Emily Chais Trust No. 1, referred to in the Trustee's Avoidance Complaint collectively with Emily Chais Trust No. 2 and Emily Chais Trust No. 3 as The Emily Chais Trust
22. Emily Chais Trust No. 2, referred to in the Trustee's Avoidance Complaint collectively with Emily Chais Trust No. 1 and Emily Chais Trust No. 3 as The Emily Chais Trust
23. Emily Chais Trust No. 3, referred to in the Trustee's Avoidance Complaint collectively with Emily Chais Trust No. 1 and Emily Chais Trust No. 2 as The Emily Chais Trust
24. Emily Chais Issue Trust No. 1, referred to in the Trustee's Avoidance Complaint collectively with Emily Chais Issue Trust No. 2 as The Emily Chais Issue Trust
25. Emily Chais Issue Trust No. 2, referred to in the Trustee's Avoidance Complaint collectively with Emily Chais Issue Trust No. 1 as The Emily Chais Issue Trust
26. Mark Hugh Chais Trust No. 1, referred to in the Trustee's Avoidance Complaint collectively with Mark Hugh Chais Trust No. 2 and Mark Hugh Chais Trust No. 3 as The Mark Hugh Chais Trust
27. Mark Hugh Chais Trust No. 2, referred to in the Trustee's Avoidance Complaint collectively with Mark Hugh Chais Trust No. 1 and Mark Hugh Chais Trust No. 3 as The Mark Hugh Chais Trust
28. Mark Hugh Chais Trust No. 3, referred to in the Trustee's Avoidance Complaint collectively with Mark Hugh Chais Trust No. 1 and Mark Hugh Chais Trust No. 2 as The Mark Hugh Chais Trust
29. Mark Hugh Chais Issue Trust No. 1, referred to in the Trustee's Avoidance Complaint collectively with Mark Hugh Chais Issue Trust No. 2 as The Mark Hugh Chais Issue Trust
30. Mark Hugh Chais Issue Trust No. 2, referred to in the Trustee's Avoidance Complaint collectively with Mark Hugh Chais Issue Trust No. 2 as The Mark Hugh Chais Issue Trust
31. Mark Hugh Chais 1983 Trust
32. William Frederick Chais Trust No. 1, referred to in the Trustee's Avoidance Complaint collectively with William Frederick Chais Trust No. 2 and William Frederick Chais Trust No. 3 as The William Frederick Chais Trust
33. William Frederick Chais Trust No. 2, referred to in the Trustee's Avoidance Complaint collectively with William Frederick Chais Trust No. 1 and William Frederick Chais Trust No. 3 as The William Frederick Chais Trust
34. William Frederick Chais Trust No. 3, referred to in the Trustee's Avoidance Complaint collectively with William Frederick Chais Trust No. 1 and William Frederick Chais Trust No. 2 as The William Frederick Chais Trust
35. William F. Chais Issue Trust No. 1, referred to in the Trustee's Avoidance Complaint collectively with William F. Chais Issue Trust No. 2 as The William F. Chais Issue Trust
36. William F. Chais Issue Trust No. 2, referred to in the Trustee's Avoidance Complaint collectively with William F. Chais Issue Trust No. 1 as The William F. Chais Issue Trust

37. William Frederick Chais 1983 Trust
38. William And Wrenn Chais 1994 Family Trust
39. Ari Chais 1999 Trust
40. Ari Chais Transferee Trust No. 1, referred to in the Trustee's Avoidance Complaint as The Ari Chais Transferee #1 Trust
41. Benjamin Paul Chasalow 1999 Trust
42. Benjamin Paul Chasalow Transferee Trust No. 1, referred to in the Trustee's Avoidance Complaint as The Benjamin Paul Chasalow Transferee #1 Trust
43. Chloe Frances Chais 1994 Trust
44. Chloe Frances Chais Transferee Trust No. 1, referred to in the Trustee's Avoidance Complaint as The Chloe Francis Chais Transferee #1 Trust
45. Jonathan Wolf Chais 1996 Trust, referred to in the Trustee's Avoidance Complaint as The Jonathan Wolf Chais Trust
46. Jonathan Chais Transferee Trust No. 1, referred to in the Trustee's Avoidance Complaint as The Jonathan Chais Transferee #1 Trust
47. Justin Robert Chasalow 1999 Trust
48. Justin Robert Chasalow Transferee Trust No. 1, referred to in the Trustee's Avoidance Complaint as The Justin Robert Chasalow Transferee #1 Trust
49. Madeline Celia Chais 1992 Trust
50. Madeline Chais Transferee Trust No. 1, referred to in the Trustee's Avoidance Complaint as The Madeline Chais Transferee #1 Trust
51. Rachel Allison Chasalow 1999 Trust
52. Rachel Allison Chasalow Transferee Trust No. 1, referred to in the Trustee's Avoidance Complaint as The Rachel Allison Chasalow Transferee #1 Trust
53. Tali Chais 1997 Trust
54. Tali Chais Transferee Trust No. 1, referred to in the Trustee's Avoidance Complaint as The Tali Chais Transferee #1 Trust

EXHIBIT B

SETTLEMENT AGREEMENT

This SETTLEMENT AGREEMENT, dated as of October 19, 2016 (together with the Exhibits attached hereto, this “Settlement Agreement”), is made by and among Irving H. Picard, in his capacity as trustee (the “Trustee”) under the Securities Investor Protection Act of 1970, 15 U.S.C. §§ 78aaa *et seq.*,¹ as amended (“SIPA”), for the liquidation of the business of Bernard L. Madoff Investment Securities LLC (“BLMIS”) and the substantively consolidated Chapter 7 estate of Bernard L. Madoff (“Madoff”) on one hand, and (a) The Estate of Stanley Chais; Pamela Chais; Appleby Productions Ltd.; the now-defunct defined contribution plan formerly known as Appleby Productions Ltd. Defined Contribution Plan; the now-defunct money purchase plan formerly known as Appleby Productions Ltd. Money Purchase Plan; the now-defunct profit sharing plan formerly known as Appleby Productions Ltd. Profit Sharing Plan; Chais Investments, Ltd.; Chais 1991 Family Trust (now consisting of the Survivor’s Trust under Chais 1991 Family Trust dated September 4, 1991 and the Marital Trust under Chais 1991 Family Trust dated September 4, 1991); and Chais Family Foundation (collectively, the “Stanley Chais Defendants”); and (b) Emily Chasalow; Mark Chais; William Chais; Michael Chasalow; Miri Chais, referred to in the Trustee’s Complaint in the below-defined Adversary Proceeding as Mirie Chais; Wrenn Chais; 1994 Trust for the Children of Stanley and Pamela Chais; 1996 Trust for the Children of Stanley and Pamela Chais, referred to in the Trustee’s Complaint as The 1996 Trust for the Children of Pamela Chais And Stanley Chais; BLMIS Account 1C1286, sued in the Trustee’s Complaint as The 1999 Trust for the Children of Stanley and Pamela Chais; 1999 Trust for the Grandchildren of Stanley and Pamela Chais; Emily Chais 1983 Trust; Emily Chais Trust No. 1, Emily Chais Trust No. 2, and Emily Chais Trust No. 3, referred to collectively in the Trustee’s Complaint as The Emily Chais Trust; Emily Chais Issue Trust No. 1 and Emily Chais Issue Trust No. 2, referred to collectively in the Trustee’s Complaint as The Emily Chais Issue Trust; Mark Hugh Chais Trust No. 1, Mark Hugh Chais Trust No. 2, and Mark Hugh Chais Trust No. 3, referred to collectively in the Trustee’s Complaint as The Mark Hugh Chais Trust; Mark Hugh Chais Issue Trust No. 1 and Mark Hugh Chais Issue Trust No. 2, referred to collectively in the Trustee’s Complaint as The Mark Hugh Chais Issue Trust; Mark Hugh Chais 1983 Trust; William Frederick Chais Trust No. 1, William Frederick Chais Trust No. 2, and William Frederick Chais Trust No. 3, referred to collectively in the Trustee’s Complaint as The William Frederick Chais Trust; William Frederick Chais Issue Trust No. 1 and William Frederick Chais Issue Trust No. 2, referred to collectively in the Trustee’s Complaint as The William F. Chais Issue Trust; William Frederick Chais 1983 Trust; The William and Wrenn Chais 1994 Family Trust; Ari Chais 1999 Trust; Ari Chais Transferee Trust No. 1, referred to in the Trustee’s Complaint as The Ari Chais Transferee #1 Trust; Benjamin Paul Chasalow 1999 Trust; Benjamin Paul Chasalow Transferee Trust No. 1, referred to in the Trustee’s Complaint as The Benjamin Paul Chasalow Transferee #1 Trust; Chloe Frances Chais 1994 Trust, referred to in the Trustee’s Complaint as The Chloe Francis Chais 1994 Trust; Chloe Frances Chais Transferee Trust No. 1, referred to in the Trustee’s Complaint as The Chloe Francis Chais Transferee #1 Trust; Jonathan Wolf Chais 1996 Trust, referred to in the Trustee’s Complaint as The Jonathan Wolf Chais Trust; Jonathan Chais Transferee Trust No. 1, referred to in the Trustee’s Complaint as The Jonathan Chais Transferee #1 Trust; Justin Robert Chasalow 1999 Trust; Justin Robert Chasalow Transferee Trust No. 1, referred to in the Trustee’s Complaint as The Justin Robert Chasalow Transferee #1 Trust; Madeline Celia Chais 1992 Trust; Madeline Chais Transferee

¹ Citations to sections of SIPA shall hereinafter omit reference to title 15.

Trust No. 1, referred to in the Trustee's Complaint as The Madeline Chais Transferee #1 Trust; Rachel Allison Chasalow 1999 Trust; Rachel Allison Chasalow Transferee Trust No. 1, referred to in the Trustee's Complaint as The Rachel Allison Chasalow Transferee #1 Trust; Tali Chais 1997 Trust; Tali Chais Transferee Trust No. 1, referred to in the Trustee's Complaint as The Tali Chais Transferee #1 Trust; Unicycle Trading Company; Unicycle Corp., individually and as the General Partner of Unicycle Trading Company; the now-defunct money purchase plan formerly known as Unicycle Corporation Money Purchase Plan; Onondaga, Inc., individually and as General Partner of Chais Investments, Ltd.; the now-defunct money purchase plan formerly known as The Onondaga, Inc. Money Purchase Plan; the now-defunct defined benefit pension plan formerly known as The Onondaga, Inc. Defined Benefit Pension Plan; Chais Management, Inc., individually and as General Partner of Chais Management Ltd.; Chais Management Ltd.; and Chais Venture Holdings (collectively, the "Chais Related Defendants") and together with the Stanley Chais Defendants, the "Settling Defendants"), on the other hand (each of the Trustee and the Settling Defendants, a "Party" and collectively the "Parties").

RECITALS

A. BLMIS and its predecessor were registered broker-dealers and members of the Securities Investor Protection Corporation ("SIPC").

B. On December 11, 2008 (the "Filing Date"), the Securities and Exchange Commission (the "SEC") 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 that, among other things, appointed a receiver for the assets of BLMIS (No. 08-CV-10791 (LLS)).

C. On December 11, 2008, Madoff was arrested by federal agents for criminal securities laws violations including securities fraud, investment adviser fraud, and mail and wire fraud. At a plea hearing on March 12, 2009, in the case captioned *United States v. Madoff*, Case No. 09-CR-213 (DC), Madoff pleaded guilty to an 11-count criminal information filed against him by the Office of the United States Attorney for the Southern District of New York and admitted that he "operated a Ponzi scheme through the investment advisory side of [BLMIS]" and engaged in fraud in the operation of BLMIS ("Madoff Ponzi Scheme").

D. 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 by SIPC. Thereafter, SIPC filed an application in the District Court under section 78eee(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 SIPC's application and entered an order, which, in pertinent part, removed the receiver, appointed the Trustee under section 78eee(b)(3) of SIPA, and removed the case to the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") under section 78eee(b)(4) of SIPA, where it is currently pending (No. 08-01789 (SMB)) (the "SIPA Proceeding"). The Trustee is duly qualified to serve and act on behalf of the estate of BLMIS and the Chapter 7 estate of Madoff (collectively, the "Estate") pursuant to the substantive consolidation order of the Bankruptcy Court entered on June 9, 2009.

E. 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.

F. 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.

G. Some or all of the Settling Defendants were customers of BLMIS and maintained customer accounts, as identified by account number in Exhibit A attached hereto and made a part hereof (collectively the “Chais Accounts”).

H. Between the opening of the Chais Accounts and the Filing Date, the total amounts deposited into the Chais Accounts less the amount of withdrawals that some or all of the Settling Defendants made from the Chais Accounts, as such amounts were calculated by the Trustee, are identified in Exhibit A to this Settlement Agreement. The amounts withdrawn by some or all of the Settling Defendants from the Chais Accounts within ninety days before the Filing Date, as such amounts were calculated by the Trustee, are identified in Exhibit A to this Settlement Agreement (“90 Day Withdrawals”). The amounts withdrawn by some or all of the Settling Defendants from the Chais Accounts within the two-year period before the Filing Date, as such amounts were calculated by the Trustee, are identified in Exhibit A to this Settlement Agreement (“Two Year Withdrawals”). The amounts withdrawn by some or all of the Settling Defendants from the Chais Accounts within the six-year period before the Filing Date, as such amounts were calculated by the Trustee, are identified in Exhibit A to this Settlement Agreement (the “Six Year Withdrawals”); and the additional amounts withdrawn by some or all of the Settling Defendants from the Chais accounts prior to the six-year period before the Filing Date, as such amounts were calculated by the Trustee, are identified in Exhibit A to this Settlement Agreement (the “Lifetime Withdrawals” and, together with the 90 Day Withdrawals, the Two Year Withdrawals, and the Six Year Withdrawals, collectively, the “Withdrawals”). For the avoidance of doubt, Withdrawals include any transfers between and/or among the Chais Accounts.

I. Some of the Settling Defendants filed customer claims in the SIPA Proceeding alleging aggregate losses from their respective Chais Accounts (the “SIPA Claims”). The SIPA Claims, including the relevant BLMIS Account Numbers and the Trustee’s determination of each claim are identified in Exhibit B attached hereto and made a part hereof. The SIPA Claims, as filed, assert each of those respective Settling Defendants is entitled to the allowance and distribution of a customer claim in the SIPA Proceeding in an amount reflected on the corresponding Settling Defendants’ BLMIS account statements for the period ending November 30, 2008 (the “Last Statement Amounts”). The Trustee has disputed that the Settling Defendants are entitled to allowance of the SIPA Claims.

J. On March 1, 2010, the Bankruptcy Court, per the late Honorable Burton R. Lifland, United States Bankruptcy Judge, issued an opinion affirming the Trustee’s “net equity” calculation of customer claims as the difference between investment into BLMIS and amounts

withdrawn (the “Net Investment Method”). On March 8, 2010, the Bankruptcy Court entered an order implementing the decision and certifying it for immediate appeal to the United States Court of Appeals for the Second Circuit, which on August 16, 2011, upheld the Trustee’s use of the Net Investment Method. On June 25, 2012, the United States Supreme Court upheld the Trustee’s methodology denying two petitions for writ of certiorari, and dismissing a third pursuant to a written agreement between the parties and Supreme Court Rule 46.1.

K. The Trustee commenced an adversary proceeding against the Settling Defendants and other parties in the Bankruptcy Court under the caption *Picard v. Stanley Chais, et al.*, Adv. Pro. No. 09-1172 (SMB) (“Adversary Proceeding”). In the Adversary Proceeding, the Trustee asserts the Settling Defendants are liable to the Estate under 11 U.S.C. §§ 544, 547, 548, 550, and 551, the New York Uniform Fraudulent Conveyance Act (New York Debtor and Creditor Law §§ 270-281), the New York Civil Procedure Law, and section 78fff-2(c)(3) of SIPA, as applicable, for the Withdrawals made by the Settling Defendants from BLMIS (the “Avoidance Power Claims”). Through the Adversary Proceeding, the Trustee alleges that all monies and assets of the Stanley Chais Defendants represent, directly or indirectly, Withdrawals and are recoverable by the Trustee as Avoidance Power Claims.

L. In addition to the Avoidance Power Claims, the Adversary Proceeding seeks to disallow and/or equitably subordinate SIPA Claims filed by certain Settling Defendants in the SIPA Proceeding.

M. Following the filing of the Adversary Proceeding, on September 26, 2010, Stanley Chais passed away.

N. While the Trustee believes that he would prevail at trial in avoiding and recovering all initial transfers from BLMIS to the initial transferees, and recovering all subsequent transfers to other Settling Defendants, he also recognizes that there is, as in any adversary proceeding, litigation risk, risk of collection, and delay in payment associated with his Avoidance Power Claims.

O. While the Settling Defendants believe they would prevail at trial on defenses they have as to the claims asserted by the Trustee, the Settling Defendants recognize that there is litigation cost and risk associated with the Avoidance Power Claims and have decided to settle with the Trustee prior to engaging in expensive and time-consuming litigation in the Adversary Proceeding.

P. At the direction of the Bankruptcy Court, the Trustee and the Settling Defendants engaged in multiple mediation conferences with the Honorable James L. Garrity, Jr., at the time retired from the Bankruptcy Court.

Q. In addition to the Adversary Proceeding, there currently are five actions pending in the Superior Court of the State of California against some or all of the Settling Defendants that seek recovery of funds related to the Madoff Ponzi Scheme: *Bottlebrush Investments, LP v. The Lambeth Company, et al.*, Case No. BC407967; *Leghorn Investments, Ltd. v. Brighton Investments, et al.*, Case No. BC408661; *Heimoff v. Chais, et al.*, Case No. BC413821; *Hall v. Chais, et al.*, Case No. BC413820 (collectively, and including any action that arises out of or is a

successor action to the preceding actions, the “California Private Actions”); and *The People of the State of California v. Chais, et al.*, Case No. BC422257 (the “CAAG Action” and, together with the California Private Actions, the “California Actions”). None of the Chais Related Defendants is a defendant in the CAAG Action.

R. On January 4, 2012, the Trustee commenced in the Bankruptcy Court an adversary proceeding captioned *Picard v. Hall, et al.*, Adv. Pro. No. 12-01001 (SMB) (the “Injunction Adversary Proceeding”) against the plaintiffs in the California Actions, seeking to enjoin the plaintiffs from prosecuting the California Actions.

S. Based on the foregoing, the Trustee and the Settling Defendants wish to settle their disputes about the matters described above without the expense, delay and uncertainty of litigation. The Settling Defendants are entering into this Settlement Agreement to fully resolve these matters and without any concession of any wrongdoing, fault or liability on the part of any Settling Defendant, any other defendant in the Adversary Proceeding, or Stanley Chais.

T. In determining to settle his disputes with the Settling Defendants, which settlement includes releasing claims against the Settling Defendants, the Trustee conducted a comprehensive investigation. The investigation included the review of all BLMIS-related transaction histories for the Settling Defendants, interviews of witnesses, account statements, correspondence, financial records, other records, Bankruptcy Rule 2004 examinations, and substantial review and analysis of records and documents produced by the Settling Defendants and third parties. Such diligence has also included a review of the Settling Defendants’ abilities to satisfy any judgment that the Trustee may obtain in continued litigation and in settlement thereof.

U. The Trustee and the Settling Defendants have engaged in extensive settlement negotiations as well as multiple mediation conferences to attempt to resolve their disputes without the expense, delay and uncertainty of continuing the litigation about the matters described above.

V. Through this settlement and consistent with his fiduciary duties to the Estate, the Trustee intends to fully and finally resolve, address, extinguish and otherwise administer the Adversary Proceeding and all of the Avoidance Power Claims, and any and all claims relating to the Settling Defendants’ Withdrawals from BLMIS accounts, in exchange for the consideration to be remitted by the Settling Defendants, in full satisfaction of such Avoidance Power Claims and all other Trustee Released Claims (as defined in Section 8, below).

W. Simultaneous with the execution of this Settlement Agreement, the Settling Defendants plan to enter into a separate settlement with the Attorney General of the State of California (the “Attorney General”) and the Trustee to settle the CAAG Action (the “AG Settlement”) upon terms more fully set forth in a separate settlement agreement by and among the Settling Defendants, the Attorney General and, in limited part, the Trustee (the “AG Settlement Agreement”).

X. Simultaneous with the execution of this Settlement Agreement, the Settling Defendants plan to enter into a separate settlement (the “CP Settlement”) with the plaintiffs in

the California Private Actions (the “California Plaintiffs”), upon terms more fully set forth in a separate settlement agreement by and among the Settling Defendants, the California Plaintiffs, and, in limited part, the Trustee (the “CP Settlement Agreement”).

NOW, THEREFORE, in consideration of the foregoing, of the mutual covenants, promises and undertakings set forth herein, and for other good and valuable consideration, the mutual receipt and sufficiency of which are hereby acknowledged, and in full satisfaction of the Adversary Proceeding and Avoidance Power Claims, the Parties agree:

1. Approval of this Settlement Agreement. The date of the issuance of an order by the Bankruptcy Court approving (a) this Settlement Agreement, and (b) the Trustee’s limited entry into each of the AG Settlement Agreement and the CP Settlement Agreement, pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure (the “TSA Approval Order”) shall be referred to herein as the “Bankruptcy Court Approval Date.”

2. Payments by the Stanley Chais Defendants; Certain Taxes, Fees and Expenses.

(a) Within ten (10) Business Days (as defined in Section 17, below) after the Bankruptcy Court Approval Date, the Stanley Chais Defendants shall cause the liquidation into cash of all assets in the following accounts (collectively, the “SCD Controlled Accounts”): (1) Account Nos. XXX-XX714, XXX-XX424, and XXX-XX512 held in the name “Survivor’s Trust under Chais 1991 Family Trust UTD 9/4/91” at Sanford C. Bernstein & Co., LLC, a subsidiary of AllianceBernstein L.P.; (2) Account Nos. XXX-XX713, XXX-XX664, XXX-XX423, XXX-XX406, and XXX-XX511 held in the name “Marital Trust under Chais 1991 Family Trust UTD 9/4/91” at Sanford C. Bernstein & Co., LLC, a subsidiary of AllianceBernstein L.P.; (3) checking account no. XXXXXX382 at JP Morgan Chase, in the name of “Chais 1991 Family Trust”; and (4) Portfolio Nos. XXX-XX949-2, XXX-XX706-4, XXX-XX221-6, XXX-XX223-2, XXX-XX225-7, XXX-XX226-5, XXX-XX234-9, and XXX-XX184-4, held in the name “Chais 1991 Family Tr UAD 9/4/91, as amended, Pamela Chais Ttee” at Goldman Sachs & Co. (“Goldman Investment Accounts”), with the exception of those assets in the Goldman Investment Accounts identified in Exhibit C to this Settlement Agreement as Alternative Investments (the “Goldman Alternative Investment Assets”). At Closing (as defined in Section 14(a), below), the Stanley Chais Defendants shall pay by wire transfer to the Trustee the amount equal to the liquidated cash assets described above in this Section 2(a), less any amounts permitted to be paid or reserved pursuant to this Section 2 for taxes, fees and expenses, and provided that the amounts designated in Sections 2(d) and 2(e) herein shall be paid in the manner specified by and as directed by the Trustee for payment under, and consistent with, those Sections in connection with the AG Settlement and CP Settlement. The Trustee hereby consents to the liquidation into cash, at any time following the Execution Date (as defined in Section 13(a) below), of any or all of the assets in the Goldman Investment Accounts, other than the Goldman Alternative Investment Assets.

(b) Within ten (10) Business Days after the Bankruptcy Court Approval Date, Chais Investments, Ltd. shall commence using reasonable efforts to liquidate, in a manner intended to maximize value, all of its non-liquid assets. At the Closing, Chais Investments, Ltd. shall transfer to the Trustee all of its liquid assets, with the exception of any liquid assets necessary to meet future capital calls on non-liquid investments. After the Closing, Chais Investments, Ltd. shall either: (i) turn over to the Trustee any and all distributions and/or proceeds received by Chais Investments, Ltd. from time to time with respect to its non-liquid assets that would otherwise be distributed to any Settling Defendant, less any taxes payable with respect to any such distributions or proceeds (or related allocations) and less any reasonable costs associated with the administration of any such assets; or (ii) sell or otherwise liquidate its interest in any or all of its non-liquid assets and turn over to the Trustee all proceeds received by Chais Investments, Ltd. that would otherwise be distributed to any Settling Defendant, less any taxes payable with respect to any such sale or other liquidation and less any reasonable direct costs incurred in implementing the sale or other liquidation. It is further agreed that (x) the “reasonable costs associated with the administration” as contemplated by the immediately preceding clause “(i)” shall include (but not be limited to) a fee of up to One Hundred Thousand Dollars (\$100,000), and (y) the “reasonable direct costs incurred in implementing the sale or other liquidation” as contemplated by the immediately preceding clause “(ii)” shall include (but not be limited to) a fee of up to One Hundred Thousand Dollars (\$100,000). Any sale or other liquidation of any non-liquid assets of Chais Investments, Ltd. shall be for fair market value by means of arms-length transactions; for the avoidance of doubt, Chais Investments, Ltd. may not sell or otherwise liquidate any of the entity’s non-liquid assets to or for the benefit of any other Settling Defendant. It is further agreed that, on a semi-annual basis if requested by the Trustee, the parties shall discuss and determine whether the assets of Chais Investments, Ltd. should be liquidated or otherwise disposed of.

(c) At the Closing, one or more of the Stanley Chais Defendants shall cause counsel for the Stanley Chais Defendants to turn over to the Trustee the balance of any retainer or client trust accounts held by said counsel on behalf of any of the Stanley Chais Defendants remaining as of the Closing (the “SCD Retainer Balance”), *provided, however*, that if the Closing occurs before the CPAS Effective Date (as defined in the CP Settlement Agreement), counsel for the Stanley Chais Defendants and any successor counsel shall be entitled to retain a portion of such SCD Retainer Balance equal to the lesser of (i) Five Hundred Thousand Dollars (\$500,000) and (ii) the full amount of such SCD Retainer Balance, which shall be applied by the Stanley Chais Defendants solely to pay the legal fees and expenses subsequently incurred by them in defending the California Private Actions and/or enforcing the Permanent Injunction (as defined in Section 6(a), below), and *provided, further*, that any portion of the SCD Retainer Balance remaining upon the final conclusion of the California Private Actions, whether by judicial decision, settlement or otherwise, to the extent not required to pay any outstanding invoices or incurred but as yet unbilled amounts for such legal fees and expenses, shall be thereupon paid to the Trustee. The SCD Retainer Balance

may be applied without limitation to pay the legal fees and expenses incurred prior to the Closing by the Stanley Chais Defendants. However, the SCD Retainer Balance may not be used to make settlement payments required under the AG Settlement Agreement or the CP Settlement Agreement.

(d) At the Closing, of the amount payable from the cash assets in the SCD Controlled Accounts by the Stanley Chais Defendants under this Settlement Agreement, as directed by the Trustee and consistent with the terms of the AG Settlement Agreement, the amount of Twelve Million Five Hundred Thousand Dollars (\$12,500,000) shall be distributed as specified in clause (ii) of Section 14(a) hereof in connection with the AG Settlement Agreement.

(e) At the Closing, of the amount payable from the cash assets in the SCD Controlled Accounts by the Stanley Chais Defendants under this Settlement Agreement, the amount of Two Million Six Hundred Thousand Dollars (\$2,600,000) shall be paid into the CPAS Escrow Account (as defined in the CP Settlement Agreement), which amount shall be further distributed as specified in Section 14(b) hereof.

(f) The Stanley Chais Defendants expressly represent to the Trustee that they hold no assets other than those referenced in this Settlement Agreement, and receive no income from assets other than those referenced in this Settlement Agreement.

(g) The provisions of this Section 2 shall survive the Closing.

3. Transfer of Goldman Alternative Investment Assets by the Stanley Chais Defendants. Prior to the Closing, the Stanley Chais Defendants shall have taken all steps reasonably necessary to transfer control of the Goldman Alternative Investment Assets to the Trustee at the Closing.

4. Additional Payments and Transfers by the Settling Defendants to the Trustee.

(a) At the Closing, each Chais Related Defendant shall cause a wire transfer, by or on behalf of such Chais Related Defendant, to be made to the Trustee in the amount of such Chais Related Defendant's Two Year Withdrawals. The aggregate of the Two Year Withdrawals referred to in this Section 4(a) is Thirty-Eight Million Six Hundred Seventy-One Thousand Nine Hundred Thirty Dollars (\$38,671,930).

(b) Transfer of Real and Personal Property by the Stanley Chais Defendants. On the Bankruptcy Court Approval Date, the Stanley Chais Defendants shall grant to the Trustee a conditional equitable lien upon all real property and tangible and, to the extent not encompassed by Sections 2 and 3 above, intangible personal property of the Stanley Chais Defendants, *provided, however*, that such lien shall not extend to rights to social security, pension or retirement payments to which Pamela Chais may be entitled. At the Closing, the Stanley Chais Defendants shall, through, and subject to, the Grant Deed (as defined below in this Section

4(b)) and the Bill Of Sale And General Assignment (as defined below in this Section 4(b)), transfer to the Trustee all title and rights to their real and personal property, excluding any rights to social security, pension or retirement payments to which Pamela Chais may be entitled and excluding any rights in such real and personal property reserved under the Grant Deed or under the Bill Of Sale And General Assignment. Without limiting the generality of the foregoing, at the Closing, Pamela Chais (in her capacity as the owner of the Real Property, as defined below in this Section 4(b)) shall transfer to the Trustee via a grant deed (with reserved life estate) (the "Grant Deed") all of her right, title and interest in the real property located at [REDACTED] (the "Real Property"), reserving to Pamela Chais (an individual) a life estate in the Real Property. The Grant Deed will be in the form of Exhibit D attached hereto and made a part of this Settlement Agreement. At the Closing, Pamela Chais (in her capacity as the owner of the Personal Property, as defined below in this Section 4(b)) shall also execute a bill of sale and general assignment in favor of the Trustee (the "Bill Of Sale And General Assignment"), in the form of Exhibit E attached hereto and made a part of this Settlement Agreement, covering all tangible and intangible personal property that she owns at the time of Closing or which she might own at the time of her death (the "Personal Property"), excluding only (i) current and future rights, and any survivors' or beneficiaries' rights, under any pension or retirement plans, social security payments or other wages or salaries, and (ii) upon the death of Pamela Chais, items of the Personal Property with an aggregate tangible value of up to Seventy Five Thousand Dollars (\$75,000) (valued in accordance with the estate tax return filed upon the death of Pamela Chais or in accordance with the items' fair market value, whichever is higher) as may be selected by her lineal descendants. To the extent that there is any conflict between the preceding summary and the terms of the Grant Deed or of the Bill Of Sale And General Assignment, the terms of the Grant Deed or the Bill of Sale and General Assignment as applicable, shall prevail and shall be binding on the Stanley Chais Defendants who are signatories thereto and the Trustee.

5. Treatment of SIPA Claims; Claims Against BLMIS General Estate.

Notwithstanding anything herein to the contrary, the following customer claims (collectively, the "Customer Claims") shall be allowed pursuant to the TSA Approval Order, as of the Closing, against the Estate pursuant to section 7811(11) of SIPA, equal in priority to other allowed customer claims against the Estate, and shall be treated in a manner set forth in this Section 5:

The Emily Chais 1983 Trust, BLMIS Account 1C1026, Claim Number 005284 and 013848, in the amount of One Million Sixty-Two Thousand Four Hundred Eleven Dollars (\$1,062,411);

The Mark Hugh Chais 1983 Trust, BLMIS Account 1C1033, Claim Numbers 005287 and 013850, in the amount of One Million Two Hundred Fifteen Thousand Three Hundred Twenty-Four Dollars (\$1,215,324);

The William Frederick Chais 1983 Trust, BLMIS Account 1C1040, Claim Numbers 005289 and 013849, in the amount of One Million Thirty-Six Thousand Four Hundred Forty-Six Dollars (\$1,036,446);

The Onondaga, Inc. Defined Benefit Pension Plan, BLMIS Account 1O0020, Claim Numbers 005713 and 013857, in the amount of Four Hundred Ninety-Seven Thousand Six Hundred Twenty-Nine Dollars (\$497,629); and

The Unicycle Trading Company, BLMIS Account 1U0021, Claim Numbers 005288 and 013856, in the amount of One Million Sixty-Six Thousand Dollars (\$1,066,000).

(a) The Customer Claims shall total Four Million Eight Hundred Seventy-Seven Thousand Eight Hundred Ten Dollars (\$4,877,810). Under no circumstance will the amount of the Customer Claims be increased, decreased or in any manner subordinated to any other allowed customer claim. For the avoidance of doubt, if a court rules that the Trustee's methodology for determining the amount of customer claims is to be modified, there shall not be any increase or decrease in the amount of the Customer Claims. At the Closing, each of the Customer Claims shall be eligible to receive an advance payment pursuant to section 78fff-3 of SIPA.

(b) At the Closing, the Emily Chais 1983 Trust, The Mark Hugh Chais 1983 Trust, The William Frederick Chais 1983 Trust, The Onondaga, Inc. Defined Benefit Pension Plan, and The Unicycle Trading Company shall assign all rights and title to their respective Customer Claims to the Trustee.

(c) Settling Defendants reserve their right to assert one or more general estate claims in the event that there is a BLMIS general estate, and Trustee reserves all rights with respect to any such asserted claims.

6. California Private Actions and Permanent Injunction. As to the California Actions, the Parties agree as follows:

(a) In conjunction with seeking approval of this Settlement Agreement by the Bankruptcy Court, the Trustee will use his reasonable best efforts to obtain, a final, non-appealable permanent injunction in favor of the Settling Defendants, both collectively and individually (the "Permanent Injunction"), enjoining the continued prosecution of any Trustee Released Claims (as defined in Section 8, below) and any claim that is duplicative or derivative of any such claim. The Trustee will request the court to provide that the Permanent Injunction is enforceable by the Settling Defendants, individually and collectively, and, accordingly, any future issue as to, and any determination limiting in any way, either the scope or the enforceability of the Permanent Injunction in favor of any particular Settling Defendant shall not automatically affect the scope or the enforceability of the Permanent Injunction as to any other Settling Defendant.

(b) If within the period commencing thirty (30) days after the Bankruptcy Court Approval Date and ending one (1) year after the Restitution Claim Bar Date

(as defined in the AG Settlement Agreement), or during any extension of this period of time as may be agreed upon by the Settling Defendants and the Trustee, the Settling Defendants make a written request in conformity with the supplemental conditions for implementing the provisions of this Section 6(b) separately executed by the Trustee and the Chais Related Defendants, made a part hereof and incorporated herein by this reference, the Trustee shall, within sixty (60) days after receiving such request, seek leave to move for summary judgment, in whole or in part, against The Lambeth Company, The Popham Company, and/or The Brighton Company (the "California Limited Partnerships") with respect to avoidance of two year transfers pursuant to sections 547 and 548 of the Bankruptcy Code, 11 U.S.C. §§ 547, 548. To the extent the Bankruptcy Court grants, in whole or in part, such motion for leave to move for summary judgment, the Trustee shall file a motion for summary judgment against the California Limited Partnerships within sixty (60) days after leave is granted. If the Trustee obtains summary judgment, in whole or in part, against the California Limited Partnerships (the "LP Judgment"), then at the Closing, or promptly upon obtaining the LP Judgment if the LP Judgment is obtained after the Closing, the Trustee will assign the LP Judgment to the Chais Related Defendants. The Trustee shall neither enforce the LP Judgment nor assign the LP Judgment to any person other than the Chais Related Defendants. If, despite the Trustee's reasonable best efforts, the LP Judgment cannot be assigned to the Chais Related Defendants, upon the prior written election of the Chais Related Defendants, the Trustee shall take the necessary steps to cause such non-assignable LP Judgment to be null and void.

(c) The Parties agree that the Trustee obtaining the Permanent Injunction pursuant to Section 6(a) of this Settlement Agreement and the Trustee obtaining leave to move for summary judgment, in whole or in part, pursuant to Section 6(b) of this Settlement Agreement are neither conditions precedent to: (i) the consummation of the Closing; nor (ii) the performance of the other duties and obligations of the Parties provided for in this Settlement Agreement.

(d) Any Settling Defendant may seek enforcement of the Permanent Injunction.

(e) Upon the Execution Date (as defined in Section 13(a) below), the effectiveness of the Consent Order Freezing Assets in place in the Adversary Proceeding (ECF No. 33) (the "Consent Order") shall be stayed temporarily to the extent necessary to complete the transfers, transactions and other actions contemplated by this agreement, pending the occurrence of either (i) the Closing, in which event the Consent Order shall terminate and be without further force and effect, or (ii) the Rejection Date or Optional Rejection Date (as each is defined, respectively, in section 7(a) and 7(b) below), in which event the Consent Order shall once again be fully effective.

For the avoidance of doubt, the obligations in this Section 6 shall survive the Closing.

7. Termination; Failure to Obtain a Final Non-Appealable Order; Failure to Receive Payment at Closing.

(a) If for any reason the Bankruptcy Court, the District Court or an appellate court of competent jurisdiction rejects this Settlement Agreement pursuant to a final and non-appealable order (the date on which such order becomes final and non-appealable is herein referred to as the “Rejection Date”), then this Settlement Agreement (other than this Paragraph 7) shall automatically terminate and be void as of the Rejection Date and except as otherwise provided herein the parties will be restored to their respective positions as though this Settlement Agreement had not been executed.

(b) In addition, if the Trustee does not receive payment of all transfers initiated at the Closing in accordance with the terms of this Settlement Agreement, then the Trustee may terminate this Settlement Agreement after written notice to the other Parties hereto and after reasonable opportunity to cure by such Parties, as long as such notice is given within five (5) Business Days after such payment is due and further provided that the Trustee first returns any and all payments that he has received pursuant to this Settlement Agreement (the date on which such notice is received and the Trustee has returned all payments received pursuant to this Settlement Agreement is herein referred to as the “Optional Rejection Date”).

(c) If this Settlement Agreement is terminated, upon the Rejection Date or Optional Rejection Date (as the case may be) the Trustee’s ability to continue to prosecute the Chais Adversary Proceeding and to seek to recover from the Settling Defendants in accordance with and to the extent of any judgment of a court of competent jurisdiction, and the Settling Defendants’ defenses thereto, as well as any rights, claims or remedies the Parties might have had prior to the Settlement Agreement, shall not in any way be prejudiced or in any other way adversely affected by their having entered into this Settlement Agreement, including by reason of agreeing to an amount for the Customer Claims or the passage of time.

(d) For the avoidance of doubt, if this Settlement Agreement is terminated, the allowance of Settling Defendants’ Customer Claims under Section 5 of this Settlement Agreement shall have no force or effect, and the Trustee reserves all his rights to contest any and all customer property claims the Settling Defendants may assert, and his ability to do so shall not in any way be prejudiced or in any other way adversely affected by his having entered into this Settlement Agreement, including by reason of agreeing to an amount for the Customer Claims or by the passage of time.

(e) If this Settlement Agreement is so terminated, upon the Rejection Date or the Optional Rejection Date (as the case may be) the Settling Defendants may pursue any and all customer property and any other claims that would have been available to them absent their entry into this Agreement, and their ability to do so

shall not in any way be prejudiced or in any other way adversely affected by their having entered into this Settlement Agreement, including by reason of agreeing to an amount for the Customer Claims or by the passage of time.

(f) The provisions of this Section 7, and the other provisions of this Settlement Agreement, shall be fully enforceable, including by injunctive relief, specific performance and other equitable relief and no Party shall be required to post any bond or other consideration or to prove irreparable injury or damages as a condition to obtaining any enforcement remedy.

8. Releases by Trustee. Upon the occurrence of the Effective Date (as defined in Section 13(b), below), without any further writing or other action of any kind or nature, in consideration of the covenants and agreements in this Settlement Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Trustee, on behalf of himself, BLMIS and the estates of BLMIS and Madoff, hereby, fully, finally and forever, unconditionally and irrevocably, releases, acquits and discharges each Settling Defendant, and each other Chais Releasee (as defined below), and their officers, managers, directors, members, beneficiaries, agents, and representatives, solely in their capacity as such, from any and all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, damages, judgments, and claims whatsoever, asserted or unasserted, known or unknown, now existing or arising in the future (including, without limitation, the claims asserted or that could have been asserted against the Settling Defendants in the Adversary Proceeding, the Avoidance Power Claims, claims based on withdrawals from BLMIS and any and all other claims that are property of or assertable by or on behalf of the Estate (collectively, the "Trustee Released Claims"), except for any and all claims and rights (and the enforcement thereof) of the Trustee and obligations of the Settling Defendants arising under this Settlement Agreement. For the avoidance of doubt, the Trustee is authorized to and does release any claims that could have been brought by the Securities Investor Protection Corporation ("SIPC") in connection with BLMIS and its liquidation to the extent such claims have been subrogated to the Trustee. The term "Chais Releasee" shall mean each Settling Defendant, solely in their capacity as such, each attorney or accountant for any Settling Defendant, each child or grandchild of any Settling Defendant that is an individual and, solely in their capacity as such, each trustee, officer, manager, director, member, beneficiary, or other direct or indirect owner of any Settling Defendant that is an entity. The Trustee and the Settling Defendants expressly agree this release shall not affect or encompass (i) any claims by the Trustee against any third party (other than the Chais Releasees), (ii) any rights to enforce the LP Judgment, or (iii) future claims, if any, against the Chais Releasees by the Trustee under section 550(a)(2) of the Bankruptcy Code, 11 U.S.C. § 550(a)(2), to recover from the Chais Releasees any BLMIS property that is transferred to the Chais Releasees after the Effective Date from an initial transferee of such BLMIS property, who is not also a Chais Releasee, and for which the transfer of the said BLMIS property to the initial transferee was avoided under sections 544, 545, 547, 548, 549, 553(b) or 724(a) of the Bankruptcy Code, 11 U.S.C. §§ 544, 545, 547, 548, 549, 553(b), 724(a) (a "Future Subsequent Transferee Claim"). Each Chais Releasee that is not a party to this Settlement Agreement is a third party beneficiary of this Settlement Agreement and has the full right to enforce the release and covenant not to sue provided in this Settlement Agreement to such Chais Releasee by the Trustee as fully as if they were a party to this Settlement Agreement.

9. Release by the Settling Defendants. Upon the occurrence of the Effective Date, without any further writing or other action of any kind or nature, in consideration of the covenants and agreements in this Settlement Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Settling Defendant hereby, fully, finally and forever, unconditionally and irrevocably, releases, acquits and discharges SIPC, the Trustee (personally and in his capacity as Trustee), the Trustee's agents and representatives, solely in their capacity as such, BLMIS and the estates of BLMIS and Madoff, from any and all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, damages, judgments, and claims whatsoever, asserted or unasserted, known or unknown, now existing or arising in the future, except for (i) the Customer Claims defined in Section 5, (ii) any and all other claims and rights (and the enforcement thereof) of the Settling Defendants and any obligations of the Trustee, on behalf of himself, BLMIS, and the estates of BLMIS and Madoff provided for in this Settlement Agreement, and (iii) any and all future claims, defenses or counter-claims that the Settling Defendants could assert in any action asserting a Future Subsequent Transferee Claim (after giving effect to such exceptions, the "Defendants Released Claims"). The term "Released Claims" shall mean, collectively, the Trustee Released Claims and the Defendants Released Claims.

10. Unknown Claims. Unknown claims shall mean any Released Claim that the Trustee or the Settling Defendants does not know or suspect to exist in its, his or her favor at the time of giving the release in this Settlement Agreement that if known by it, him or her, might have affected its, his or her settlement and release in this Settlement Agreement. With respect to any and all Released Claims in Sections 8 and 9 of this Settlement Agreement, the Trustee and the Settling Defendants expressly waive, or are 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.

The Trustee and the Settling Defendants expressly waive, and shall be deemed to have waived, any and all provisions, rights and benefits conferred by any law of 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. The Trustee and the Settling Defendants may hereafter discover facts in addition to or different from those that they, or any of them, now know or believe to be true with respect to the subject matter of the Released Claims, but the Trustee and the Settling Defendants 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 Trustee and the Settling Defendants

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. Each Party agrees not to directly or indirectly assert any claim, or commence, continue, institute or cause to be commenced any claim or proceeding based upon any matter purported to be released hereby.

11. Release of Derivative Claims; Basis for Injunctions. The Trustee Released Claims include any and all claims that are property of or assertable by or on behalf of the Estate, including claims that are derivative or duplicative of claims that were or could have been brought by the Trustee. This Settlement Agreement and any order approving same may be pleaded as a full and complete defense against, and may be used as an independent basis for an injunction against, any claim or proceeding instituted or maintained against any person or entity released hereunder to the extent such claim or proceeding conflicts with any release provided in this Settlement Agreement.

12. Settling Defendants' Non-Waiver of Claims Against the Madoff Victim Fund. Notwithstanding anything to the contrary in this Settlement Agreement, the Settling Defendants preserve all, and do not release, discharge or otherwise relinquish any of their rights and remedies against the Madoff Victim Fund that is currently expected to be directly or indirectly administered by the U.S. Department of Justice or any other source of recovery for claims arising from the BLMIS scheme, except for any recovery from SIPC or the Estate. Nothing in this Settlement Agreement shall be read to confer any additional duties or restrictions upon the Settling Defendants or the Trustee, whose rights and obligations with respect to the Madoff Victim Fund or any other source of recovery for claims arising from the BLMIS scheme, except for any recovery from SIPC or the Estate, are unchanged by the terms of this Settlement Agreement. It is the intent of the Parties that nothing in this Settlement Agreement shall constitute or shall be admissible into evidence or otherwise used, as an admission of any fact that could diminish or negate the right of any Party with respect to the proceeds of the of the Madoff Victim Fund or any other source of recovery for claims arising from the BLMIS scheme, except for any recovery from SIPC or the Estate.

13. Effective Date.

(a) Upon the execution hereof (the "Execution Date"), this Settlement Agreement shall be binding on the Parties to the maximum extent permitted under applicable law. To the extent (if any) that any provision hereof is not binding upon execution of this Settlement Agreement, each such provision shall be binding on the Bankruptcy Court Approval Date to the maximum extent permitted under applicable law. The Parties shall use their reasonable best efforts to (i) have this Settlement Agreement and the Permanent Injunction promptly approved by the Bankruptcy Court and (ii) have the TSA Approval Order become a final non-appealable order.

(b) The date on which the TSA Approval Order becomes final and non-appealable, the Closing has occurred, and the Trustee has received all payments due to him at the Closing pursuant to the terms of this Settlement Agreement, is referred herein as "Effective Date." The form of the pleadings in support of the

Trustee's request seeking approval of this Settlement Agreement and the Permanent Injunctions in the SIPA Proceeding (the "9019 Motion") pursuant to section 105(a) of the Bankruptcy Code, 11 U.S.C. §§ 101 *et seq.*, and Rules 2002 and 9019 of the Federal Rules of Bankruptcy Procedure, including the proposed approval order, shall be subject to the Settling Defendants' reasonable approval, which will have occurred prior to the Execution Date. For clarity, as provided below in Section 14, the releases provided for in Sections 8 and 9 shall become effective upon the Closing.

(c) The Trustee shall use reasonable best efforts to file the 9019 Motion within ten (10) Business Days after the Execution Date and shall use his reasonable efforts to obtain approval of the Settlement Agreement in the SIPA Proceeding as promptly as practicable after the Execution Date. The Trustee shall request that the TSA Approval Order contain, *inter alia*, findings that the Trustee Released Claims have been and shall be deemed to be fully and finally administered by the Trustee in the SIPA Proceeding, and that all such claims have been irrevocably and unconditionally extinguished.

14. Closing.

(a) There shall be a closing under this Settlement Agreement ("Closing") within five (5) Business Days after the TSA Approval Order becomes final and non-appealable on a date agreed by the Parties, at the offices of the Trustee's counsel in New York, New York (provided that the Closing shall only occur if it occurs simultaneously with the CAAG Closing under Sections 1(a) and 2(a) of the AG Settlement Agreement). At the Closing: (i) the Settling Defendants shall wire to the Trustee all funds and otherwise transfer any other assets due and payable to the Trustee at the Closing under Sections 2, 3, and 4 of this Settlement Agreement, with the exception of those funds provided in Sections 2(b) and 2(c) (notwithstanding anything to the contrary that might be provided in Section 4(a) of this Agreement, the Chais Related Defendants shall have the right to determine and alter the actual apportionment and sources of payments referred to in Section 4(a) of this Agreement among the Chais Related Defendants, provided that any such apportionment does not reduce the aggregate amount of Thirty-Eight Million Six Hundred Seventy-One Thousand Nine Hundred Thirty Dollars (\$38,671,930)); (ii) the Restitution Fund (as defined under the AG Settlement Agreement) shall be fully funded pursuant to Section 2(a) of the AG Settlement Agreement and the Trustee's releases, acquittals, discharges and covenants under Sections 10(a) and 10(b) of the AG Settlement Agreement shall then be in full force and effect; and (iii) the releases provided for in Sections 8 and 9 of this Settlement Agreement shall automatically become fully effective in all respects without any further writing or other act of any kind or nature by any Party; (iv) the Customer Claims will be allowed; and (v) a stipulation of dismissal, with prejudice, will be filed by the Trustee in the Adversary Proceeding as to the Settling Defendants only, and not as to as to the California Limited Partnerships. The Adversary Proceeding shall continue in full force and effect as to the California Limited Partnerships and the dismissal of the Settling Defendants shall

have no adverse effect on the Trustee's continued prosecution of the Adversary Proceeding against the California Limited Partnerships, it being understood and agreed that the continued prosecution of the Adversary Proceeding against the California Limited Partnerships shall not impair, affect or otherwise limit the release by the Trustee set forth in Section 8 hereof.

(b) Upon the Closing, the funds paid pursuant to Section 2(e) herein into the CPAS Escrow Account shall be held in escrow and be available to the Settling Defendants for the following purposes: (i) payments to the Attorney General and/or the attorneys for the California Plaintiffs pursuant to Sections 4 and 5 of the CP Settlement Agreement to the extent the closing occurs under such agreement; (ii) payment by the Settling Defendants on account of any judgment or settlement and compromise in connection with the California Private Actions in the event the closing under the CP Settlement Agreement does not occur; or (iii) payment of attorney's fees and other costs of the Settling Defendants in connection with the California Private Actions in the event the closing under the CP Settlement Agreement does not occur.

15. No Set-off or Recoupment. The Trustee will not, at any time, directly or indirectly attempt to set-off or recoup against any asset for which title was transferred, or with respect to which the Trustee was granted a conditional equitable lien, pursuant to this Settlement Agreement.

16. The Settling Defendants' and Trustee's Authority. The Settling Defendants, in their personal and/or representative capacities, represent and warrant to the Trustee that, as of the date hereof, they have the full power, authority and legal right to execute and deliver, and to perform their respective obligations under, this Settlement Agreement and have taken all necessary actions to authorize the execution, delivery, and performance of their obligations under this Settlement Agreement. Subject to Bankruptcy Court approval, as set forth in Section 13, the Trustee represents and warrants to the Settling Defendants that he has the full power, authority and legal right to execute and deliver, and to perform his obligations under this Settlement Agreement, and further, has taken all necessary action to authorize the execution, delivery, and performance of his obligations under this Settlement Agreement.

17. Business Days; Dollars. For purposes of this Settlement Agreement, the term "Business Days" shall mean any day other than Saturday, Sunday, or a day that is a legal holiday in New York City. For purposes of this Settlement Agreement, the term "Dollars" shall mean U.S. Dollars.

18. Confidentiality Obligations. The Parties' confidentiality obligations under the existing agreements between and among the Parties shall remain in full force and effect.

19. Non-Disparagement and No Admission. Each Party agrees not to disparage or otherwise impugn the character of any other Party or Stanley Chais. The Settling Defendants do not admit any liability and further expressly deny any participation or complicity of Stanley Chais, any Settling Defendant or any other defendant in the Adversary Proceeding in, or knowledge of Stanley Chais, any Settling Defendant or any other defendant in the Adversary

Proceeding of, the Madoff Ponzi Scheme. Nothing in this Section 19 shall preclude any Party from making truthful factual statements (as opposed to opinions and characterizations) or from complying with the requirements of judicial process in connection with the Trustee's duties and obligations with respect to the Estate.

20. Further Assurances. The Trustee, SIPC and the Settling Defendants shall execute and deliver any document or instrument reasonably requested by any of them after the date of this Settlement Agreement to effectuate the intent of this Settlement Agreement.

21. Entire Agreement. This Settlement Agreement, including all exhibits hereto, and supplemental implementing terms executed contemporaneously herewith, together with the AG Settlement Agreement and the CP Settlement Agreement, constitute the entire agreement and understanding between and among the Parties and supersede all prior agreements, representations and understandings concerning the subject matter hereof (other than the AG Settlement Agreement and the CP Settlement Agreement).

22. Amendments, Waiver. This Settlement Agreement may not be waived, amended or modified in any way except in a writing signed by all the Parties or their authorized representatives. 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.

23. Assignability. No Party hereto may assign their rights under this Settlement Agreement to a third party without the prior written consent of each of the other Parties hereto, or their authorized representatives, *provided, however*, that the Trustee may assign his rights and delegate his duties under this Settlement Agreement to any successor Trustee appointed by the Bankruptcy Court or to SIPC.

24. Successors Bound. This Settlement Agreement shall be binding upon and inure to the benefit of each of the Parties and their successors and permitted assigns.

25. Applicable Law. This Settlement Agreement shall be construed and enforced in accordance with the laws of the State of New York, without regard to the principle of conflict of laws. Each Party hereby waives on behalf of itself and its successors and assigns any and all rights to argue that the choice of New York law provisions is or has become unreasonable in any legal proceeding.

26. Exclusive Jurisdiction. Except to the extent the Bankruptcy Court cannot or declines to retain jurisdiction, the Parties agree and shall request that all orders entered in connection with this Settlement Agreement provide that the Bankruptcy Court shall retain and have exclusive jurisdiction over any action to enforce this Settlement Agreement, or any provision thereof, and the Parties hereby consent to and submit to the jurisdiction of the Bankruptcy Court for any such action. The Parties agree that no Party shall bring, institute, prosecute or maintain any action to enforce, modify, terminate, void, or interpret this Settlement Agreement, or any provision thereof, in any court other than the Bankruptcy Court. In any action commenced in another court by a third-party to enforce, modify, terminate, void or interpret this Settlement Agreement, the Parties agree to seek to transfer the action to the Bankruptcy Court or to stay or terminate the action in favor of Bankruptcy Court jurisdiction.

27. Captions and Rules of Construction. The captions in this Settlement Agreement are inserted only as a matter of convenience and for reference and do not define, limit or describe the scope of this Settlement Agreement or the scope or content of any of its provisions. Any reference in this Settlement Agreement to a Paragraph or Section is to a paragraph or section of this Settlement Agreement, unless otherwise noted. The words “hereby,” “herein,” “hereto,” “hereof,” “hereunder,” and similar words refer to this Settlement Agreement in its entirety and not merely to the section where any such words appear. “Includes,” “including” and similar words are not limiting. The Parties acknowledge that this Settlement Agreement was jointly drafted after negotiations by counsel and the Parties therefore agree that no provision of this Settlement Agreement may be construed against any Party as having been drafted by that Party.

28. Counterparts; Electronic Copy of Signatures. This Settlement 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. The Parties may evidence their execution of this Settlement Agreement by delivery to the other Parties of scanned or faxed copies of their signatures, with the same effect as the delivery of an original signature.

29. Severability. 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.

30. Survival. The provisions of this Settlement Agreement shall survive the Closing.

31. Notices. Any notices under this Settlement Agreement shall be in writing, shall be effective when received and may be delivered only by hand, or by overnight delivery service or by electronic transmission if such overnight delivery or electronic transmission is confirmed via email, to:

If to the Trustee, c/o:
David J. Sheehan, Esq.
Tracy Cole, Esq.
45 Rockefeller Plaza, 14th Floor
New York, NY 10111
F: (212) 589-4201
dsheehan@bakerlaw.com
tcole@bakerlaw.com

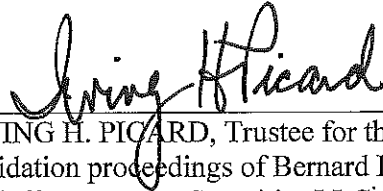
If to the Stanley Chais Defendants, c/o:
Dennis F. Dunne, Esq.
Michael L. Hirschfeld, Esq.
Milbank, Tweed, Hadley & McCloy LLP
28 Liberty Street
New York, NY 10005
F: (212) 530-5219
ddunne@milbank.com
mhirschfeld@milbank.com

If to the Chais Related Defendants, c/o:
Andrew H. Sherman, Esq.
Boris M. Mankovetskiy, Esq.
Sills Cummis & Gross P.C.
One Riverfront Plaza
Newark, NJ 07102
F: (973) 643-7000
asherman@sillscummis.com
bmankovetskiy@sillscummis.com

Steven J. Katzman, Esq.
Biernert, Miller & Katzman
903 Calle Amancer, Suite 350
San Clemente, CA 92673
F: (949) 369-3700
skatzman@bmkattorneys.com

[Signature page follows]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the date first above written.



IRVING H. PICARD, Trustee for the liquidation proceedings of Bernard L. Madoff Investment Securities LLC and the substantively consolidated Chapter 7 estate of Bernard L. Madoff

THE ESTATE OF STANLEY CHAIS
By: Pamela Chais, Executrix

PAMELA CHAIS

APPLEBY PRODUCTIONS LTD.
By: Pamela Chais, President


APPLEBY PRODUCTIONS LTD.
DEFINED CONTRIBUTION PLAN
By: Michael L. Hirschfeld, Esq., counsel of record in the Adversary Proceeding

APPLEBY PRODUCTIONS LTD.
MONEY PURCHASE PLAN
By: Michael L. Hirschfeld, Esq., counsel of record in the Adversary Proceeding

APPLEBY PRODUCTIONS LTD. PROFIT SHARING PLAN
By: Michael L. Hirschfeld, Esq., counsel of record in the Adversary Proceeding

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IRVING H. PICARD, Trustee for the
liquidation proceedings of Bernard L.
Madoff Investment Securities LLC and the
substantively consolidated Chapter 7 estate
of Bernard L. Madoff



THE ESTATE OF STANLEY CHAIS
By: Pamela Chais, Executrix



PAMELA CHAIS



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By: Pamela Chais, President

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APPLEBY PRODUCTIONS LTD. PROFIT
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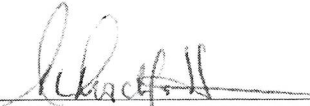
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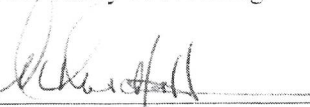
THE ESTATE OF STANLEY CHAIS
By: Pamela Chais, Executrix

PAMELA CHAIS

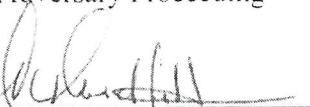
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By: Pamela Chais, President



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CH AIS INVESTMENTS, LTD.
By: William Chais, President, Onondaga,
Inc., its General Partner

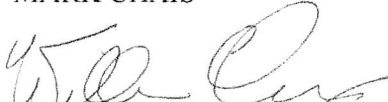
CH AIS 1991 FAMILY TRUST (NOW
CONSISTING OF THE SURVIVOR'S
TRUST UNDER CH AIS 1991 FAMILY
TRUST DATED SEPTEMBER 4, 1991
AND THE MARITAL TRUST UNDER
CH AIS 1991 FAMILY TRUST DATED
SEPTEMBER 4, 1991)

By: Pamela Chais, Trustee

CH AIS FAMILY FOUNDATION
By: Pamela Chais, President

EMILY CHASALOW

MARK CHAIS



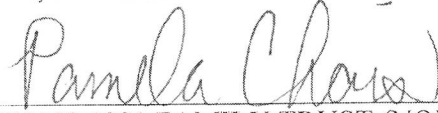
WILLIAM CHAIS

MICHAEL CHASALOW

MIRI CHAIS

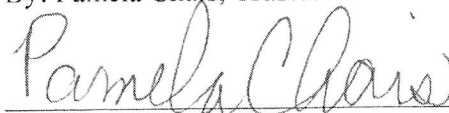
CHAIS INVESTMENTS, LTD.

By: William Chais, President, Onondaga,
Inc., its General Partner



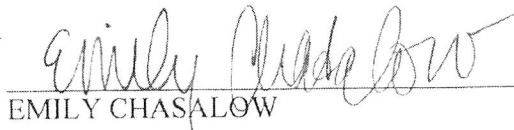
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CHAIS FAMILY FOUNDATION

By: Pamela Chais, President



EMILY CHASALOW

MARK CHAIS

WILLIAM CHAIS



MICHAEL CHASALOW


MIRI CHAIS

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By: William Chais, President, Onondaga,
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By: Pamela Chais, President


EMILY CHASALOW



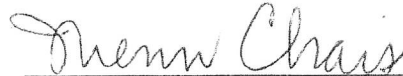
MARK CHAIS

WILLIAM CHAIS

MICHAEL CHASALOW



MIRI CHAIS

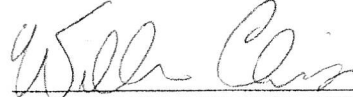


WRENN CHAIS



1994 TRUST FOR THE CHILDREN OF
STANLEY AND PAMELA CHAIS

By: William Chais, Trustee



1996 TRUST FOR THE CHILDREN OF
STANLEY AND PAMELA CHAIS

By: William Chais, Trustee

BMIS ACCOUNT IC1286, SUED HEREIN
AS 1999 TRUST FOR THE CHILDREN
OF STANLEY AND PAMELA CHAIS
By: Andrew Sherman, Esq., counsel of
record in the Adversary Proceeding



1999 TRUST FOR THE
GRANDCHILDREN OF STANLEY AND
PAMELA CHAIS

By: William Chais, Trustee

EMILY CHAIS 1983 TRUST

By: Emily Chasalow, Trustee

EMILY CHAIS TRUST NO. 1

By: Emily Chasalow, Trustee

EMILY CHAIS TRUST NO. 2

By: Emily Chasalow, Trustee

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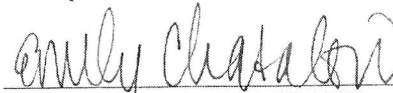
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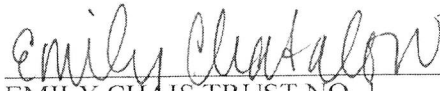
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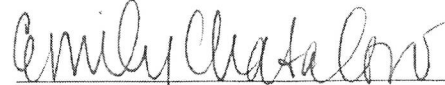
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By: Emily Chasalow, Trustee



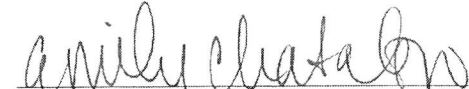
EMILY CHAIS TRUST NO. 2
By: Emily Chasalow, Trustee



EMILY CHAIS TRUST NO. 3
By: Emily Chasalow, Trustee



EMILY CHAIS ISSUE TRUST NO. 1
By: Emily Chasalow, Trustee



EMILY CHAIS ISSUE TRUST NO. 2
By: Emily Chasalow, Trustee

MARK HUGH CHAIS TRUST NO. 1
By: Mark Chais, Trustee

MARK HUGH CHAIS TRUST NO. 2
By: Mark Chais, Trustee

MARK HUGH CHAIS TRUST NO. 3
By: Mark Chais, Trustee

MARK HUGH CHAIS ISSUE TRUST
NO. 1
By: Mark Chais, Trustee

MARC HUGH CHAIS ISSUE TRUST
NO. 2
By: Mark Chais, Trustee

MARK HUGH CHAIS 1983 TRUST
By: Mark Chais, Trustee


EMILY CHAIS TRUST NO. 3
By: Emily Chasalow, Trustee

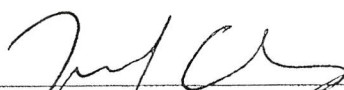
EMILY CHAIS ISSUE TRUST NO. 1
By: Emily Chasalow, Trustee


EMILY CHAIS ISSUE TRUST NO. 2
By: Emily Chasalow, Trustee


MARK HUGH CHAIS TRUST NO. 1
By: Mark Chais, Trustee

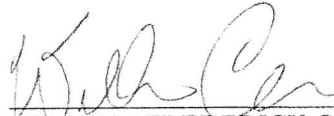

MARK HUGH CHAIS TRUST NO. 2
By: Mark Chais, Trustee


MARK HUGH CHAIS TRUST NO. 3
By: Mark Chais, Trustee


MARK HUGH CHAIS ISSUE TRUST
NO. 1
By: Mark Chais, Trustee


MARC HUGH CHAIS ISSUE TRUST
NO. 2
By: Mark Chais, Trustee


MARK HUGH CHAIS 1983 TRUST
By: Mark Chais, Trustee



WILLIAM FREDERICK CHAIS TRUST
NO. 1

By: William Chais, Trustee



WILLIAM FREDERICK CHAIS TRUST
NO. 2

By: William Chais, Trustee



WILLIAM FREDERICK CHAIS TRUST
NO. 3

By: William Chais, Trustee



WILLIAM FREDERICK CHAIS ISSUE
TRUST NO. 1

By: William Chais, Trustee



WILLIAM FREDERICK CHAIS ISSUE
TRUST NO. 2

By: William Chais, Trustee



WILLIAM FREDERICK CHAIS 1983
TRUST

By: William Chais, Trustee



THE WILLIAM AND WRENN CHAIS
1994 FAMILY TRUST

By: William Chais, Trustee

ARI CHAIS 1999 TRUST

By: Mark Chais, Trustee

WILLIAM FREDERICK CHAIS TRUST
NO. 1
By: William Chais, Trustee

WILLIAM FREDERICK CHAIS TRUST
NO. 2
By: William Chais, Trustee

WILLIAM FREDERICK CHAIS TRUST
NO. 3
By: William Chais, Trustee

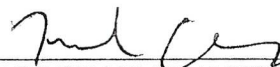
WILLIAM FREDERICK CHAIS ISSUE
TRUST NO. 1
By: William Chais, Trustee

WILLIAM FREDERICK CHAIS ISSUE
TRUST NO. 2
By: William Chais, Trustee

WILLIAM FREDERICK CHAIS 1983
TRUST
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THE WILLIAM AND WRENN CHAIS
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By: William Chais, Trustee


ARI CHAIS 1999 TRUST
By: Mark Chais, Trustee



ARI CHAIS TRANSFEREE TRUST NO. 1
By: Mark Chais, Trustee

BENJAMIN PAUL CHASALOW 1999
TRUST
By: Emily Chasalow, Trustee

BENJAMIN PAUL CHASALOW
TRANSFEREE TRUST NO. 1
By: Emily Chasalow, Trustee

CHLOE FRANCES CHAIS 1994 TRUST
By: William Chais, Trustee

CHLOE FRANCES CHAIS TRANSFEREE
TRUST NO. 1
By: William Chais, Trustee

JONATHAN WOLF CHAIS 1996 TRUST
By: William Chais, Trustee

JONATHAN CHAIS TRANSFEREE
TRUST NO. 1
By: William Chais, Trustee

JUSTIN ROBERT CHASALOW 1999
TRUST
By: Emily Chasalow, Trustee

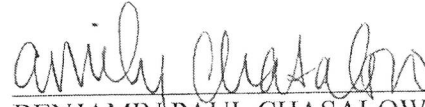
ARI CHAIS TRANSFEREE TRUST NO. 1

By: Mark Chais, Trustee



BENJAMIN PAUL CHASALOW 1999
TRUST

By: Emily Chasalow, Trustee



BENJAMIN PAUL CHASALOW
TRANSFEREE TRUST NO. 1

By: Emily Chasalow, Trustee

CHLOE FRANCES CHAIS 1994 TRUST

By: William Chais, Trustee

CHLOE FRANCES CHAIS TRANSFEREE
TRUST NO. 1

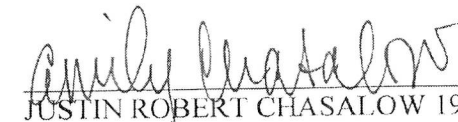
By: William Chais, Trustee

JONATHAN WOLF CHAIS 1996 TRUST

By: William Chais, Trustee

JONATHAN CHAIS TRANSFEREE
TRUST NO. 1

By: William Chais, Trustee



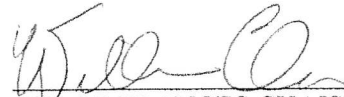
JUSTIN ROBERT CHASALOW 1999
TRUST

By: Emily Chasalow, Trustee

ARI CHAIS TRANSFEREE TRUST NO. 1
By: Mark Chais, Trustee

BENJAMIN PAUL CHASALOW 1999
TRUST
By: Emily Chasalow, Trustee

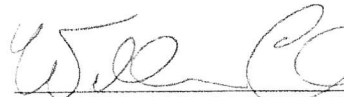
BENJAMIN PAUL CHASALOW
TRANSFEREE TRUST NO. 1
By: Emily Chasalow, Trustee



CHLOE FRANCES CHAIS 1994 TRUST
By: William Chais, Trustee



CHLOE FRANCES CHAIS TRANSFEREE
TRUST NO. 1
By: William Chais, Trustee

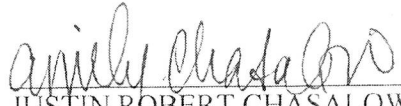


JONATHAN WOLF CHAIS 1996 TRUST
By: William Chais, Trustee



JONATHAN CHAIS TRANSFEREE
TRUST NO. 1
By: William Chais, Trustee

JUSTIN ROBERT CHASALOW 1999
TRUST
By: Emily Chasalow, Trustee



JUSTIN ROBERT CHASALOW
TRANSFEREE TRUST NO. 1
By: Emily Chasalow, Trustee

MADELINE CELIA CHAIS 1992 TRUST
By: William Chais, Trustee

MADELINE CHAIS TRANSFEREE
TRUST NO. 1
By: William Chais, Trustee



RACHEL ALLISON CHASALOW 1999
TRUST
By: Emily Chasalow, Trustee



RACHEL ALLISON CHASALOW
TRANSFEREE TRUST NO. 1
By: Emily Chasalow, Trustee

TALI CHAIS 1997 TRUST
By: Mark Chais, Trustee

TALI CHAIS TRANSFEREE TRUST NO.
1
By: Mark Chais, Trustee

UNICYCLE TRADING COMPANY
By: Mark Chais, President of Unicycle
Corp., its General Partner

JUSTIN ROBERT CHASALOW
TRANSFEREE TRUST NO. 1
By: Emily Chasalow, Trustee



MADLINE CELIA CHAIS 1992 TRUST
By: William Chais, Trustee



MADLINE CHAIS TRANSFEREE
TRUST NO. 1
By: William Chais, Trustee

RACHEL ALLISON CHASALOW 1999
TRUST
By: Emily Chasalow, Trustee

RACHEL ALLISON CHASALOW
TRANSFEREE TRUST NO. 1
By: Emily Chasalow, Trustee

TALI CHAIS 1997 TRUST
By: Mark Chais, Trustee

TALI CHAIS TRANSFEREE TRUST NO.
1
By: Mark Chais, Trustee

UNICYCLE TRADING COMPANY
By: Mark Chais, President of Unicycle
Corp., its General Partner

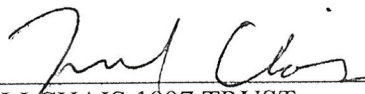
JUSTIN ROBERT CHASALOW
TRANSFEREE TRUST NO. 1
By: Emily Chasalow, Trustee

MADLINE CELIA CHAIS 1992 TRUST
By: William Chais, Trustee


MADLINE CHAIS TRANSFEREE
TRUST NO. 1
By: William Chais, Trustee

RACHEL ALLISON CHASALOW 1999
TRUST
By: Emily Chasalow, Trustee

RACHEL ALLISON CHASALOW
TRANSFEREE TRUST NO. 1
By: Emily Chasalow, Trustee


TALI CHAIS 1997 TRUST
By: Mark Chais, Trustee


TALI CHAIS TRANSFEREE TRUST NO.
1
By: Mark Chais, Trustee


UNICYCLE TRADING COMPANY
By: Mark Chais, President of Unicycle
Corp., its General Partner



UNICYCLE CORP.
By: Mark Chais, President

UNICYCLE CORPORATION MONEY
PURCHASE PLAN

By: Andrew Sherman, Esq., counsel of
record in the Adversary Proceeding

ONONDAGA, INC.
By: William Chais, President

THE ONONDAGA, INC. MONEY
PURCHASE PLAN

By: Andrew Sherman, Esq., counsel of
record in the Adversary Proceeding

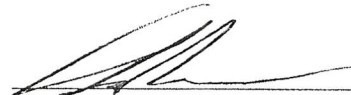
THE ONONDAGA, INC. DEFINED
BENEFIT PENSION PLAN
By: Andrew Sherman, Esq., counsel of
record in the Adversary Proceeding

CHAIS MANAGEMENT, INC.
By: William Chais, President

CHAIS MANAGEMENT LTD.
By: William Chais, President, Chais
Management, Inc., its General Partner


CHAIS VENTURE HOLDINGS
By: William Chais, President

UNICYCLE CORP.
By: Mark Chais, President




UNICYCLE CORPORATION MONEY
PURCHASE PLAN
By: Andrew Sherman, Esq., counsel of
record in the Adversary Proceeding

ONONDAGA, INC.
By: William Chais, President



THE ONONDAGA, INC. MONEY
PURCHASE PLAN
By: Andrew Sherman, Esq., counsel of
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THE ONONDAGA, INC. DEFINED
BENEFIT PENSION PLAN
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record in the Adversary Proceeding

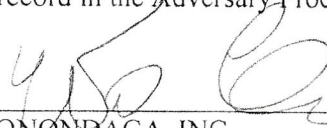
CH AIS MANAGEMENT, INC.
By: William Chais, President

CH AIS MANAGEMENT LTD.
By: William Chais, President, Chais
Management, Inc., its General Partner

CH AIS VENTURE HOLDINGS
By: William Chais, President

UNICYCLE CORP.
By: Mark Chais, President

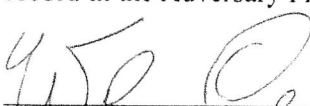
UNICYCLE CORPORATION MONEY
PURCHASE PLAN
By: Andrew Sherman, Esq., counsel of
record in the Adversary Proceeding



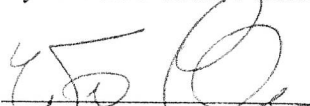
ONONDAGA, INC.
By: William Chais, President

THE ONONDAGA, INC. MONEY
PURCHASE PLAN
By: Andrew Sherman, Esq., counsel of
record in the Adversary Proceeding


THE ONONDAGA, INC. DEFINED
BENEFIT PENSION PLAN
By: Andrew Sherman, Esq., counsel of
record in the Adversary Proceeding



CH AIS MANAGEMENT, INC.
By: William Chais, President



CH AIS MANAGEMENT LTD.
By: William Chais, President, Chais
Management, Inc., its General Partner



CH AIS VENTURE HOLDINGS
By: William Chais, President

EXHIBIT A

SUMMARY OF TRANSFERS

<u>Column 1</u> <u>Account Number</u>	<u>Column 2</u> <u>Account Name</u>	<u>Column 3</u> <u>90-Day</u> <u>Preferential</u> <u>Transfers</u>	<u>Column 4</u> <u>Two Year</u> <u>Fictitious Profit</u> <u>Transfers</u>	<u>Column 5</u> <u>Two Year</u> <u>Principal</u> <u>Transfers</u>	<u>Column 6</u> <u>Two Year</u> <u>Total</u> <u>Transfers</u>	<u>Column 7</u> <u>Six Year</u> <u>Fictitious Profit</u> <u>Transfers</u>	<u>Column 8</u> <u>Six Year Principal</u> <u>Transfers</u>	<u>Column 9</u> <u>Six Year</u> <u>Total</u> <u>Transfers</u>	<u>Column 10</u> <u>Full History</u> <u>Fictitious Profit</u> <u>Transfers</u>	<u>Column 11</u> <u>Full History</u> <u>Principal</u> <u>Transfers</u>	<u>Column 12</u> <u>Full History</u> <u>Total</u> <u>Transfers</u>
1A0035	APPLEBY PRODUCTIONS LTD DEFINED CONTRIBUTION PLAN	-	-	-	-	96,804	-	96,804	192,559	176,644	369,204
1A0036	APPLEBY PRODUCTIONS LTD MONEY PURCHASE PLAN	-	1,094,566	-	1,094,566	11,943,024	-	11,943,024	13,770,875	345,867	14,116,741
1A0037	APPLEBY PRODUCTIONS LTD PROFIT SHARING PLAN	-	-	-	-	1,053,338	-	1,053,338	2,273,486	401,009	2,674,495
1A0122	APPLEBY PRODUCTIONS LTD DEFINED CONTRIBUTION PLAN	-	-	-	-	-	-	-	-	-	-
1A0123	APPLEBY PRODUCTIONS LTD MONEY PURCHASE PLAN	-	-	-	-	-	-	-	-	-	-
1A0124	APPLEBY PRODUCTIONS LTD PROFIT SHARING PLAN	-	-	-	-	-	-	-	-	-	-
1B0061	THE BRIGHTON COMPANY	-	76,325,000	-	76,325,000	161,746,954	-	161,746,954	232,751,786	62,722,212	295,473,998
1C1016	CHAI5 FAMILY FOUNDATION	-	21,100,000	-	21,100,000	42,800,000	-	42,800,000	57,521,648	100,000	57,621,648
1C1017	CHAI5 1991 FAMILY TRUST 1 STANLEY & PAMELA CHAI5 TSTEE5	-	4,000,000	-	4,000,000	30,900,000	-	30,900,000	30,900,000	1,133,125	32,033,125
1C1018	CHAI5 1991 FAMILY TRUST 2 STANLEY & PAMELA CHAI5 TSTEE5	-	-	-	-	-	2,000,000	2,000,000	-	4,337,163	4,337,163
1C1019	CHAI5 1991 FAMILY TRUST 3 STANLEY & PAMELA CHAI5 TST	-	4,601,000	399,000	5,000,000	4,601,000	399,000	5,000,000	4,601,000	399,000	5,000,000
1C1020	EMILY CHAI5 EMILY CHAI5 TRUST 1 AL	-	2,275,000	-	2,275,000	5,310,000	-	5,310,000	8,891,955	269,284	9,161,239
1C1021	ANGEL TRUSTEE 4 ROCKY WAY	-	-	-	-	-	-	-	1,564,092	188,303	1,752,395
1C1022	EMILY CHAI5 TRUST 2 EMILY & WILLIAM CHAI5 TRUSTEE 4 ROCKY WAY	-	396,838	-	396,838	3,288,700	-	3,288,700	4,625,121	151,299	4,776,420
1C1023	EMILY CHAI5 TRUST #3 EMILY & WILLIAM CHAI5 TRUSTEE 4 ROCKY WAY	-	59,711	-	59,711	4,326,619	-	4,326,619	6,186,793	191,638	6,378,431
1C1024	EMILY CHAI5 ISSUE TRUST 1 AL ANGEL TRUSTEE 4 ROCKY WAY	-	207,500	-	207,500	1,881,636	-	1,881,636	2,845,094	1,519	2,846,613
1C1025	EMILY CHAI5 ISSUE TRUST 2 AL ANGEL TRUSTEE 4 ROCKY WAY	-	331,548	-	331,548	2,117,267	-	2,117,267	3,070,086	1,179	3,071,265
1C1026	EMILY CHAI5 1983 TRUST AL ANGEL & MARK CHAI5 TRUSTEE 4 ROCKY WAY	-	-	-	-	-	201,467	201,467	-	777,169	777,169
1C1027	MARK HUGH CHAI5 & MIRIE CHAI5 JT WROS MARK CHAI5 TRUST 1 AL	-	2,970,000	-	2,970,000	8,830,000	-	8,830,000	13,630,253	309,778	13,940,031
1C1028	ANGEL TRUSTEE 4 ROCKY WAY	-	-	-	-	-	-	-	1,479,805	184,940	1,664,745
1C1029	MARK HUGH CHAI5 TRUST 2 AL ANGEL TRUSTEE 4 ROCKY WAY	-	397,487	-	397,487	3,127,544	-	3,127,544	4,353,398	157,692	4,511,089

EXHIBIT A
SUMMARY OF TRANSFERS

1C1030	MARK HUGH CHAIS TRUST 3 AL ANGEL TRUSTEE 4 ROCKY WAY	-	59,715	-	59,715	4,306,142	-	4,306,142	6,152,667	191,282	6,343,949
1C1031	MARK HUGH CHAIS ISSUE TST 1 AL ANGEL TRUSTEE 4 ROCKY WAY	-	209,886	-	209,886	1,905,956	-	1,905,956	2,851,111	2,498	2,853,609
1C1032	MARK HUGH CHAIS ISSUE TST 2 AL ANGEL TRUSTEE 4 ROCKY WAY	-	347,304	-	347,304	2,009,400	-	2,009,400	3,284,791	2,508	3,287,299
1C1033	MARK HUGH CHAIS 1983 TRUST AL ANGEL & MARK CHAIS TRUSTEE 4 ROCKY WAY	-	-	-	-	-	201,467	201,467	-	640,473	640,473
1C1034	WILLIAM CHAIS	-	-	-	-	735,000	-	735,000	4,531,200	273,915	4,805,115
1C1035	WILLIAM FREDERICK CHAIS TST 1 AL ANGEL TRUSTEE 4 ROCKY WAY	-	-	-	-	-	-	-	1,829,891	199,882	2,029,772
1C1036	WILLIAM FREDERICK CHAIS TST 2 WILLIAM AND MARK CHAIS TRUSTEE 4 ROCKY WAY	-	395,443	-	395,443	3,109,056	-	3,109,056	4,408,723	161,777	4,570,500
1C1037	WILLIAM FREDERICK CHAIS TST 3 WILLIAM & MARK CHAIS TRUSTEE 4 ROCKY WAY	-	62,686	-	62,686	4,206,202	-	4,206,202	5,856,327	182,750	6,039,076
1C1038	WILLIAM F CHAIS ISSUE TST 1 AL ANGEL TRUSTEE 4 ROCKY WAY	-	207,708	-	207,708	1,882,927	-	1,882,927	2,825,065	2,455	2,827,520
1C1039	WILLIAM F CHAIS ISSUE TST 2 AL ANGEL TRUSTEE 4 ROCKY WAY	-	326,442	-	326,442	2,094,220	-	2,094,220	2,982,022	1,558	2,983,580
1C1040	WM FREDERICK CHAIS 1983 TST WILLIAM & MARK CHAIS TRUSTEE 4 ROCKY WAY	-	-	-	-	-	201,467	201,467	-	813,081	813,081
1C1204	MADLINE CELIA CHAIS 1992 TRUST	-	531,765	-	531,765	1,276,270	-	1,276,270	1,334,850	205,214	1,540,064
1C1212	CHLOE FRANCIS CHAIS 1994 TRUST	-	431,871	-	431,871	916,927	144,653	1,061,580	916,927	160,469	1,077,396
1C1215	1994 TRUST FOR THE CHILDREN OF STANLEY AND PAMELA CHAIS AL ANGEL & MARK CHAIS TRUSTEE	-	929,265	-	929,265	2,868,587	799,932	3,668,519	2,868,587	1,062,465	3,931,052
1C1225	THE 1996 TRUST FOR THE CHILDREN OF PAMELA CHAIS AND STANLEY CHAIS	-	-	-	-	-	-	-	-	35,841	35,841
1C1227	JONATHAN WOLF CHAIS TRUST WILLIAM CHAIS, MARK CHAIS & EMILY CHAIS LOW TRUSTEES	-	426,029	-	426,029	1,038,414	111,437	1,149,851	1,038,414	140,469	1,178,883
1C1270	THE 1996 TST FOR THE CHILDREN OF PAMELA & STANLEY CHAIS AL ANGEL & MARK CHAIS TRUSTEE	-	1,855,000	925,000	2,780,000	1,855,000	1,014,326	2,869,326	1,855,000	18,723,301	20,578,301
1C1271	TALI CHAIS 1997 TRUST	-	202,724	-	202,724	457,021	98,447	555,467	457,021	121,594	578,614
1C1275	WILLIAM CHAIS AND WRENN CHAIS J/T WROS	-	-	-	-	-	-	-	-	-	-
1C1284	ARI CHAIS, 1999 TRUST	-	115,855	-	115,855	246,984	55,112	302,096	246,984	81,293	328,277
1C1285	CHAIS INVESTMENTS	-	4,700,000	-	4,700,000	8,400,000	-	8,400,000	10,000,000	400,000	10,400,000

SUMMARY OF TRANSFERS

IC1286	THE 1999 TST FOR THE CHILDREN OF STANLEY AND PAMELA CHAIS AL ANGEL TRUSTEE JUSTIN ROBERT	-	-	-	-	-	-	-	-	-	-
IC1289	CHASALOW 1999 TRUST C/O STANLEY CHAIS RACHEL ALLISON	-	103,732	-	103,732	256,681	32,470	289,150	256,681	80,269	336,949
IC1290	CHASALOW 1999 TRUST C/O STALEY CHAIS BENJAMIN PAUL	-	103,535	-	103,535	256,441	32,470	288,911	256,441	80,269	336,710
IC1291	CHASALOW 1999 TRUST C/O STANLEY CHAIS AL ANGEL TRUSTEE OF THE 1999 TRUST FOR THE GRANDCHILDREN OF STANLEY AND PAMELA CHAIS	-	103,690	-	103,690	255,836	32,470	288,306	255,836	80,269	336,105
IC1292	MIRIE CHAIS TE'ENA 12 WILLIAM CHAIS & WRENN	-	1,437,816	-	1,437,816	4,067,680	2,348	4,070,028	4,067,680	2,497	4,070,177
IC1293	CHASALOW 1999 TRUST C/O STANLEY CHAIS RACHEL ALLISON	-	-	-	-	269,731	80,269	350,000	269,731	80,269	350,000
IC1294	CHASALOW 1999 TRUST C/O STANLEY CHAIS RACHEL ALLISON	-	2,325,000	-	2,325,000	5,664,990	85,010	5,750,000	5,664,990	85,010	5,750,000
IC1302	ARI CHAIS TRANSFEREE #1 ALBERT ANGEL TRUSTEE 4 ROCKY WAY	-	3,238,767	-	3,238,767	7,492,494	-	7,492,494	7,492,494	-	7,492,494
IC1303	TALI CHAIS TRANSFEREE #1 ALBERT ANGEL TRUSTEE 4 ROCKY WAY MADELINE CHAIS	-	3,239,025	-	3,239,025	7,490,647	-	7,490,647	7,490,647	-	7,490,647
IC1304	TRANSFEREE #1 ALBERT ANGEL TRUSTEE 4 ROCKY WAY CHLOE CHAIS	-	2,485,932	-	2,485,932	5,832,056	-	5,832,056	5,832,056	-	5,832,056
IC1305	TRANSFEREE #1 ALBERT ANGEL TRUSTEE 4 ROCKY WAY JONATHAN CHAIS	-	2,487,379	-	2,487,379	5,751,489	-	5,751,489	5,751,489	-	5,751,489
IC1306	TRANSFEREE #1 ALBERT ANGEL TRUSTEE 4 ROCKY WAY BENJAMIN PAUL	-	2,485,445	-	2,485,445	5,752,047	-	5,752,047	5,752,047	-	5,752,047
IC1307	CHASALOW TRANSFEREE #1 ALBERT ANGEL TRUSTEE JUSTIN ROBERT	-	2,643,534	-	2,643,534	5,925,998	-	5,925,998	5,925,998	-	5,925,998
IC1308	CHASALOW TRANSFEREE #1 ALBERT ANGEL TRUSTEE RACHEL ALLISON	-	2,639,193	-	2,639,193	5,923,037	-	5,923,037	5,923,037	-	5,923,037
IC1309	CHASALOW TRANSFEREE #1 ALBERT ANGEL TRUSTEE CHAIS FAMILY FOUNDATION	-	2,639,105	-	2,639,105	5,923,908	-	5,923,908	5,923,908	-	5,923,908
IC1317	CHASALOW TRANSFEREE #1 ALBERT ANGEL TRUSTEE	-	-	-	-	-	-	-	3,000,000	-	3,000,000
1L0002	THE LAMBETH CO C/O STANLEY CHAIS	-	187,157,324	-	187,157,324	329,910,714	-	329,910,714	378,241,772	131,195,380	509,437,152
1O0014	ONONDAGA INC MONEY PURCHASE PLAN	-	-	6,816	6,816	-	21,812	21,812	-	23,404	23,404
1O0020	ONONDAGA INC DEFINED BENEFIT PENSION PLAN C/O STANLEY CHAIS	-	-	6,911	6,911	-	6,911	6,911	-	6,911	6,911
1P0031	THE POPHAM COMPANY THE UNICYCLE TRADING COMPANY C/O STANLEY CHAIS	-	38,004,368	-	38,004,368	82,929,368	-	82,929,368	164,144,859	25,841,395	189,986,254
1U0012	THE UNICYCLE TRADING COMPANY C/O STANLEY CHAIS	-	-	-	-	-	-	-	41,483	500,000	541,483

EXHIBIT A
Pg 47 of 76

SUMMARY OF TRANSFERS

IU0021	THE UNICYCLE TRADING COMPANY C/O WILLIAM CHAI	-	-	475,000	475,000	-	5,290,000	5,290,000	-	16,796,000	16,796,000
IU0022	UNICYCLE CORP MONEY PURCHASE PLAN	-	-	-	-	334,189	95,000	429,189	334,189	95,000	429,189
		\$ -	\$ 375,654,189	\$ 1,812,727	\$ 377,466,916	\$ 793,368,299	\$ 10,906,064	\$ 804,274,364	\$ 1,048,722,869	\$ 270,117,316	\$ 1,318,840,184

Defendants' SIPA Claims

BLMIS Account No.	BLMIS Account Name	Claim(s)
1A0035	APPLEBY PRODUCTIONS LTD DEFINED CONTRIBUTION PLAN	No claim filed.
1A0036	APPLEBY PRODUCTIONS LTD MONEY PURCHASE PLAN	No claim filed.
1A0037	APPLEBY PRODUCTIONS LTD PROFIT SHARING PLAN	No claim filed.
1A0122	APPLEBY PRODUCTIONS LTD DEFINED CONTRIBUTION PLAN	No claim filed.
1A0123	APPLEBY PRODUCTIONS LTD MONEY PURCHASE PLAN	No claim filed.
1A0124	APPLEBY PRODUCTIONS LTD PROFIT SHARING PLAN	No claim filed.
1C1016	CHAI'S FAMILY FOUNDATION	No claim filed.
1C1017	CHAI'S 1991 FAMILY TRUST 1 STANLEY & PAMELA CHAI'S TRUSTEES	No claim filed.
1C1018	CHAI'S 1991 FAMILY TRUST 2 STANLEY & PAMELA CHAI'S TRUSTEES	No claim filed.
1C1019	CHAI'S 1991 FAMILY TRUST 3 STANLEY & PAMELA CHAI'S TRUSTEES	No claim filed.
1C1020	EMILY CHAI'S	No claim filed.
1C1021	EMILY CHAI'S TRUST 1 AL ANGEL TRUSTEE	No claim filed.
1C1022	EMILY CHAI'S TRUST 2 EMILY & WILLIAM CHAI'S TRUSTEE	013775 - Claim denied.
1C1023	EMILY CHAI'S TRUST #3 EMILY & WILLIAM CHAI'S TRUSTEE	013776 - Claim denied.
1C1024	EMILY CHAI'S ISSUE TRUST 1 AL ANGEL TRUSTEE	013777 - Claim denied.
1C1025	EMILY CHAI'S ISSUE TRUST 2 AL ANGEL TRUSTEE	013778 - Claim denied.
1C1026	EMILY CHAI'S 1983 TRUST AL ANGEL & MARK CHAI'S TRUSTEE	005284 - Allowed in the amount of \$1,062,411.23. 013848 - Allowed Duplicate.
1C1027	MARK HUGH CHAI'S & MIRIE CHAI'S JT WROS	No claim filed.
1C1028	MARK CHAI'S TRUST 1 AL ANGEL TRUSTEE	No claim filed.
1C1029	MARK HUGH CHAI'S TRUST 2 AL ANGEL TRUSTEE	013783 - Claim denied.
1C1030	MARK HUGH CHAI'S TRUST 3 AL ANGEL TRUSTEE	013784 - Claim denied.
1C1031	MARK HUGH CHAI'S ISSUE TST 1 AL ANGEL TRUSTEE	013785 - Claim denied.
1C1032	MARK HUGH CHAI'S ISSUE TST 2 AL ANGEL TRUSTEE	013786 - Claim denied.
1C1033	MARK HUGH CHAI'S 1983 TRUST AL ANGEL & MARK CHAI'S TRUSTEE	005287 - Allowed in the amount of \$1,215,324.44. 013850 - Allowed Duplicate.
1C1034	WILLIAM CHAI'S	No claim filed.
1C1035	WILLIAM FREDERICK CHAI'S TST 1 AL ANGEL TRUSTEE	No claim filed.
1C1036	WILLIAM FREDERICK CHAI'S TST 2 WILLIAM AND MARK CHAI'S TRUSTEE	013779 - Claim denied.
1C1037	WILLIAM FREDERICK CHAI'S TST 3 WILLIAM & MARK CHAI'S TRUSTEE	013780 - Claim denied.
1C1038	WILLIAM F CHAI'S ISSUE TST 1 AL ANGEL TRUSTEE	013781 - Claim denied.
1C1039	WILLIAM F CHAI'S ISSUE TST 2 AL ANGEL TRUSTEE	013782 - Claim denied.
1C1040	WM FREDERICK CHAI'S 1983 TST WILLIAM & MARK CHAI'S TRUSTEE	005289 - Allowed in the amount of \$1,036,446.03. 013849 - Allowed Duplicate.
1C1204	MADLINE CELIA CHAI'S 1992 TRUST	013787 - Claim denied.
1C1212	CHLOE FRANCIS CHAI'S 1994 TRUST	006138 - Claim denied. 013789 - Claim denied.
1C1215	1994 TRUST FOR THE CHILDREN OF STANLEY AND PAMELA CHAI'S AL ANGEL & MARK CHAI'S TRUSTEE	013845 - Claim denied.
1C1225	THE 1996 TRUST FOR THE CHILDREN OF PAMELA CHAI'S AND STANLEY CHAI'S	No claim filed.
1C1227	JONATHAN WOLF CHAI'S TRUST WILLIAM CHAI'S, MARK CHAI'S & EMILY CHAI'S LOW TRUSTEES	013792 - Claim denied.
1C1270	THE 1996 TST FOR THE CHILDREN OF PAMELA & STANLEY CHAI'S AL ANGEL & MARK CHAI'S TRUSTEE	013846 - Claim denied.
1C1271	TALI CHAI'S 1997 TRUST	005808 - Claim denied. 013854 - Claim denied.
1C1275	WILLIAM CHAI'S AND WRENN CHAI'S J/T WROS	No claim filed.
1C1284	ARI CHAI'S, 1999 TRUST	005286 - Claim denied. 013855 - Claim denied.
1C1285	CHAI'S INVESTMENTS	No claim filed.
1C1286	THE 1999 TST FOR THE CHILDREN OF STANLEY AND PAMELA CHAI'S AL ANGEL TRUSTEE	No claim filed.
1C1289	JUSTIN ROBERT CHASALOW 1999 TRUST C/O STANLEY CHAI'S	005285 - Claim denied. 013853 - Claim denied.
1C1290	RACHEL ALLISON CHASALOW 1999 TRUST C/O STALEY CHAI'S	005291 - Claim denied. 013852 - Claim denied.
1C1291	BENJAMIN PAUL CHASALOW 1999 TRUST C/O STANLEY CHAI'S	005290 - Claim denied. 013851 - Claim denied.
1C1292	AL ANGEL TRUSTEE OF THE 1999 TRUST FOR THE GRANDCHILDREN OF STANLEY AND PAMELA CHAI'S	013847 - Claim denied.
1C1293	MIRIE CHAI'S	No claim filed.
1C1294	WILLIAM CHAI'S & WRENN CHAI'S 1994 FAMILY TST DTD 4/25/95	No claim filed.
1C1302	ARI CHAI'S TRANSFEREE #1 ALBERT ANGEL TRUSTEE	No claim filed.
1C1303	TALI CHAI'S TRANSFEREE #1 ALBERT ANGEL TRUSTEE	No claim filed.
1C1304	MADLINE CHAI'S TRANSFEREE #1 ALBERT ANGEL TRUSTEE	013788 - Claim denied.
1C1305	CHLOE CHAI'S TRANSFEREE #1 ALBERT ANGEL TRUSTEE	013790 - Claim denied.
1C1306	JONATHAN CHAI'S TRANSFEREE #1 ALBERT ANGEL TRUSTEE	013791 - Claim denied.
1C1307	BENJAMIN PAUL CHASALOW TRANSFEREE #1	013842 - Claim denied.
1C1308	JUSTIN ROBERT CHASALOW TRANSFEREE #1	013844 - Claim denied.
1C1309	RACHEL ALLISON CHASALOW TRANSFEREE #1	013843 - Claim denied.
1C1317	CHAI'S FAMILY FOUNDATION	No claim filed.
1O0014	ONONDAGA INC MONEY PURCHASE PLAN	No claim filed.
1O0020	ONONDAGA INC DEFINED BENEFIT PENSION PLAN	005713 - Allowed in the amount of \$497,629.40. 013857 - Allowed Duplicate.
1U0012	THE UNICYCLE TRADING COMPANY	No claim filed.
1U0021	THE UNICYCLE TRADING COMPANY	005288 - Allowed in the amount of \$1,066,000.00. 013856 - Allowed Duplicate.
1U0022	UNICYCLE CORP MONEY PURCHASE PLAN	No claim filed.



EXHIBIT C

Private Wealth Management

CHAIS 1991 FAM. TRUST
September 20, 2016



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At Goldman Sachs, we are committed to identifying, creating and providing access to innovative investment ideas and opportunities. Our investment approach begins by working closely with you to identify your particular short-term and long-term goals and to understand the nature of your existing asset base.

Asset allocation plays a pivotal role in effective wealth management. This material is based on your current financial situation, your investment time horizon and your attitude toward investment risk.

Once you select an appropriate asset allocation, we will work with you to implement a strategy designed to help meet your objectives. The Investment Strategy Group ("ISG") of Goldman Sachs provides strategic asset allocation and generates tactical investment ideas.



Important Information

Please note the following important information below. Additional important information is included at the end of this presentation.

U.S. Registered ETF / Mutual Fund Performance:

If shown, the performance data quoted for U.S. registered exchange traded funds (ETFs) and mutual funds represents past performance and is not a guarantee of future results. Current performance may be lower or higher than the performance data quoted. For the most current performance data, please contact your Private Wealth Management team at the number provided on your monthly statement or toll-free in the U.S. at 1-800-323-5678. A fund's investment return and the principal value of your investment will fluctuate. As a result, your shares when redeemed may be worth more or less than their original cost.

The performance data for ETFs does not reflect a deduction for commissions that would reduce the displayed performance. You are not subject to a sales charge for mutual funds purchased through PWM. If a sales charge were applicable, the sales charge would reduce the mutual fund's performance.



Portfolio Review



ALTERNATIVE INVESTMENTS

Quantity	Price Date	Market Value	Contributions	Distributions	Unrealized Gain / Loss ¹	Equalization Credit
----------	------------	--------------	---------------	---------------	-------------------------------------	---------------------

[Redacted]						
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Total Capital Commitment	Total Contributions / Distributions	Remaining Capital Commitment	Net Contributions / Distributions Since Inception	Latest Capital Statement Value / Statement Date	Net Contributions / Distributions Since Last Capital Statement	Computed Market Value	Economic Gain / Loss ¹
--------------------------	-------------------------------------	------------------------------	---	---	--	-----------------------	-----------------------------------

[Redacted]							
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Total Capital	Total Contributions /	Remaining Capital	Net Contributions / Distributions	Latest Capital Statement Value	Net Contributions / Distributions Since Last Capital	Computed	Economic
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continued on next page



Unrealized

Total Capital Commitment	Total Contributions / Distributions	Remaining Capital Commitment	Market Value	Economic Gain / Loss ¹
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Total Contributions / Distributions	Market Value
---	--------------

ALTERNATIVE INVESTMENTS

\$25,230,237

Total Investment Strategies

Market Value	Market Percent
\$143,821,645	100.0%

¹ Information in this section should not be used for tax reporting purposes. Please refer to Tax Information under Additional Important Information for more information.
² Distributions of this investment may be subject to recall.
³ Contributions and distributions may be net of fees.



Client Information





Additional Important Information

Thank you for reviewing this presentation. Please review the important information below.

Our Relationship with Clients. We may act as an advisor or as a broker-dealer depending on our relationship with you, and may act as both for some clients. Our role and obligations will vary depending on the capacity in which we act. Where we act as an advisor, our primary role is to give you advice, help you manage your investments or, where applicable, help you hire another advisor to do so. Where we act as a broker, our primary role is to execute trades for you based on your instructions and any advice we give you is incidental to our brokerage services. How we are compensated by you (and sometimes by issuers or managers of investments who compensate us based on what you buy) and how your Private Wealth Management team is compensated will vary depending on whether you are classified as a professional or retail client, have an advisory or brokerage account and on the investments we or you make in your account, and may change over time. Please ask us questions to make sure you understand your rights and our obligations to you, the difference between advisory and brokerage accounts and / or how we are compensated based on the capacity in which we act.

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Investment Strategy Group. The Investment Strategy Group ("ISG") is focused on asset allocation strategy formation and market analysis for Private Wealth Management. Any information that references ISG, including their model portfolios, represents the views of ISG, is not research and is not a product of Global Investment Research. If shown, ISG Model Portfolios are provided for illustrative purposes only. Your actual asset allocation may look significantly different based on your particular circumstances and risk tolerance.

Pricing and Valuations. Prices, some of which are provided by third-party pricing services, are not guaranteed for accuracy, currency, or as realizable values. Certain positions may appear without a price if Goldman Sachs is unable to obtain a price and/or the security is not actively traded. Pricing sources and methods are available upon request and are subject to change.

Fees and Charges. We have two pricing models for advisory relationships, a comprehensive fee model and a product based model. You should take into consideration factors, including, but not limited to, your financial needs and circumstances, investment objectives, services provided under the model, your preference and the size of your account. Certain account fees and expenses may be more or less expensive depending on the model chosen. Actual fees may differ from estimated fees due to differences in strategies and amounts invested in particular strategies or overall. Charges applied to your accounts and transactions may include execution charges (including commissions, commission equivalents, mark-ups, mark-downs and dealer spreads), investment advisory fees and custody fees. When we act as broker, we are generally compensated by an execution charge on a trade by trade basis. When we act as advisor, we generally earn a fee based on assets under management and may also be earning execution charges. More information about fees and charges is included in our account agreements, fee schedules and trade confirmations. If estimated fees are shown, we have included a description of our fee calculation methodology.



Additional Important Information

Performance / Estimated Income / Estimated Cash Flow. Investments in securities involve risk and the value of investments and income derived from such investments may fluctuate. Past performance is not a guide of future results. If performance is shown, it may include investments no longer owned in current or closed accounts. If requested, investment results may show internal rate of return calculations. Aggregate performance may not equal the sum of returns at an investment level. Performance for advisory accounts is currently calculated net of management fees, if any, and might include investments for which actual market prices are not available at the time this presentation was produced. Private equity positions are not included in performance calculations. Over time, we have adjusted how we calculate performance for certain asset classes or strategies. Information on historical performance calculations is available upon request. Performance of net cash (i.e., cash less margin debit) is generally included in the total performance calculation but not displayed separately. Option performance is included in the performance of the asset class of the underlier. Information on our asset classification schema is available upon request.

References to market or composite indices, benchmarks or other measures of relative market performance over a specified period of time (“benchmarks”) are provided for informational purposes only. In addition to the strategy for the benchmark, other benchmarks may be displayed, including benchmarks displayed at your request. The manager may not review the performance of your account against the performance of those additional benchmarks. There is no guarantee that performance will equal or exceed any benchmark displayed.

If displayed, estimated income figures and estimated private equity future cash flows are estimates of future activity, and actual results may vary substantially.

Tax Information. The information included in this presentation, including, if shown, in the Tax Summary section, has not been audited, should not be used for tax reporting and is not a substitute for the applicable tax documents, including your Form 1099, Schedule K-1 for private investments, which we will provide to you annually, or your monthly Goldman Sachs account statement(s). The cost basis included in this presentation may differ from your cost basis for tax purposes. Information regarding your alternative investments and transactions for retirement accounts are not included in the Tax Summary section.

Goldman Sachs does not provide legal, tax or accounting advice. You should obtain your own independent tax advice based on your particular circumstances.

Investment Risks. Risks vary by the type of investment. For example, investments that involve futures, equity swaps, and other derivatives, as well as non-investment grade securities, give rise to substantial risk and are not available to or suitable for all investors. We have described some of the risks associated with certain investments below. Additional information regarding risks may be available in the materials provided in connection with specific investments. You should not enter into a transaction or make an investment unless you understand the terms of the transaction or investment and the nature and extent of the associated risks. You should also be satisfied that the investment is appropriate for you in light of your circumstances and financial condition.

- **Money Market Funds.** Investments in money market funds are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although money market funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in money market funds.
- **U.S. Registered Mutual Funds / ETFs or Exchange Traded Notes (ETNs).** A Prospectus and, if available, a summary prospectus for the applicable mutual fund, ETF or ETN containing more information may be obtained from your Private Wealth Management team. Please consider a fund's investment objectives, risks, charges and expenses, and read the summary prospectus or the Prospectus carefully before investing, as they contain this and other information about the mutual fund.

You may obtain documents for ETFs or ETNs for free by 1) visiting EDGAR on the SEC website at <http://www.sec.gov/>; 2) contacting your Private Wealth Management team; or 3) calling toll-free at 1-866-471-2526. Unlike traditional mutual funds, ETFs can trade at a discount or premium to the net asset value and are not directly redeemable by the fund.

Additional Important Information

You should understand the risks associated with leveraged or inverse ETFs, ETNs or commodities futures-linked ETFs before investing. These types of securities may experience greater price movements than traditional ETFs and may not be appropriate for all investors. Most leveraged and inverse ETFs or ETNs seek to deliver multiples of the performance (or the inverse of the performance) of the underlying index or benchmark on a daily basis. Their performance over a longer period of time can vary significantly from the stated daily performance objectives or the underlying benchmark or index due to the effects of compounding. Performance differences may be magnified in a volatile market. Commodities futures-linked ETFs may perform differently than the spot price for the commodity itself, including due to the entering into and liquidating of futures or swap contracts on a continuous basis to maintain exposure (i.e., "rolling") and disparities between near term future prices and long term future prices for the underlying commodity. You should not assume that a commodity-futures linked ETF will provide an effective hedge against other risks in your portfolio.

- **Alternative Investments.** Alternative investments may involve a substantial degree of risk, including the risk of total loss of an investor's capital and the use of leverage, and therefore may not be appropriate for all investors. Private equity, private real estate, hedge funds and other alternative investments structured as private investment funds are subject to less regulation than other types of pooled vehicles and liquidity may be limited. Investors in private investment funds should review the Offering Memorandum, the Subscription Agreement and any other applicable disclosures for risks and potential conflicts of interest. Terms and conditions governing private investments are contained in the applicable offering documents, which also include information regarding the liquidity of such investments, which may be limited.
- **Emerging Markets and Growth Markets.** Investing in the securities of issuers in emerging markets and growth markets involves certain considerations, including: political and economic conditions, the potential difficulty of repatriating funds or enforcing contractual or other legal rights, and the small size of the securities markets in such countries coupled with a low volume of trading, resulting in potential lack of liquidity and in price volatility.
- **Equity Investments.** Equity investments are subject to market risk, which means that the value of the securities may go up or down in respect to the prospects of individual companies, particular industry sectors and/or general economic conditions. The securities of small and mid-capitalization companies involve greater risks than those associated with larger, more established companies and may be subject to more abrupt or erratic price movements.
- **Fixed Income.** Investments in fixed income securities are subject to the risks associated with debt securities generally, including credit/default, liquidity and interest rate risk. Any guarantee on an investment grade bond of a given country applies only if held to maturity.
- **Non-US Securities.** Investing in non-US securities involve the risk of loss as a result of more or less non-US government regulation, less public information, less liquidity and greater volatility in the countries of domicile of the issuers of the securities and/or the jurisdiction in which these securities are traded. In addition, investors in securities such as ADRs/GDRs, whose values are influenced by foreign currencies, effectively assume currency risk.
- **Real Estate.** Investments in real estate involve additional risks not typically associated with other asset classes, such as sensitivities to temporary or permanent reductions in property values for the geographic region(s) represented. Real estate investments (both through public and private markets) are also subject to changes in broader macroeconomic conditions, such as interest rates.
- **Structured Investments.** Structured investments are complex, involve risk and are not suitable for all investors. Investors in structured investments assume the credit risk of the issuer or guarantor. If the issuer or guarantor defaults, you may lose your entire investment, even if you hold the product to maturity. Structured investments often perform differently from the asset(s) they reference. Credit ratings may pertain to the credit rating of the issuer and are not indicative of the market risk associated with the structured investment or the reference asset. Each structured investment is different, and for each investment you should consider 1) the possibility that at expiration you may be forced to own the reference asset at a depressed price; 2) limits on the ability to share in upside appreciation; 3) the potential for increased losses if the reference asset declines; and 4) potential inability to sell given the lack of a public trading market.



Additional Important Information

Client Specific Markets. Investments held in your name with a subcustodian in the local market where traded in order to comply with local law will be indicated on your statements.

Assets Not Held at Goldman Sachs. Information (including valuation) regarding holdings in accounts held by third party custodians may be included in this presentation for your convenience and has been supplied by third parties or by you. Goldman Sachs assumes no responsibility for the accuracy of such information. Information may vary from that reflected by your custodian and is as of the date of the materials provided to us. In addition, in certain instances as an accommodation to you, we may reflect certain investments unrelated to services provided by Goldman Sachs. In those situations, Goldman Sachs does not perform any due diligence on, verify the accuracy of information regarding, or provide advice on those investments. Unless otherwise agreed in writing, we have not assessed whether those investment fit within your investment objective and the asset classification shown for such investments may not be accurate.

These assets are displayed in italics in this presentation and are excluded from performance and investment results.

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EXHIBIT D – FORM OF GRANT DEED (WITH RESERVED LIFE ESTATE)

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL THIS DEED

TO:

Irving H. Picard, Trustee
c/o Baker Hostetler LLP
45 Rockefeller Plaza
New York, NY 10111-0100

MAIL TAX STATEMENT TO:

Pamela Chais, Trustee
[REDACTED]

(SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY)

APN: 4319-017-038

**GRANT DEED
(WITH RESERVED LIFE ESTATE)**

The undersigned grantor(s) declare(s):

DOCUMENTARY TRANSFER TAX \$

- Computed on full value of property conveyed, or
- Computed on full value less liens and encumbrances remaining at time of sale.
- Unincorporated Area City of _____

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, Pamela Chais, Trustee of Survivor's Trust under Chais 1991 Family Trust dated September 4, 1991 ("**Grantor**") hereby GRANTS to Irving H. Picard, in his capacity as trustee under the Securities Investor Protection Act of 1970, 15 U.S.C. §§78 aaa *et seq.*, as amended, for the liquidation of the business of Bernard L. Madoff Investment Securities, LLC and the substantially consolidated estate of Bernard L. Madoff ("**Grantee**") the following described real property in the County of Los Angeles, State of California (the "**Property**"):

SEE EXHIBIT "A" ATTACHED HERETO AND
MADE A PART HEREOF BY REFERENCE

Commonly known as [REDACTED]

The within grant is made subject to: (i) the life estate described in Exhibit B which is attached hereto and incorporated herein by this reference; (ii) all matters of record including but not limited to those rights and restrictions referenced in or created under that certain Grant Deed and Power of Attorney executed by [REDACTED] in favor of Grantor herein, recorded on December 7, 2010 as Instrument No. [REDACTED] in the office of the Los Angeles County, California, Recorder; and (iii) any and all condominium covenants, conditions and restrictions that may apply to the Property.

SEE EXHIBIT "B" ATTACHED HERETO AND
MADE A PART HEREOF BY REFERENCE

REGARDING RESERVED LIFE ESTATE PROVISIONS

Dated: _____, 2016

GRANTOR

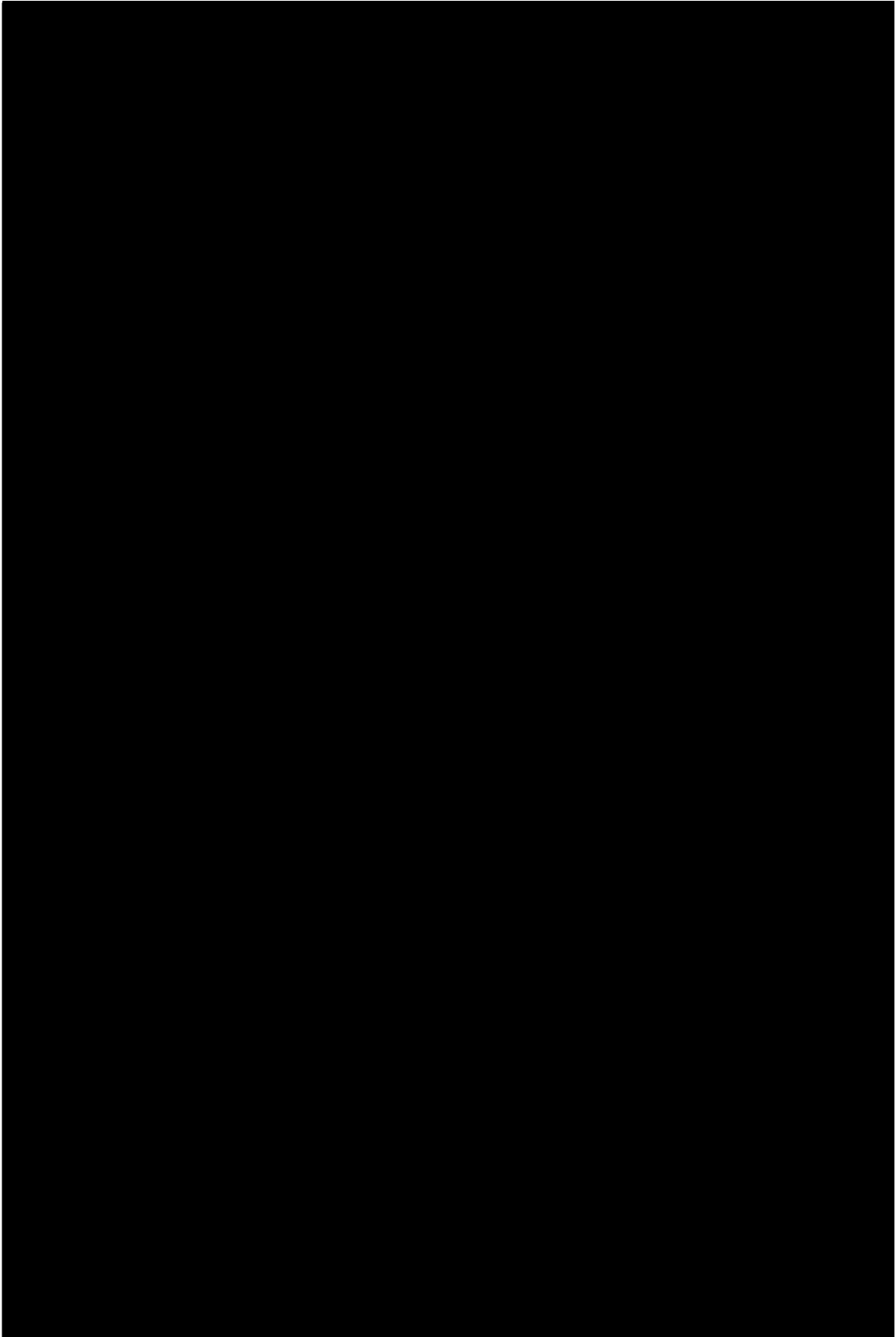
Pamela Chais, Trustee of Survivor's Trust
Under Chais 1991 Family Trust dated
September 4, 1991

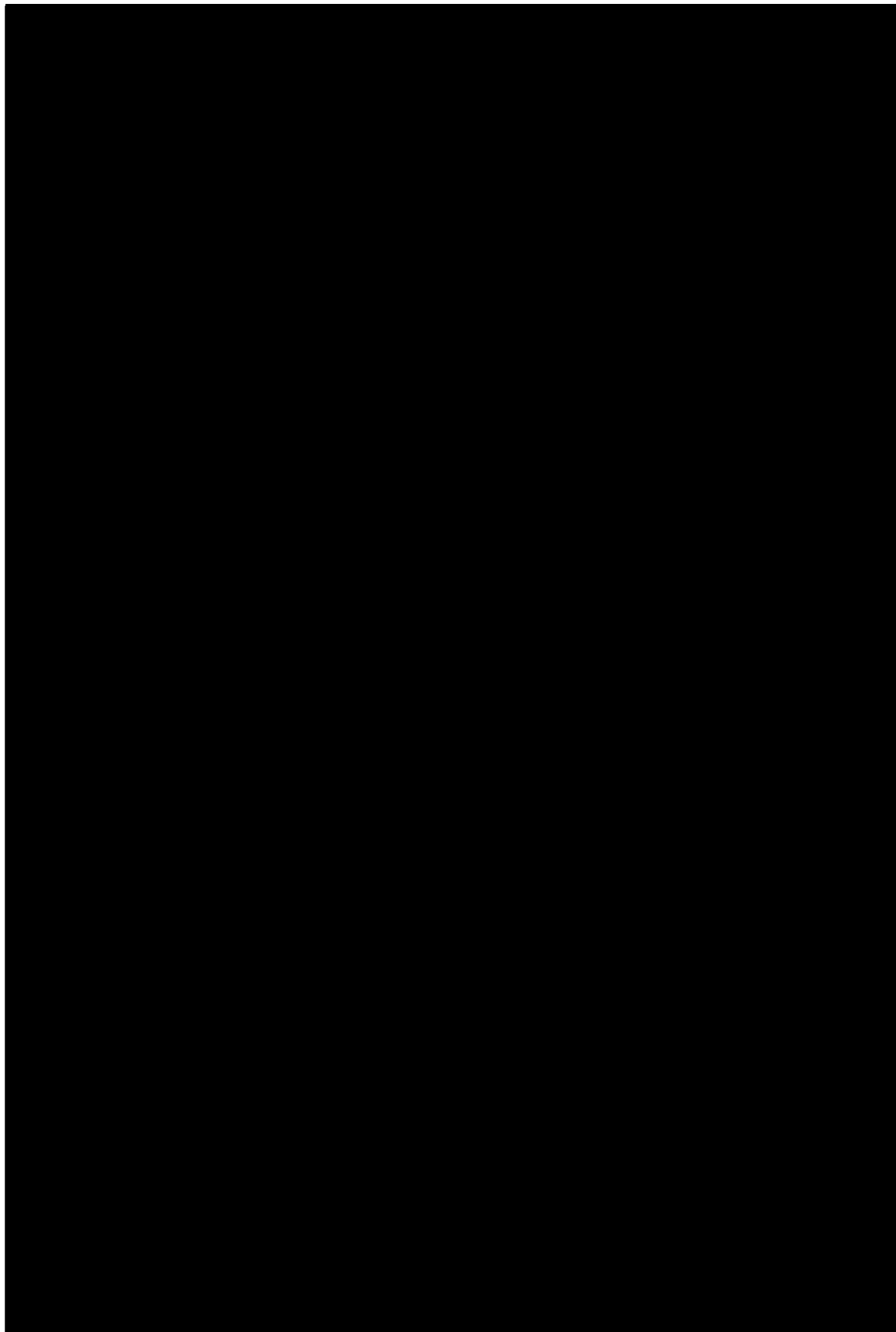
EXHIBIT "A"

LEGAL DESCRIPTION

(see attached)

3





4

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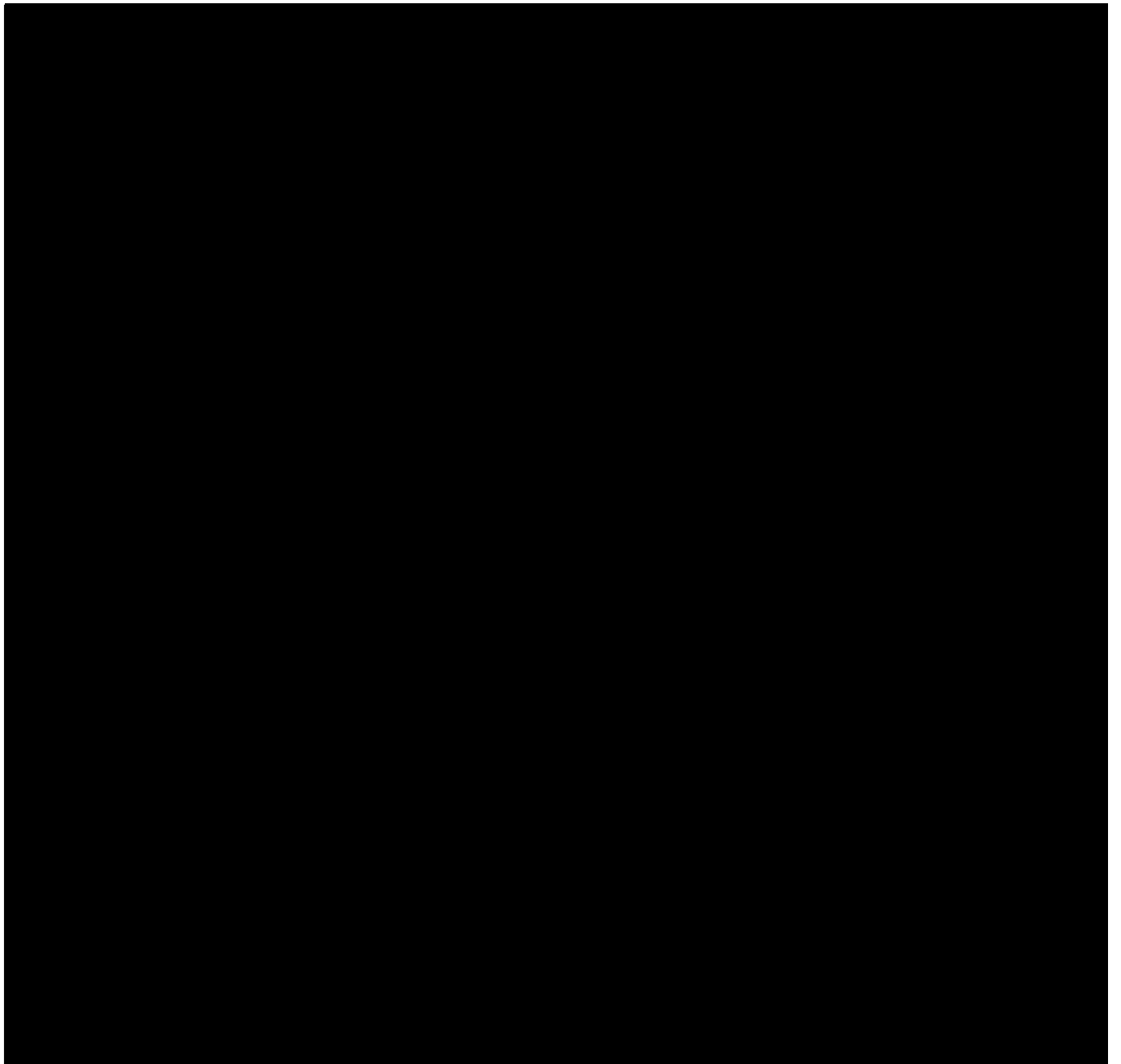


EXHIBIT "B"

LIFE ESTATE PROVISIONS

- A. Grantor expressly reserves herein a life estate in the Property for the lifetime of Pamela Chais ("Chais"). Grantor shall have full ownership, possession and use of the Property during the lifetime of Chais, but subject to the terms, conditions and restrictions herein. Upon the death of Chais, all ownership, possession rights and use of the Property shall automatically revert to Grantee.
- B. The life estate reserved hereby is subject to the following terms, conditions and restrictions:
1. Chais, at her sole and exclusive option, may elect at any time to terminate the life estate by giving ten days' written notice of termination to Grantee, which notice (and any other notice to Grantee contemplated in this Grant Deed Life Estate) may be sent by overnight delivery service or by certified mail, return receipt requested, c/o Baker Hostetler LLP, 45 Rockefeller Plaza, New York, NY 10111-0100, Attn: David Sheehan, Esq. and Tracy Cole, Esq., and by email to dsheehan@bakerlaw.com and tcole@bakerlaw.com. At the expiration of the aforesaid ten days' notice period, all ownership, possession rights, obligations and use of the Property by Grantor shall terminate. In the event of such termination, Grantor shall, upon demand by Grantee, promptly execute and deliver to Grantee a quitclaim deed to the Property, but if Grantor fails to do so, Grantee is hereby appointed as Grantor's attorney-in-fact to execute such quitclaim deed in the name of and on behalf of Grantor, which power of attorney is coupled with an interest and is irrevocable.
 2. The life estate is not transferrable or assignable, in whole or in part, by Grantor or by Chais, and no person or entity other than Grantor or Chais (or Chais's spouse or legal guardian, if any, who may have possession or use rights but no ownership rights) shall have any of the ownership, possession or use rights, afforded hereby to Chais. Chais may not rent or lease the Property, nor may Chais encumber or mortgage her interest in the Property.
 3. During the term of the life estate, Chais shall be responsible for the payment and performance of the following: all real property taxes and assessments imposed against the Property; all homeowner's association dues and assessments (general and special) assessed against the Property; all costs of maintenance, upkeep and repair of the Property, including any structural repairs or capital improvements which are not the responsibility of the homeowner's association (and Chais agrees that she will not take any action that would intentionally destroy, damage or deplete the Property), *provided, however,* that Chais will not be required to effect repairs necessitated by earthquake, other Act of God, or the actions of any third party; all costs of insurance covering the Property (and Chais agrees to maintain during the term of the life estate proper and sufficient (a) liability insurance and (b)

property insurance covering her interest in the condominium unit, with at least the same amounts of coverage that existed on the date of this Grant Deed, and to cause Grantee to be named as an additional insured or loss payee (as the case may be) on all such insurance policies, and to provide Grantee promptly after the execution of this Grant Deed, with certificates of insurance (in ACORD format) confirming coverage, confirming that Grantee is named an additional insured or loss payee, and confirming that Grantee will receive at least thirty (30) days' notice of any cancellation or material change in coverage).

4. If Grantor or Chais should breach any of the conditions, restrictions or covenants set forth in Paragraphs B2 and B3 above, and should such breach not be cured within thirty (30) days after receipt of written notice of breach from Grantee, which notice (and any other notice to Grantor contemplated in this Grant Deed Life Estate) may be sent to Grantor at the Property by overnight delivery service or by certified mail, return receipt requested, with copies by overnight delivery service or by certified mail, return receipt requested, to Milbank, Tweed, Hadley & McCloy LLP, 28 Liberty Street, New York, NY 10005, attn. Dennis F. Dunne, Esq. and Michael L. Hirschfeld, Esq., and by email to ddunne@milbank.com and mhirschfeld@milbank.com, then Grantee may, at its option, undertake to cure any condition constituting the breach, and, should Grantee elect to undertake to cure, Grantee may charge Grantor or Chais for the reasonable costs and expenses incurred in effecting the cure. In addition:
 - a. in the event that (i) homeowner's association dues and assessments (general and special) assessed against the Property remain unpaid for more than one year, other than as a result of a good faith dispute between Chais and the homeowner's association ("Qualifying Unpaid Charges"); and (ii) the Grantee, having been provided a Dues Foreclosure Notice, or having received knowledge of a Dues Default (as such terms are defined in Paragraph 5 below), provides written notice ("Dues Notice") to Pamela Chais and to the Chais Related Defendants¹ stating (a) the existence of the Qualifying Unpaid Charges and (b) the Grantee's intention, not later than thirty (30) days following the date of the Dues Notice, to pay the Qualifying Unpaid Charges; and (iii) within thirty (30) days following delivery of the Dues Notice, no Chais Related Defendant or group of Chais Related Defendants either (x) pays the Qualifying Unpaid Charges to the homeowner's association, or (y) reimburses the Grantee for sums actually and reasonably paid by the Grantee to the homeowner's association in satisfaction of the Qualifying Unpaid Charges, or (z) informs the Grantee in writing of their reasonable belief that such charges were not Qualifying Unpaid Charges based on a good faith dispute between Grantor and the homeowner's association and the reasons they should

¹ Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the settlement agreement to which this Exhibit D is attached (the "Settlement Agreement").

not be paid (or in the event paid by the Grantee, should not have been paid); or

- b. in the event that (i) property taxes assessed against the Property remain unpaid for more than one year, other than as a result of a good faith dispute between Chais and the relevant taxing authority (“Qualifying Unpaid Taxes”); and (ii) the Grantee, having been provided a Tax Sale Notice or having received knowledge of a Tax Default (as such terms are defined in Paragraph 5 below), provides written notice (“Tax Notice”) to Pamela Chais and to the Chais Related Defendants stating (a) the existence of the Qualifying Unpaid Taxes and (b) the Grantee’s intention, not later than thirty (30) days following the date of the Notice, to pay the Qualifying Unpaid Taxes; and (iii) within thirty (30) days following delivery of the Tax Notice, no Chais Related Defendant or group of Chais Related Defendants either (x) pays the Qualifying Unpaid Taxes to the relevant taxing authority, or (y) reimburses the Grantee for sums actually and reasonably paid by the Grantee to the relevant taxing authority in satisfaction of the Qualifying Unpaid Taxes, or (z) informs the Grantee in writing of their reasonable belief that such taxes were not Qualifying Unpaid Taxes based on a good faith dispute between Grantor and the relevant taxing authority and the reasons they should not be paid (or in the event paid by the Grantee, should not have been paid),

then, and only then, the Grantee may commence action to terminate the Life Estate provided for in this Grant Deed, subject to Grantor’s right to cure. The failure of Grantee to seek to enforce its rights upon obtaining knowledge of any breach hereunder by Grantor or Chais shall not be deemed a waiver of any of Grantee’s rights.

5. Grantor and Chais agree to provide notice to Grantee of (i) any non-payment of homeowner’s association dues and assessments (general and special) assessed against the Property that continues for more than one year (“Dues Default”), (ii) any notice of initiation or threatened initiation of foreclosure proceedings for a failure to pay homeowners association dues and assessments (general and special) assessed against the Property, whether or not a default has occurred (“Dues Foreclosure Notice”), (iii) any non-payment of property taxes assessed against the Property that continues for more than one year (“Tax Default”), and (iv) any notice of initiation or threatened initiation of a tax sale proceeding for a failure to pay property taxes assessed against the Property, whether or not a tax default has occurred (“Tax Sale Notice”). Such notice of a Dues Default or Tax Default shall be transmitted to Grantee within five (5) days of the occurrence thereof. Any Dues Foreclosure Notice or Tax Sale Notice shall be transmitted within five (5) days of the earlier of receipt thereof by Grantor or Chais. If Grantor defaults in any of her notice obligations under this Paragraph 5, upon Grantee obtaining knowledge of the existence of a Dues Default or a Tax Default or that a Dues Foreclosure Notice or a Tax Sale Notice has been received by Grantor,

Grantee may, at his option, cure the Dues Default or the Tax Default without further notice to Grantor, and Grantor shall be responsible to reimburse Grantee for all costs expended by Grantee to effectuate such cure.

6. Nothing in this Grant Deed is intended to or shall be deemed to create a joint venture, partnership, or similar arrangement as between Grantor and Grantee, or a lease between Grantor and Grantee, and the only interest in Grantor which has been created by the reservation hereunder is that of a life estate.
7. In the event that Grantee relinquishes his capacity as trustee under the Securities Investor Protection Act of 1970, 15 U.S.C. §§78aaa *et seq.* ("SIPA"), as amended, for the liquidation of the business of Bernard L. Madoff Investment Securities, LLC and the substantially consolidated estate of Bernard L. Madoff, or, in the event of incapacity of the Grantee, the powers of the Grantee are temporarily vested in a duly empowered designee ("Designee"), Grantee or Designee shall have the right to assign or transfer its rights and interest in the property to any successor trustee appointed to that capacity under SIPA (a "Successor Trustee") or to the Securities Investor Protection Corporation ("SIPC"), but such assignment or transfer shall be subject always to the terms and conditions of this Grant Deed and Life Estate Provisions, including but not limited to the life estate reserved herein, and subject to the restrictions that a Successor Trustee, or, in the event of incapacity of the Successor Trustee, the powers of the Successor Trustee are temporarily vested in a duly empowered designee (a "Successor Designee"), shall have no right to make a subsequent sale, transfer or assignment of such rights or interest in the Property during the lifetime of Chais other than to another Successor Trustee or SIPC, and SIPC shall have no right whatsoever to make any subsequent sale, transfer or assignment of such rights or interest in the Property during the lifetime of Chais. Grantor will cooperate with Grantee by executing and delivering a customary form of "estoppel certificate" promptly upon request from Grantee in connection with any such assignment or transfer of Grantee's rights and interest in the Property to the extent that such estoppel certificate is reasonable or necessary to accomplish such sale or assignment. Grantee shall provide written notice to Chais and Grantor, in the manner specified in Paragraph B4 above, of any plan or intention to assign or transfer Grantee's rights and interest in the Property not less than thirty (30) days prior to the contemplated closing thereof, such notice to specify the identity, address and contact information of the proposed representative at SIPC responsible for administering Grantee's rights and interest in the Property following such assignment or transfer.
8. This Grant Deed and Life Estate Provisions shall be governed in all respects, whether as to validity, construction, interpretation, capacity, performance or otherwise, by the laws of the State of California without reference to its principles of conflicts of laws. Any court action or proceeding brought under this Grant Deed and Life Estate Provisions shall be brought in the federal or state courts in or for Los Angeles County, California and each party to this

Grant Deed and Life Estate Provisions hereby consents to the exclusive jurisdiction of such courts and venue, which each party hereby agrees is convenient. If any action or suit at law or in equity is necessary to enforce, interpret or implement the terms of this Grant Deed and Life Estate Provisions, the prevailing party shall be entitled to reasonable attorneys' fees, costs and necessary disbursements in addition to any other relief to which it may be entitled.

9. Grantor and Grantee expressly waive any right to partition the Property.

The Grantor, by signing below, specifically acknowledges and agrees to the provisions in this Exhibit "B" relating to the life estate reserved in this Grant Deed.

Pamela Chais, Trustee of Survivor's
Trust under Chais 1991 Family Trust
dated September 4, 1991

Irving H. Picard, Trustee For the
Liquidation Proceedings of Bernard L.
Madoff Investment Securities LLC and
the Substantively Consolidated Chapter
7 Estate of Bernard L. Madoff

EXHIBIT E – FORM OF BILL OF SALE AND GENERAL ASSIGNMENT

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which is hereby acknowledged, The Estate of Stanley Chais, Pamela Chais, Pamela Chais, Trustee of the Chais 1991 Family Trust (now consisting of the Survivor's Trust under Chais 1991 Family Trust dated September 4, 1991 and the Marital Trust under Chais 1991 Family Trust dated September 4, 1991), and Chais Family Foundation (each an "**Assignor**" and, collectively, "**Assignors**") hereby sell, assign and transfer to Irving H. Picard, in his capacity as trustee under the Securities Investor Protection Act of 1970, 15 U.S.C. §§78 aaa *et seq.*, as amended, for the liquidation of the business of Bernard L. Madoff Investment Securities, LLC and the substantially consolidated estate of Bernard L. Madoff ("**Assignee**"), all their right, title and interest in and to the following-described property:

All furniture, furnishings, fixtures, equipment, other tangible and intangible personal property (including intellectual property) of every kind and character now owned by Pamela Chais ("**Chais**") wherever located and all furniture, furnishings, fixtures, equipment, other tangible and intangible personal property (including intellectual property) of every kind and character owned by Chais at her death (the "**Personal Property**"), excluding only (i) current and future rights, and any survivors' or beneficiaries' rights, under any pension or retirement plans, social security payments or other wages or salaries, and (ii) upon the death of Chais, items of the Personal Property with an aggregate tangible value of up to \$75,000 (valued in accordance with the estate tax return filed upon the death of Chais) as may be selected by her lineal descendants.

1. Assignors represent that they are not aware of any lien or encumbrance upon, security interest in or adverse claim to the Personal Property other than (a) as asserted by the Assignee under the Consent Order Freezing Assets in place in the Adversary Proceeding¹ (ECF No. 33), the effectiveness of which has been terminated under the Settlement Agreement, (b) as asserted by the Attorney General of the State of California in litigation pending in the Superior Court of California, (c) as asserted by plaintiffs Bottlebrush Investments, LP, Leghorn Investments, Ltd., Steven Heimoff and Douglas Hall in the lawsuits pending in the Superior Court of California enumerated in Recital Q of the Settlement Agreement and (iv) any lien, encumbrance, security interest or adverse claim that applies by operation of law or of which the Assignee has been provided notice prior to the execution of this Bill of Sale and General Assignment.
2. Each Assignor expressly reserves herein a life estate in the Personal Property of such Assignor for the lifetime of Chais. Chais shall have full ownership, possession and use of such Personal Property during her lifetime, but subject to the terms, conditions and restrictions herein. Upon the death of Chais, all ownership, possession rights and use of such Personal Property shall automatically revert to Assignee. To the extent Assignee seeks to perfect any liens, encumbrances, security interest in or claim against the Personal Property (so long as they do not interfere with any valid life estate), the Assignors agree to reasonably cooperate with such efforts, including providing appropriate signatures, *provided* that any such efforts are reasonably necessary to protect Assignee's interest in the Personal Property and are not unduly burdensome or

¹ Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the settlement agreement between the Trustee and The Estate of Stanley Chais, Pamela Chais, the Chais 1999 Family Trust and Chais Family Foundation, among others, dated October 19, 2016 (the "Settlement Agreement").

excessive to any Assignor and *further provided* that the Assignee shall pay any and all costs, including but not limited to reasonable legal costs incurred by Assignors for the review and, if necessary, negotiation and revision of any requested documents in connection with the any such efforts by Assignee.

3. Within sixty (60) days of the execution of this Bill of Sale and General Assignment, the Assignors shall provide an inventory of the Personal Property, provided that such inventory may list property by category, with the exception of any item of Personal Property with an estimated value of more than \$25,000. The Assignors represent that they have accurately disclosed to the Trustee their reasonable best estimate of the value of the Personal Property as of the date of execution of this Bill of Sale and General Assignment.
4. The life estate reserved hereby is subject to the following terms, conditions and restrictions:
 - (a) The life estate is not transferrable or assignable, in whole or in part, by any Assignor, and no person or entity other than an Assignor or Chais's spouse or legal guardian, if any (who may have possession or use rights but no ownership rights) shall have any of the ownership, possession or use rights afforded hereby to Assignors. No Assignor may rent or lease the Personal Property, nor may any Assignor encumber or mortgage its interest in the Personal Property. Notwithstanding the foregoing, Assignee acknowledges and agrees that certain items of Personal Property may be consumed, depleted, converted or disposed of by Assignors during the life estate, in a reasonable manner, provided that Personal Property that is converted into other furniture, furnishings, fixtures, equipment, other tangible and intangible personal property (including intellectual property) during the life estate shall then be included in the definition of Personal Property for purposes of this Bill of Sale and General Assignment.
 - (b) During the term of the life estate, Assignors shall be responsible for the payment and performance of the following: all personal property taxes and assessments imposed against the Personal Property; all costs of maintenance, upkeep and repair of the Personal Property; and all costs of insurance covering the Personal Property (and Assignors agree to (i) maintain during the term of the life estate proper and sufficient property insurance covering the Personal Property with at least the same amounts of coverage which exist on the date of this Bill of Sale and General Assignment, (ii) to cause Assignee to be named as a loss payee on all such insurance policies, and (iii) to provide Assignee promptly after the execution of this Bill of Sale and General Assignment, confirmation of such coverage, confirming that Assignee is named a loss payee, and confirming that Assignee will receive at least thirty (30) days' notice of any cancellation or material change in coverage).
 - (c) If Assignors should breach any of the conditions, restrictions or covenants set forth in Pars 3(a) and (b) above, and should such breach not be cured within thirty (30) days after receipt of written notice of breach from Assignee, which notice shall be sent to Chais at [REDACTED] [REDACTED] by overnight delivery service or by certified mail, return receipt requested, with copies, also by overnight delivery service or by certified mail, return receipt requested, to Milbank, Tweed, Hadley & McCloy LLP, 28

Liberty Street, New York, NY 10005, attn. Dennis F. Dunne, Esq. and Michael L. Hirschfeld, Esq., and by email to ddunne@milbank.com and mhirschfeld@milbank.com, then Assignee may, at its option, undertake to cure any condition constituting the breach, and, should Assignee elect to undertake to cure, Assignee may charge Assignors for the reasonable costs and expenses incurred in effecting the cure. The failure of Assignee to seek to enforce its rights upon obtaining knowledge of any breach hereunder by Assignors shall not be deemed a waiver of any of Assignee's rights.

5. Nothing in this Bill of Sale and General Assignment is intended to or shall be deemed to create a joint venture, partnership, or similar arrangement as between any Assignor and Assignee, or a lease between any Assignor and Assignee, and the only interest in Assignors which has been created by the reservation hereunder is that of a life estate.
6. In the event that Grantee relinquishes his capacity as trustee under the Securities Investor Protection Act of 1970, 15 U.S.C. §§78 aaa *et seq.* ("SIPA"), as amended, for the liquidation of the business of Bernard L. Madoff Investment Securities, LLC and the substantially consolidated estate of Bernard L. Madoff, or, in the event of incapacity of the Grantee, the powers of the Grantee are temporarily vested in a duly empowered designee ("Designee"), Grantee or Designee shall have the right to assign or transfer its rights and interest in the Personal Property to any successor trustee appointed to that capacity under SIPA (a "Successor Trustee") or to the Securities Investor Protection Corporation ("SIPC"), but such assignment or transfer shall be subject always to the terms and conditions of this Bill of Sale and General Assignment, including but not limited to the life estate reserved herein, and subject to the restrictions that a Successor Trustee, or, in the event of incapacity of the Successor Trustee, the powers of the Successor Trustee are temporarily vested in a duly empowered designee (a "Successor Designee"), shall have no right to make a subsequent sale, transfer or assignment of such rights or interest in the Personal Property during the lifetime of Chais other than to another Successor Trustee or SIPC, and SIPC shall have no right whatsoever to make any subsequent sale, transfer or assignment of such rights or interest in the Personal Property during the lifetime of Chais.
7. Except as otherwise provided herein, the obligations of the persons and entities which comprise Assignor are joint and several.
8. This Bill of Sale and General Assignment shall be governed in all respects, whether as to validity, construction, interpretation, capacity, performance or otherwise, by the laws of the State of California without reference to its principles of conflicts of laws. Any court action or proceeding brought under this Bill of Sale and General Assignment shall be brought in the federal or state courts in or for Los Angeles County, California and each party to this Bill of Sale and General Assignment hereby consents to the exclusive jurisdiction of such courts and venue, which each party hereby agrees is convenient. If any action or suit at law or in equity is necessary to enforce, interpret or implement the terms of this Bill of Sale and General Assignment, the prevailing party shall be entitled to reasonable attorneys' fees, costs and necessary disbursements in addition to any other relief to which it may be entitled.

“ASSIGNORS”

THE ESTATE OF STANLEY CHAIS

By: Pamela Chais, Executrix

PAMELA CHAIS

PAMELA CHAIS, TRUSTEE OF THE
CHAIS 1991 FAMILY TRUST (NOW CONSISTING
OF THE SURVIVOR'S TRUST UNDER CHAIS
1991 FAMILY TRUST DATED SEPTEMBER 4,
1991 AND THE MARITAL TRUST UNDER CHAIS
1991 FAMILY TRUST DATED SEPTEMBER 4,
1991)

By: Pamela Chais, Trustee

CHAIS FAMILY FOUNDATION

By: Pamela Chais, President

EXHIBIT C

SETTLEMENT AGREEMENT
(CAAG)

This SETTLEMENT AGREEMENT, dated as of October 19, 2016 (together with the Exhibits attached hereto, this "Settlement Agreement"), is made by and among (a) the People of the State of California, by and through Attorney General Kamala D. Harris or her designated representative(s) (the "Attorney General"), (b) The Estate of Stanley Chais; Pamela Chais; Appleby Productions Ltd.; the now-defunct defined contribution plan formerly known as Appleby Productions Ltd. Defined Contribution Plan; the now-defunct money purchase plan formerly known as Appleby Productions Ltd. Money Purchase Plan; the now-defunct profit sharing plan formerly known as Appleby Productions Ltd. Profit Sharing Plan; Chais Investments, Ltd.; Chais 1991 Family Trust (now consisting of the Survivor's Trust under Chais 1991 Family Trust dated September 4, 1991 and the Marital Trust under Chais 1991 Family Trust dated September 4, 1991); and Chais Family Foundation (collectively, the "Stanley Chais Parties"); (c) Emily Chasalow; Mark Chais; William Chais; Michael Chasalow; Miri Chais, referred to in the Complaint in the below-defined Adversary Proceeding (the "Complaint") as Mirie Chais; Wrenn Chais; 1994 Trust for the Children of Stanley and Pamela Chais; 1996 Trust for the Children of Stanley and Pamela Chais, referred to in the Complaint as The 1996 Trust for the Children of Pamela Chais And Stanley Chais; BLMIS Account 1C1286, sued in the Complaint as The 1999 Trust for the Children of Stanley and Pamela Chais; 1999 Trust for the Grandchildren of Stanley and Pamela Chais; Emily Chais 1983 Trust; Emily Chais Trust No. 1, Emily Chais Trust No. 2, and Emily Chais Trust No. 3, referred to collectively in the Complaint as The Emily Chais Trust; Emily Chais Issue Trust No. 1 and Emily Chais Issue Trust No. 2, referred to collectively in the Complaint as The Emily Chais Issue Trust; Mark Hugh Chais Trust No. 1, Mark Hugh Chais Trust No. 2, and Mark Hugh Chais Trust No. 3, referred to collectively in the Complaint as The Mark Hugh Chais Trust; Mark Hugh Chais Issue Trust No. 1 and Mark Hugh Chais Issue Trust No. 2, referred to collectively in the Complaint as The Mark Hugh Chais Issue Trust; Mark Hugh Chais 1983 Trust; William Frederick Chais Trust No. 1, William Frederick Chais Trust No. 2, and William Frederick Chais Trust No. 3, referred to collectively in the Complaint as The William Frederick Chais Trust; William Frederick Chais Issue Trust No. 1 and William Frederick Chais Issue Trust No. 2, referred to collectively in the Complaint as The William F. Chais Issue Trust; William Frederick Chais 1983 Trust; The William and Wrenn Chais 1994 Family Trust; Ari Chais 1999 Trust; Ari Chais Transferee Trust No. 1, referred to in the Complaint as The Ari Chais Transferee #1 Trust; Benjamin Paul Chasalow 1999 Trust; Benjamin Paul Chasalow Transferee Trust No. 1, referred to in the Complaint as The Benjamin Paul Chasalow Transferee #1 Trust; Chloe Frances Chais 1994 Trust, referred to in the Complaint as The Chloe Francis Chais 1994 Trust; Chloe Frances Chais Transferee Trust No. 1, referred to in the Complaint as The Chloe Francis Chais Transferee #1 Trust; Jonathan Wolf Chais 1996 Trust, referred to in the Complaint as The Jonathan Wolf Chais Trust; Jonathan Chais Transferee Trust No. 1, referred to in the Complaint as The Jonathan Chais Transferee #1 Trust; Justin Robert Chasalow 1999 Trust; Justin Robert Chasalow Transferee Trust No. 1, referred to in the Complaint as The Justin Robert Chasalow Transferee #1 Trust; Madeline Celia Chais 1992 Trust; Madeline Chais Transferee Trust No. 1, referred to in the Complaint as The Madeline Chais Transferee #1 Trust; Rachel Allison Chasalow 1999 Trust; Rachel Allison Chasalow Transferee Trust No. 1, referred to in the Complaint as The Rachel Allison Chasalow Transferee #1 Trust; Tali Chais 1997 Trust; Tali Chais Transferee Trust No. 1, referred to in the Complaint as The Tali Chais Transferee #1 Trust; Unicycle Trading Company; Unicycle Corp.,

individually and as the General Partner of Unicycle Trading Company; the now-defunct money purchase plan formerly known as Unicycle Corporation Money Purchase Plan; Onondaga, Inc., individually and as General Partner of Chais Investments Ltd.; the now-defunct money purchase plan formerly known as The Onondaga, Inc. Money Purchase Plan; the now-defunct defined benefit pension plan formerly known as The Onondaga, Inc. Defined Benefit Pension Plan; Chais Management, Inc., individually and as General Partner of Chais Management Ltd.; Chais Management Ltd.; and Chais Venture Holdings (collectively, the “Chais Related Parties” and together with the Stanley Chais Parties, the “Chais Parties”) and, solely with respect to Sections 1, 2(a), 3(b) and (i), 5, 10-12, and 16-30 and otherwise subject to the express limitations more fully set forth in this Settlement Agreement, (d) Irving H. Picard, in his capacity as trustee (the “Trustee”) under the Securities Investor Protection Act of 1970, 15 U.S.C. §§ 78aaa *et seq.*, as amended, for the liquidation of the business of Bernard L. Madoff Investment Securities LLC (“BLMIS”) and the substantively consolidated Chapter 7 estate of Bernard L. Madoff (“Madoff”) (each of the Attorney General and the Chais Parties a “Party” and collectively the “Parties” and the Trustee the “Limited Party”).

RECITALS

A. On December 11, 2008, Madoff was arrested by federal agents for criminal securities laws violations including securities fraud, investment adviser fraud, and mail and wire fraud. At a plea hearing on March 12, 2009, in the case captioned *United States v. Madoff*, Case No. 09-CR-213(DC), Madoff pleaded guilty to an 11-count criminal information filed against him by the Office of the United States Attorney for the Southern District of New York and admitted that he “operated a Ponzi scheme through the investment advisory side of [BLMIS]” and engaged in fraud in the operation of BLMIS (the “Madoff Ponzi Scheme”).

B. Some or all of the Chais Parties were customers of BLMIS and maintained customer accounts with BLMIS.

C. On December 15, 2008, the Trustee was appointed as the trustee for the liquidation of the business of BLMIS in a bankruptcy proceeding currently pending before the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”), Case No. 08-01789 (SMB) (the “SIPA Proceeding”); the estate of BLMIS was substantively consolidated with the estate of Madoff (collectively, the “Estate”) after an involuntary bankruptcy proceeding was also initiated against Madoff. The Trustee thereafter commenced an adversary proceeding against the Chais Parties in the Bankruptcy Court under the caption *Picard v. Stanley Chais, et al.*, Adv. Pro. No. 09-01172 (SMB) (the “Adversary Proceeding”). In the Adversary Proceeding, the Trustee asserts the Chais Parties are liable to the Estate for certain withdrawals made by the Chais Parties from their customer accounts at BLMIS.

D. On September 22, 2009, the Attorney General filed suit against Stanley Chais and Does 1 through 100, inclusive, in Los Angeles County Superior Court (the “California Court”) alleging violations of California Corporations Code Section 25401, California Corporations Code Section 25235, California Business and Professions Code Section 17500 and California Business and Professions Code Section 17200, titled *The People of the State of California v. Stanley Chais, et al.*, Case No. BC422257 (the “CAAG Action”).

E. Following the filing of the Adversary Proceeding and the CAAG Action, on September 26, 2010, Stanley Chais passed away. The Estate of Stanley Chais was thereafter substituted as a defendant in the Adversary Proceeding and the CAAG Action.

F. There are currently four private actions pending in the California Court against some or all of the Chais Parties seeking recovery of funds related to the Madoff Ponzi Scheme: *Bottlebrush Investments, LP v. The Lambeth Company, et al.*, Case No. BC407967; *Leghorn Investments, Ltd. v. Brighton Investments, et al.*, Case No. BC408661; *Heimoff v. Chais, et al.*, Case No. BC413821; and *Hall v. Chais, et al.*, Case No. BC413820 (collectively, the “California Private Actions”).

G. On January 4, 2012, the Trustee commenced in the Bankruptcy Court an adversary proceeding captioned *Picard v. Hall, et al.*, Adv. Pro. No. 12-01001 (SMB) (the “Injunction Adversary Proceeding”) against plaintiffs in the CAAG Action and the California Private Actions, seeking to enjoin them from the prosecution of such actions.

H. In the Injunction Adversary Proceeding, the Trustee asserts that the automatic stay pursuant to section 362 of the Bankruptcy Code, 11 U.S.C. § 101 *et seq.*, prevents the Attorney General, in part, from continuing to prosecute the CAAG Action. The Trustee further alleges that the assets which could be recovered through the CAAG Action are property of the Estate. The Attorney General disputes that section 362, or any other provision of the Bankruptcy Code, prevents the Attorney General from prosecuting the CAAG Action. The Attorney General asserts that regardless, the CAAG Action falls within the 362(b)(4) exception to the automatic stay and that the assets sought to be recovered by the CAAG Action are not property of the Estate. The Trustee disputes that assertion.

I. In particular, based upon Stanley Chais’ capacity as general partner of the California limited partnerships known as The Brighton Company, The Popham Company and The Lambeth Company (collectively, the “California Limited Partnerships”), the Trustee contends that all transfers from BLMIS to the California Limited Partnerships are avoidable and recoverable as property of the Estate and the assets of the Stanley Chais Parties are insufficient to satisfy the Trustee’s claims for transfers of fictitious profit from BLMIS to the Stanley Chais Parties made within two years of the applicable filing date for the SIPA Proceeding. For this and other reasons, the Trustee contends that all assets of the Stanley Chais Parties are properly recoverable by the Trustee. The Attorney General disputes any preferential or priority right of the Trustee, superior to the right of the Attorney General, to recover the assets held by the Stanley Chais Parties.

J. At the direction of the Bankruptcy Court, since August 2012, the Trustee, the Attorney General, the plaintiffs in the California Private Actions and the Chais Parties engaged in multiple mediation conferences and related mediation communications with the Hon. James L. Garrity, Jr., at that time retired from the United States Bankruptcy Court for the Southern District of New York, as mediator.

K. Simultaneously with the execution of this Settlement Agreement, the Trustee and the Chais Parties plan to enter into a certain settlement agreement to settle the Adversary Proceeding (the “Trustee Settlement Agreement”).

L. Pursuant to the Trustee Settlement Agreement, the Stanley Chais Parties are paying and turning over to the Trustee substantially all of their assets.

M. Through the mediation process, the Trustee, the Attorney General and the Chais Parties negotiated terms by which, notwithstanding the aforementioned payment and turnover of assets by the Stanley Chais Parties to the Trustee, funding would be made available to provide payments in settlement of the CAAG Action.

N. The mediation resulted in the resolution of the CAAG Action by, among other things, creating a fund for compensating the investors in the California Limited Partnerships, to be funded by contributions by certain of the Chais Parties in consideration for, *inter alia*, (i) as to the Stanley Chais Parties, the termination of the CAAG Action; (ii) the termination of all disputes between the Trustee and the Attorney General relating to the assets of the Chais Parties; and (iii) releases by Restitution Fund Claimants (hereinafter defined) in favor of the Chais Parties.

O. The Chais Related Parties are not defendants in the CAAG Action and deny any liability to any investor in the California Limited Partnerships, but are contributing to the Restitution Fund (as defined herein) through cash payments and claim assignments to effectuate a global resolution of the Adversary Proceeding, the California Private Actions and the CAAG Action upon the terms and conditions set forth herein and in the separate settlement agreements relating to the Adversary Proceeding and the California Private Actions.

P. The Attorney General takes no position with regard to any other settlements or agreements that may be entered into by any other Party or Parties to which the Attorney General is not a part.

Q. The Attorney General takes no position with regard to Section 5 of this Settlement Agreement, which relates only to the rights and obligations of the Trustee and the Chais Parties.

R. The Trustee's participation in and obligations under this Settlement Agreement are expressly limited to the provisions set forth in Sections 1, 2(a), 3(b) and (i), 5, 10-12, and 16-30 herein.

S. The Parties wish to settle their disputes about the matters described above with respect to the CAAG Action without the expense, delay and uncertainty of continued litigation. The Chais Parties are entering into this Settlement Agreement to fully resolve these matters and without any concession of any wrongdoing, fault or liability on the part of any Chais Party.

T. Simultaneously with the execution of this Settlement Agreement, the Chais Parties plan to enter into a separate settlement with the plaintiffs in the California Private Actions (the "California Plaintiffs"), upon terms set forth in a separate settlement agreement by and among Chais Parties, the California Plaintiffs, and, in limited part, the Trustee (the "CP Settlement Agreement").

NOW, THEREFORE, in consideration of the foregoing, of the mutual covenants, promises and undertakings set forth herein, and for other good and valuable consideration, the

mutual receipt and sufficiency of which are hereby acknowledged, the Parties and the Limited Party agree:

1. Effective Date.

(a) Upon the execution hereof, this Settlement Agreement shall be binding on the Parties and, where applicable, on the Trustee to the maximum extent permitted under applicable law; provided, however, that the Parties' and the Trustee's obligations hereunder to consummate the settlement provided for herein are subject to, and conditioned upon, the occurrence of each of the following: (i) the issuance of an Order (the "TSA Approval Order") by the Bankruptcy Court or an appellate court of competent jurisdiction ("Other Court") approving the Trustee Settlement Agreement pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure; (ii) the issuance of an order (the "CAAG Approval Order") by the Bankruptcy Court or Other Court pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure authorizing the Trustee to undertake the Trustee's limited obligations under this Settlement Agreement; (iii) the TSA Approval Order becoming Final; (iv) the CAAG Approval Order becoming Final and (v) the receipt by the Trustee, at closing under the Trustee Settlement Agreement, of all funds payable by the Chais Parties to the Trustee in accordance with the provisions of the Trustee Settlement Agreement and the assignment to the Trustee of the Customer Claims (as defined in Section 5 of the Trustee Settlement Agreement) (the "TSA Closing"). The closing under this Settlement Agreement shall occur simultaneously with the TSA Closing within five (5) Business Days after the TSA Approval Order becomes final and unappealable (the "CAAG Closing"). For purposes hereof, an order or judgment of the Bankruptcy Court, any Other Court or any other adjudicative body shall be deemed "Final" when any such order has not been stayed, and as to which the time to appeal or to move for reargument, certiorari or rehearing has expired and no appeal, or motion for reargument or rehearing is then pending.

2. Monetary Payment to Attorney General.

(a) At the CAAG Closing (which shall occur simultaneously with the TSA Closing), the Attorney General shall receive Fifteen Million Dollars (\$15,000,000) (the "Restitution Fund"), funded as follows: (i) with the consent of the Trustee as set forth in Sections 2(d) and 14(a) of the Trustee Settlement Agreement, Twelve Million Five Hundred Thousand Dollars (\$12,500,000) shall be funded by the Stanley Chais Parties from the cash assets in the SCD Controlled Accounts (as defined in the Trustee Settlement Agreement), and (ii) Two Million Five Hundred Thousand Dollars (\$2,500,000) shall be funded by the Chais Related Parties. The Trustee shall take all necessary steps to enable the disbursement of funds consistent with this Section 2(a)(i) hereof, which disbursement shall be made simultaneously with the TSA Closing. The date on which the Attorney General receives such payments is herein referred to as the "Funding Date".

(b) Disbursements from the Restitution Fund shall be made by the Attorney General in accordance with the terms of this Settlement Agreement and solely for the following purposes: (i) to pay the costs of administration of the Restitution Fund; (ii) to make settlement payments on account of Eligible Restitution Fund Claims (hereinafter defined); and (iii) to make settlement payments to the Attorney General on account of investigative fees and costs asserted by the Attorney General in the CAAG Action.

(c) In the event that any sums are to be paid to the Restitution Fund as a result of any disposition of any or all of the California Private Actions (whether by reason of any settlement agreement providing for the settlement of such California Private Actions or otherwise), the Attorney General hereby agrees to accept such sums in the Restitution Fund and to administer and distribute such sums as a part of the Restitution Fund pursuant to the provisions of this Settlement Agreement.

3. Administration of Restitution Fund Claims.

(a) The Restitution Fund shall be administered by a third party administrator (the "Restitution Administrator") who shall be selected and retained by the Attorney General and who shall administer restitution according to this Settlement Agreement. The terms and conditions governing the administration of the Restitution Fund by the Restitution Administrator shall be in accordance with a Memorandum of Understanding between the Restitution Administrator and the Attorney General (the "Memorandum of Understanding") and shall be subject to the terms of this Agreement. The payment for services rendered by the Restitution Administrator shall be paid entirely and solely from the Restitution Fund and in accordance with the Memorandum of Understanding, provided that any such payments shall be reasonable and consistent with the payments for comparable work for comparable funds.

(b) In connection with the administration of restitution under this Settlement Agreement, the Restitution Administrator shall not be liable to the Parties or the Trustee, or any party asserting a claim on behalf of any of the Parties or the Trustee, except for direct damages that are a direct result of the Restitution Administrator's gross negligence, bad faith, self-dealing or intentional misconduct. The Restitution Administrator's aggregate liability, whether in tort, contract, or otherwise, is limited to the total amount of fees paid to the Restitution Administrator for services provided under this Settlement Agreement.

(c) The Restitution Administrator shall notify potential Eligible Restitution Fund Claimants regarding the establishment of the Restitution Fund, the procedures for submitting a Restitution Fund Claim (hereinafter defined), the Restitution Fund Bar Date (hereinafter defined), the requirements and the criteria for determining who qualifies as a Net Loss Claimant and a Nominal Loss Claimant (as such terms are hereinafter defined), which notification shall include a good faith estimate of a range of potential recoveries by potential Net Loss Claimants and potential Nominal Loss Claimants from the Restitution Fund and disclosure that actual recoveries may be less than the lowest amount included in such good faith estimate. Such notification shall also include notice that if any amount from the Restitution Fund is paid to any Restitution Fund Claimant (hereinafter defined) or, upon such Restitution Fund Claimant's instructions, to any person or entity acting on behalf or in the interest of such Restitution Fund Claimant, then such Restitution Fund Claimant shall be deemed to have granted the Release set forth in Exhibit A hereto, whether or not he, she or it has actually signed such a Release.

(d) Subject to, and consistent with, the conditions and provisions set forth in this Agreement, the Attorney General shall direct the Restitution Administrator: (i) to determine the procedures to provide notice to potential Eligible Restitution Fund Claimants; (ii) to determine the specific format of, and procedure for submission of, the claim document(s) necessary to effectuate this Agreement (including any supporting documentation required by the

Attorney General) to be submitted by persons or entities making claims for payment from the Restitution Fund (those persons or entities who make such a submission being herein referred to as “Restitution Fund Claimants” and such submissions being herein referred to as “Restitution Fund Claims”); (iii) to manage the submission and review of all such claim document(s) necessary to effectuate this Settlement Agreement; (iv) to determine, in accordance with the requirements and the criteria set forth in this Agreement, who qualifies as an Eligible Restitution Fund Claimant, a Net Loss Claimant and a Nominal Loss Claimant, as well as calculating Net Losses incurred by Net Loss Claimants and Nominal Losses incurred by Nominal Loss Claimants; and (v) to make payments from the Restitution Fund to Net Loss Claimants and Nominal Loss Claimants in accordance with the provisions of Section 4 hereof.

(e) The Attorney General shall establish a bar date with respect to the submission of Restitution Fund Claims, which date (the “Restitution Claim Bar Date”) shall not be earlier than 180 days after the CAAG Closing.

(f) The Restitution Administrator shall provide quarterly reports to the Attorney General, counsel to the Stanley Chais Parties and counsel to the Chais Related Parties regarding the submission of Restitution Fund Claims, allowance or disallowance thereof in accordance with the procedures set forth in this Settlement Agreement, and payments from the Restitution Fund. Commencing on 60 days after the CAAG Closing, and thereafter on a quarterly basis, the Restitution Administrator shall also provide the Attorney General, counsel to the Stanley Chais Parties and counsel to the Chais Related Parties copies of each executed Release described in Section 7 of this Settlement Agreement.

(g) As used herein: “Eligible Restitution Fund Claimant” means a Restitution Fund Claimant who (i) was an investor in any entity that, directly or indirectly (but without allowing any duplicative recovery in relation to any tier of investors), held limited partnership interests in one or more of the California Limited Partnerships; (ii) submits its, his or her Restitution Fund Claim to the Restitution Administrator on or before the Restitution Claim Bar Date in accordance with the noticed procedures set forth in this Settlement Agreement; and (iii) submits its, his or her Release (hereinafter defined) to the Restitution Administrator on or before the Restitution Claim Bar Date, even though certain provisions of such Release will not be effective until such Restitution Fund Claimant receives payment from the Restitution Fund; excluded from the definition of “Eligible Restitution Fund Claimant” are the Chais Parties. “Net Loss Claimant” means an Eligible Restitution Fund Claimant who incurred a Net Loss in relation to his, her or its investment(s) in such California Limited Partnerships as calculated by the Restitution Administrator in accordance with this Settlement Agreement; “Nominal Loss Claimant” means an Eligible Restitution Fund Claimant who is not a Net Loss Claimant but who realized a Nominal Loss; “Net Loss” means, with respect to a Restitution Fund Claimant, the amount by which the aggregate of all investments made by such Restitution Fund Claimant to the California Limited Partnerships exceeds the aggregate amount of distributions received by such Restitution Fund Claimant on account thereof as calculated by the Restitution Administrator in accordance with this Settlement Agreement; and “Nominal Loss” means, with respect to a Restitution Fund Claimant, the sum of such Restitution Fund Claimant’s interests in the California Limited Partnerships’ account balances with BLMIS as of December 11, 2008.

(h) The Chais Parties' agreement to allow disbursements from the Restitution Fund to Nominal Loss Claimants is not, and shall not be construed as, a concession by any Chais Party that a Nominal Loss constitutes an actual loss.

(i) In connection with the administration of the Restitution Fund, in response to reasonable requests by the Attorney General or the Restitution Administrator for information or documents concerning investments in the California Limited Partnerships, the Trustee shall not unreasonably refuse to provide such information or documents consistent with the provisions of the Litigation Protective Order in the SIPA Proceeding. *See* Litigation Protective Order, *In re Bernard L. Madoff Inv. Sec. LLC*, Adv. Pro. No. 10-01789 (BRL) (Bankr. S.D.N.Y.) entered June 6, 2011) [ECF No. 4137]. The Trustee shall have no liability arising from the production of documents or information to the Attorney General or the Restitution Administrator pursuant to the terms of this section.

4. Payment of Restitution Fund Claims.

The funds in the Restitution Fund shall be distributed in accordance with the following descending order of priority (to the extent the Restitution Fund is sufficient to provide for such distribution):

(i) first, reasonable costs of administration of the Restitution Fund shall be paid to the Restitution Administrator in an amount not to exceed Seven Hundred Fifty Thousand Dollars (\$750,000);

(ii) next, payments to Net Loss Claimants on account of Net Losses incurred by them, which shall be made on a *pro rata* basis in relation to the aggregate amount of Net Losses incurred by all Net Loss Claimants, as calculated by the Restitution Administrator in accordance with the provisions of Section 3, provided that the aggregate amount of payments made pursuant to this clause (ii) shall be equal to the lesser of (x) the aggregate amount of Net Losses incurred by Net Loss Claimants and (y) the sum of Eleven Million Dollars (\$11,000,000) plus any amount paid to the Restitution Fund pursuant to the terms of the CP Settlement Agreement;

(iii) next, after satisfaction of those Net Losses incurred by Net Loss Claimants that are to be satisfied pursuant to the foregoing clause (4 (ii)), payments shall be paid to Nominal Loss Claimants on account of Nominal Losses realized by them, which shall be made on a *pro rata* basis in relation to the aggregate amount of Nominal Losses incurred by all Nominal Loss Claimants, as calculated by the Restitution Administrator in accordance with the provisions of Section 3, provided that the aggregate amount of payments made pursuant to this clause (4 (iii)) shall be equal to the lesser of (x) the aggregate amount of Nominal Losses incurred by Nominal Loss Claimants and (y) Three Million Two Hundred Fifty Thousand Dollars (\$3,250,000) plus any amount paid to the Restitution Fund pursuant to the terms of the CP Settlement Agreement that is not paid to Net Loss Claimants pursuant to the preceding section 4(ii) of this Settlement Agreement; further, the Restitution Administrator shall have reasonable discretion to distribute in the interest of justice up to One Hundred Thousand Dollars (\$100,000), in the aggregate, to any Eligible Restitution Fund Claimants, provided that any

unused portion of such funds shall be distributed to Nominal Loss Claimants pursuant to this clause 4(iii); and

(iv) next, payment shall be made out of the remaining amount in the Restitution Fund, if any, to the Attorney General on account of investigative fees and costs asserted by the Attorney General in the CAAG Action.

5. Assignment of Customer Claims to Trustee. At the TSA Closing, the Chais Related Parties shall assign all rights and title to Customer Claims identified in Section 5 of the Trustee Settlement Agreement to the Trustee. The Chais Parties agree and acknowledge that the assignment of such Customer Claims in conjunction with the other consideration provided for herein by the Chais Related Parties, shall satisfy any and all financial debts, claims and obligations that any of the Chais Related Parties might have or might have had, to any of the Stanley Chais Parties.

6. [Intentionally Omitted].

7. Releases and Stay of Actions by Restitution Fund Claimants. As a condition to a Restitution Fund Claim being eligible for consideration for payment from the Restitution Fund, and as a condition to any payment on account of a Restitution Fund Claim, a Restitution Fund Claimant shall have executed and delivered to the Restitution Administrator, on or before the Restitution Claim Bar Date, a release in the form annexed hereto as Exhibit A (each a “Release”). No Restitution Fund Claim shall be eligible for consideration and no payment shall be made from the Restitution Fund to any Restitution Fund Claimant unless the Restitution Administrator shall have received both a signed Release from such Restitution Fund Claimant and the Restitution Fund Claimant’s Restitution Fund Claim application form on or before the Restitution Claim Bar Date. The foregoing notwithstanding, the notice and application procedures distributed by the Restitution Administrator to the Restitution Fund Claimants shall provide that if any amount from the Restitution Fund is paid to any Restitution Fund Claimant or, upon such Restitution Fund Claimant’s instructions, to any person or entity acting on behalf or in the interest of such Restitution Fund Claimant, then such Restitution Fund Claimant shall be deemed to have granted the Release set forth in Exhibit A hereto, whether or not he, she or it has actually signed such a Release. The notice and application procedures distributed by the Restitution Administrator to the Restitution Fund Claimants shall also make clear that the Restitution Fund Claimant must execute the Release and that the claim document(s) themselves, as submitted by the Restitution Fund Claimant, must contain an acknowledgement of same by such Restitution Fund Claimant. Upon the submission of a Restitution Fund Claim, each Restitution Fund Claimant shall agree to refrain from engaging in any Restricted RFC Action (as defined in the Release) following the submission of the Restitution Fund Claim by such Restitution Fund Claimant, unless and until such time, if ever, that such Restitution Fund Claimant receives delivery of written notice from the Restitution Administrator to such Restitution Fund Claimant stating that such Restitution Fund Claimant is not eligible to receive a payment from the Restitution Fund, provided that such written notice is not withdrawn or overturned and is not followed by any payment from the Restitution Fund to or for the benefit of such Restitution Fund Claimant. The foregoing agreement shall be set forth in the Restitution Fund Claim application form together with an acknowledgement that such agreement constitutes

a term of the Restitution Fund Claim that shall be enforceable by each Chais Party and that each Chais Party shall have the right to injunctive relief to enforce same.

8. Release by the Attorney General.

(a) Release by the Attorney General. Simultaneously with the receipt by the Attorney General of the full payments payable to the Attorney General pursuant to Section 2(a) hereof, and without any further writing or other action of any kind or nature, in consideration of the covenants and agreements in this Settlement Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Attorney General hereby fully, finally and forever, unconditionally and irrevocably releases, acquits and discharges each “Chais Releasee” (as defined below) from any and all claims, suits, demands, damages, restitution, penalties, fines, actions and other causes of action of whatever kind, whether at law or in equity, whether known or unknown, matured, contingent or inchoate, now existing or arising in the future, that the Attorney General has brought or could have brought against any one or more of the Chais Releasees in the CAAG Action that arise out of or in connection with, or relate to, the California Limited Partnerships, BLMIS, the Madoff Ponzi Scheme, or Stanley Chais, except for any and all claims and rights (and the enforcement thereof) of the Attorney General, and any obligation of the Chais Parties, provided for in this Settlement Agreement (the “CAAG Released Claims”). The term “Chais Releasee” shall mean each Chais Party and each Affiliate thereof. The term “Affiliate” shall mean, with respect to any person or entity: (i) its respective predecessors, past, present, and future direct and indirect parents, owners, subsidiaries, affiliated or other related persons or entities of any kind (including but not limited to corporations, partnerships, trusts, and individuals), including the successors and assigns of any of the foregoing; (ii) all past, present and future employees, officers, managers, directors, agents, insurers, members, beneficiaries, trustees, attorneys, accountants, and representatives of any of the foregoing, in their official and individual capacities; and (iii) insofar as it has been or could be alleged that he or she (x) was a transferee of assets, directly or indirectly, from Stanley Chais or any of the Chais Parties, or (y) was involved in any activity which is the subject of the CAAG Released Claims, all children or grandchildren of any Chais Party or any of the other foregoing persons that is an individual. Each Chais Releasee that is not a party to this Settlement Agreement is a third party beneficiary of this Settlement Agreement and has the full right to enforce the release provided in this Section 8 to such Chais Releasee by the Attorney General as fully as if he, she or it was a party to this Settlement Agreement.

9. Release by the Chais Parties.

(a) Simultaneously with the receipt by the Attorney General of the payments payable to the Attorney General pursuant to Section 2(a) hereof, and without any further writing or other action of any kind or nature, in consideration of the covenants and agreements in this Settlement Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged:

(i) Each Chais Party hereby, fully, finally and forever, unconditionally and irrevocably, releases, acquits and discharges the Attorney General from any and all claims, suits, demands, damages, restitution, penalties, fines, actions and other causes of action of whatever kind, whether at law or in equity, whether known or unknown, matured, contingent or

inchoate, now existing or arising in the future, that such Chais Party has or may have and that in any way arise out of or in connection with or relate to the California Limited Partnerships, BLMIS, the Madoff Ponzi Scheme and/or any other matters involving Stanley Chais (including, without limitation, the claims asserted or that could have been asserted against the Attorney General in the CAAG Action), except for (x) any and all claims and rights (and the enforcement thereof) of the Chais Parties, and any obligations of the Attorney General, provided for in this Settlement Agreement and (y) any and all claims and rights (and the enforcement thereof) of the Chais Parties against the Attorney General for defamation arising or occurring after the date of execution hereof (after giving effect to such exceptions, the “Chais Parties Released Claims”).

(ii) Each Stanley Chais Party hereby, fully, finally and forever, unconditionally and irrevocably, releases, acquits and discharges each Chais Related Party from any and all claims, suits, demands, damages, restitution, penalties, fines, actions and other causes of action of whatever kind, whether at law or in equity, whether known or unknown, matured, contingent or inchoate, now existing or arising in the future, that such Stanley Chais Party has or may have and that in any way arise out of or in connection with or relate to the California Limited Partnerships, BLMIS, the Madoff Ponzi Scheme and/or any other matters involving Stanley Chais, except for any and all claims and rights (and the enforcement thereof) of the Stanley Chais Parties, and any obligations of the Chais Related Parties, provided for in this Settlement Agreement (after giving effect to such exceptions, the “Stanley Chais Parties Released Claims”).

(b) Notwithstanding anything to the contrary herein, the Chais Parties Released Claims do not include any and all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, damages, judgments, claims and any other right to obtain any type of monetary damages (including punitive damages), expenses, attorneys’ and other fees, rescission, restitution or any other remedies of whatever kind at law or in equity, in contract, in tort, arising under any source whatsoever, including claims in equity or under any federal, state, common, or foreign statute, regulation, rule or common law, whether in a civil, administrative, arbitral, or other judicial or non-judicial proceeding, asserted or unasserted, known or unknown, matured, contingent, threatened, or inchoate, whether or not concealed or hidden, now existing or arising in the future that any of the Chais Parties had, have or may assert in the future against (i) the Restitution Fund Claimants; (ii) the California Limited Partnerships; and/or (iii) any direct or indirect investor in any of the California Limited Partnerships (collectively, the “Chais Parties Preserved Claims”). All of the Chais Parties’ Preserved Claims are expressly reserved and preserved and shall not be affected by this Agreement.

10. Releases between the Trustee and the Attorney General:

(a) Release by the Attorney General of the Trustee and SIPC. Simultaneously with the receipt by the Attorney General of the payments payable to the Attorney General pursuant to Section 2(a) hereof, and without any further writing or other action of any kind or nature, in consideration of the covenants and agreements in this Settlement Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Attorney General releases and discharges the Securities Investor Protection Corporation (“SIPC”) and the Trustee, personally, and in his capacity as Trustee, and his

beneficiaries, agents, and representatives, solely in their capacity as such, BLMIS and the estates of BLMIS and Madoff, from any and all claims, suits, demands, damages, restitution, penalties, fines, actions, and other causes of action that the Attorney General could have brought that any way arise out of or in connection with, or relate to the offer and sale of securities by Stanley Chais, except for any and all claims and rights (and the enforcement thereof) of the Attorney General, including criminal law and tax claims, and any obligation of the Trustee, provided for in this Settlement Agreement (after giving effect to such exceptions, the “CAAG Released Claims Against Trustee”).

(b) Release by the Trustee of the Attorney General. Simultaneously with the receipt by the Attorney General of the payments payable to the Attorney General pursuant to Section 2(a) hereof, without any further writing or other action of any kind or nature, in consideration of the covenants and agreements in this Settlement Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Trustee, on behalf of himself, BLMIS and the estates of BLMIS and Madoff, releases and discharges the Attorney General and her beneficiaries, agents, and representatives, solely in their capacity as such, from any and all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, damages, judgments, and claims whatsoever, asserted or unasserted, known or unknown, now existing or arising in the future (collectively, the “Trustee Released Claims”), except for any and all claims and rights (and the enforcement thereof) of the Trustee and obligations of the Attorney General arising under this Settlement Agreement or the related escrow agreements. For the avoidance of doubt, the Trustee is authorized to and does release any claims that could have been brought by SIPC in connection with BLMIS and its liquidation to the extent such claims have been subrogated to the Trustee. The Trustee and the Attorney General expressly agree this release shall not affect or encompass (x) any claims by the Trustee against any party other than the Attorney General or (y) any rights to enforce the LP Judgment (as defined in the Trustee Settlement Agreement).

11. The term “Released Claims” shall mean, collectively, the CAAG Released Claims, the CAAG Released Claims Against Trustee, the Chais Parties Released Claims, the Stanley Chais Parties Released Claims, and the Trustee Released Claims.

12. Unknown Claims. Unknown Claims shall mean any Released Claim, as defined herein, that the Attorney General, the Trustee, or the Chais Parties do not know or suspect to exist in its, his or her favor at the time of giving its, his or her release in this Settlement Agreement that if known by it, him or her, might have affected its, his or her settlement and release in this Settlement Agreement. With respect to any and all Released Claims in Sections 8, 9 and 10 of this Settlement Agreement, the Attorney General, the Trustee and the Chais Parties expressly waive, or are 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.

Solely with respect to their respective Released Claims, the Attorney General, the Trustee and the Chais Parties expressly waive, and shall be deemed to have waived, any and all provisions, rights and benefits conferred by any law of 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. The Attorney General, the Trustee and the Chais Parties may hereafter discover facts in addition to or different from those that any of them now knows or believes to be true with respect to the subject matter of the Released Claims, but the Attorney General, the Trustee and the Chais Parties 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 Attorney General, the Trustee and the Chais 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. The Attorney General, the Trustee and the Chais Parties agree not to directly or indirectly assert any claim, or commence, continue, institute or cause to be commenced any claim or proceeding, based upon any matter purported to be released hereby.

13. Cooperation; Further Assurances. The Parties shall provide cooperation, and execute any document or instrument, reasonably requested by any of them after the date of this Settlement Agreement, to effectuate the intent of this Settlement Agreement. Without limiting the foregoing, the Attorney General will support the issuance of the CAAG Approval Order and will not take any action intended to prejudice the Stanley Chais Parties and Chais Related Parties in enforcing the release provisions set forth in the Releases delivered (and/or deemed granted) pursuant to Section 7 of this Settlement Agreement.

14. Basis for Injunctions. This Settlement Agreement and any order approving same may be pleaded as a full and complete defense against, and may be used as an independent basis for an injunction against, any claim or proceeding instituted or maintained against any person or entity released hereunder to the extent such claim or proceeding conflicts with any release provided in this Settlement Agreement.

15. Notice of Settlement; Dismissal. Upon execution of this Settlement Agreement, the Parties shall provide notice to the California Court that there exists a settlement in principle, the terms of which are intended to resolve the CAAG Action, subject to Bankruptcy Court approval of a motion brought by the Trustee under Bankruptcy Rule 9019. Promptly upon receipt by the Attorney General of the payment payable to the Attorney General pursuant to Section 2(a) hereof, the Attorney General shall file with the California Court a dismissal with prejudice of the CAAG Action. Except as set forth in this Settlement Agreement, parties to that Action shall bear their own fees and costs.

16. Null and Void; Failure to Obtain a Final Non-Appealable Order. If for any reason the Bankruptcy Court or any Other Court rejects the Trustee Settlement Agreement pursuant to a final and non-appealable order, or if for any reason the Bankruptcy Court, any Other Court or any other adjudicative body rejects this Settlement Agreement pursuant to an order that becomes

Final (the date on which either such order becomes Final being herein referred to as the “Rejection Date”), then this Settlement Agreement shall automatically be null and void as of the Rejection Date. In addition, if the Attorney General does not receive full payment at the CAAG Closing in accordance with the terms of Section 2(a) hereof, then the Attorney General may unilaterally declare this Settlement Agreement null and void by providing a written notice to that effect to the other parties hereto so long as the Attorney General has first provided the other parties hereto with written notice of the failure to receive payment after such payment is due and given such parties at least thirty (30) Business Days to cure and further provided that the Attorney General returns any and all payments that it has received pursuant to this Settlement Agreement.

17. Business Days. For purposes of this Settlement Agreement, the term “Business Days” shall mean any day other than Saturday, Sunday, or a day that is a legal holiday in Sacramento, California.

18. Confidentiality Obligations. The Parties’ and the Trustee’s confidentiality obligations under any existing agreements between and among the Parties and/or the Trustee shall remain in full force and effect.

19. No Admission. The Chais Parties and the California Limited Partnerships do not admit any liability and further expressly deny any participation or complicity of Stanley Chais or any Chais Party or California Limited Partnership in, or knowledge of Stanley Chais or any Chais Party or California Limited Partnership of, the Madoff Ponzi Scheme.

20. Entire Agreement. This Settlement Agreement, together with the Trustee Settlement Agreement, constitute the entire agreement and understanding between and among the Parties and the Trustee and supersedes all prior agreements, representations and understandings concerning the subject matter hereof (other than the Trustee Settlement Agreement).

21. Amendments, Waiver. This Settlement Agreement may not be waived, amended or modified in any way except in a writing signed by all the Parties and the Limited Party. 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.

22. Assignability. No Party or Limited Party hereto may assign their rights under this Settlement Agreement to a third party without the prior written consent of each of the other Parties and Limited Parties hereto, provided, however that the Trustee may assign his rights and delegate his duties under this Settlement Agreement to any successor Trustee appointed by the Bankruptcy Court, including SIPC.

23. Successors Bound. This Settlement Agreement shall be binding upon and inure to the benefit of each of the Parties and Limited Party and their successors and permitted assigns.

24. Applicable Law. This Settlement Agreement shall be construed and enforced in accordance with the laws of the State of California, without regard to the principle of conflict of laws. Each Party and the Limited Party hereby waives on behalf of itself and its successors and

assigns any and all rights to argue that the choice of California law provisions is or has become unreasonable in any legal proceeding.

25. Exclusive Jurisdiction. Except to the extent the Bankruptcy Court cannot or declines to retain jurisdiction, the Parties and the Trustee agree and shall request that all orders entered in connection with this Settlement Agreement provide that the Bankruptcy Court shall retain and have non-exclusive jurisdiction over any action to enforce this Settlement Agreement, or any provision thereof, and the Parties and the Trustee hereby consent to and submit to the jurisdiction of the Bankruptcy Court for any such action. The Parties and the Trustee agree that, in the event the Bankruptcy Court cannot or declines to retain or exercise jurisdiction, no Party or Limited Party shall bring, institute, prosecute or maintain any action to enforce, modify, terminate, void, or interpret this Settlement Agreement, or any provision thereof, in any court other than the California Court. In any action commenced in another court by a third-party to enforce, modify, terminate, void or interpret this Settlement Agreement, the Parties and the Trustee agree to seek to stay such action and transfer the action first to the Bankruptcy Court; provided, however, in the event the Bankruptcy Court cannot or declines to retain or exercise jurisdiction, the Parties and the Trustee agree to seek transfer to the California Court.

26. Captions and Rules of Construction. The captions in this Settlement Agreement are inserted only as a matter of convenience and for reference and do not define, limit or describe the scope of this Settlement Agreement or the scope or content of any of its provisions. Any reference in this Settlement Agreement to a paragraph or section is to a paragraph or section of this Settlement Agreement, unless otherwise noted. The words “hereby,” “herein,” “hereto,” “hereof,” “hereunder,” and similar words refer to this Settlement Agreement in its entirety and not merely to the Section where any such words appear. “Includes,” “including” and similar words are not limiting. The Parties acknowledge that this Settlement Agreement was jointly drafted after negotiations by counsel and the Parties and the Trustee therefore agree that no provision of this Settlement Agreement may be construed against any Party or Limited Party as having been drafted by that Party or Limited Party.

27. Counterparts; Electronic Copy of Signatures. The individuals signing below represent that they have been authorized by the parties they represent to sign this Settlement Agreement. This Settlement 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. The Parties and the Trustee may evidence their execution of this Settlement Agreement by delivery to the other Parties and Limited Party of scanned or faxed copies of their signatures, with the same effect as the delivery of an original signature. The Parties and Limited Party stipulate that counterparts, facsimile, or duplicate originals of this Settlement Agreement or any portion thereof shall be admissible in any judicial proceeding to the same extent that the original would be admissible for all purposes including but not limited to meeting the requirements of California Code of Civil Procedure § 664.6.

28. Severability. In the event that any term or provision of this Agreement is found in a Final judgment or order of a court of competent jurisdiction to be invalid or unenforceable, the entire Agreement shall be invalid and unenforceable (except this Section 28), unless and to the extent that all Parties and the Limited Party agree otherwise in writing.

29. Survival. The provisions of this Settlement Agreement shall survive the consummation of the transactions contemplated hereby.

30. Notices. Any notices under this Settlement Agreement shall be in writing, shall be effective when received and may be delivered only by hand, or by overnight delivery service or by electronic transmission if such overnight delivery or electronic transmission is confirmed via email, to:

If to the Attorney General:
Alexandra Robert Gordon, Esq.
Michael Elisofon, Esq.
455 Golden Gate Ave., Suite 11000
San Francisco, CA 94102
F: (415) 703-1234
alexandra.robertgordon@doj.ca.gov
michael.elisofon@doj.ca.gov

If to the Trustee, c/o:
David J. Sheehan, Esq.
Tracy Cole, Esq.
45 Rockefeller Plaza, 14th Floor
New York, NY 10111
F: (212) 589-4201
dsheehan@bakerlaw.com
tcole@bakerlaw.com

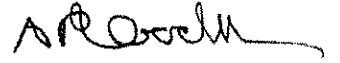
If to the Chais Related Parties, c/o:
Andrew H. Sherman, Esq.
Boris M. Mankovetskiy, Esq.
Sills Cummis & Gross P.C.
One Riverfront Plaza
Newark, NJ 07102
F: (973) 643-6500
asherman@sillscummis.com
bmankovetskiy@sillscummis.com

If to the Stanley Chais Parties, c/o:
Dennis F. Dunne, Esq.
Michael L. Hirschfeld, Esq.
Milbank, Tweed, Hadley & McCloy LLP
28 Liberty Street
New York, NY 10005
F: (212) 530-5219
ddunne@milbank.com
mhirschfeld@milbank.com

Steven J. Katzman, Esq.
Biernert, Miller & Katzman
903 Calle Amancer, Suite 350
San Clemente, CA 92673
F: (949)-369-3700
skatzman@bmkattorneys.com


[Signature pages follow]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the date first above written.

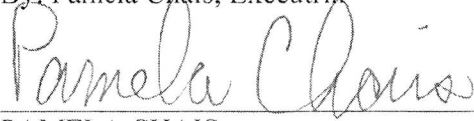


CALIFORNIA ATTORNEY GENERAL'S
OFFICE

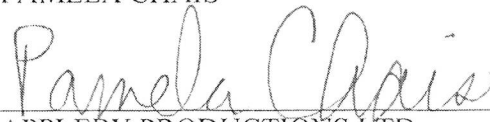
By: Alexandra Robert Gordon, Deputy
Attorney General and counsel of record for
Plaintiff in the CAAG Action



THE ESTATE OF STANLEY CHAIS
By: Pamela Chais, Executrix



PAMELA CHAIS



APPLEBY PRODUCTIONS LTD.
By: Pamela Chais, President

APPLEBY PRODUCTIONS LTD.
DEFINED CONTRIBUTION PLAN
By: Michael L. Hirschfeld, Esq., counsel of
record in the CAAG Action

APPLEBY PRODUCTIONS LTD.
MONEY PURCHASE PLAN
By: Michael L. Hirschfeld, Esq., counsel of
record in the CAAG Action

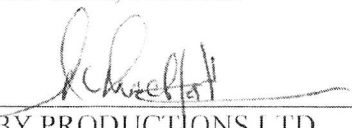
APPLEBY PRODUCTIONS LTD. PROFIT
SHARING PLAN
By: Michael L. Hirschfeld, Esq., counsel of
record in the CAAG Action

CH AIS INVESTMENTS, LTD.
By: William Chais, President, Onondaga,
Inc., its General Partner

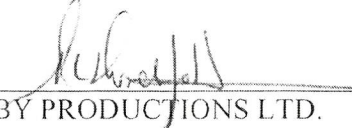
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By: Pamela Chais, Executrix

PAMELA CHAIS


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By: Pamela Chais, President



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SHARING PLAN
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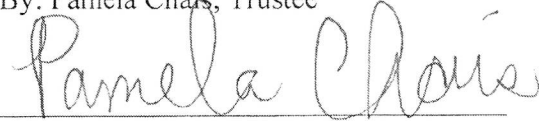


CH AIS INVESTMENTS, LTD.
By: William Chais, President, Onondaga,
Inc., its General Partner



CH AIS 1991 FAMILY TRUST (NOW
CONSISTING OF THE SURVIVOR'S
TRUST UNDER CH AIS 1991 FAMILY
TRUST DATED SEPTEMBER 4, 1991
AND THE MARITAL TRUST UNDER
CH AIS 1991 FAMILY TRUST DATED
SEPTEMBER 4, 1991)

By: Pamela Chais, Trustee



CH AIS FAMILY FOUNDATION

By: Pamela Chais, President



EMILY CHASALOW

MARK CHAIS

WILLIAM CHAIS



MICHAEL CHASALOW

MIRI CHAIS

WRENN CHAIS

1994 TRUST FOR THE CHILDREN OF
STANLEY AND PAMELA CHAIS

By: William Chais, Trustee

CHAIS 1991 FAMILY TRUST (NOW
CONSISTING OF THE SURVIVOR'S
TRUST UNDER CHAIS 1991 FAMILY
TRUST DATED SEPTEMBER 4, 1991
AND THE MARITAL TRUST UNDER
CHAIS 1991 FAMILY TRUST DATED
SEPTEMBER 4, 1991)
By: Pamela Chais, Trustee

CHAIS FAMILY FOUNDATION
By: Pamela Chais, President

EMILY CHASALOW



MARK CHAIS

WILLIAM CHAIS

MICHAEL CHASALOW



MIRI CHAIS

WRENN CHAIS

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STANLEY AND PAMELA CHAIS
By: William Chais, Trustee

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TRUST DATED SEPTEMBER 4, 1991
AND THE MARITAL TRUST UNDER
CHAI 1991 FAMILY TRUST DATED
SEPTEMBER 4, 1991)
By: Pamela Chais, Trustee

CHAI FAMILY FOUNDATION
By: Pamela Chais, President

EMILY CHASALOW

MARK CHAIS




WILLIAM CHAIS

MICHAEL CHASALOW

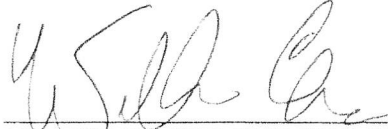
MIRI CHAIS



WRENN CHAIS

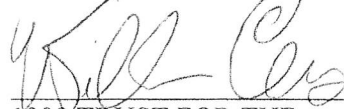


1994 TRUST FOR THE CHILDREN OF
STANLEY AND PAMELA CHAIS
By: William Chais, Trustee



1996 TRUST FOR THE CHILDREN OF
STANLEY AND PAMELA CHAIS
By: William Chais, Trustee

BLMIS ACCOUNT 1C1286, SUED
HEREIN AS 1999 TRUST FOR THE
CHILDREN OF STANLEY AND
PAMELA CHAIS
By: Steven J. Katzman, Esq., counsel of
record in the CAAG Action



1999 TRUST FOR THE
GRANDCHILDREN OF STANLEY AND
PAMELA CHAIS
By: William Chais, Trustee

EMILY CHAIS 1983 TRUST
By: Emily Chasalow, Trustee

EMILY CHAIS TRUST NO. 1
By: Emily Chasalow, Trustee

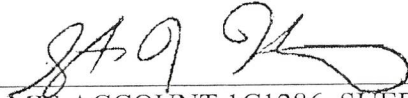
EMILY CHAIS TRUST NO. 2
By: Emily Chasalow, Trustee

EMILY CHAIS TRUST NO. 3
By: Emily Chasalow, Trustee

EMILY CHAIS ISSUE TRUST NO. 1
By: Emily Chasalow, Trustee

1996 TRUST FOR THE CHILDREN OF
STANLEY AND PAMELA CHAIS

By: William Chais, Trustee



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EMILY CHAIS 1983 TRUST

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By: Emily Chasalow, Trustee

EMILY CHAIS TRUST NO. 2

By: Emily Chasalow, Trustee

EMILY CHAIS TRUST NO. 3

By: Emily Chasalow, Trustee

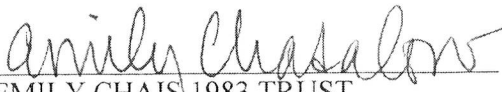
EMILY CHAIS ISSUE TRUST NO. 1

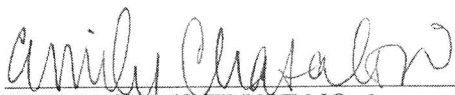
By: Emily Chasalow, Trustee

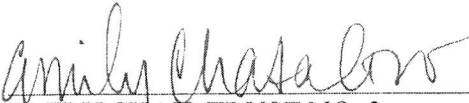
1996 TRUST FOR THE CHILDREN OF
STANLEY AND PAMELA CHAIS
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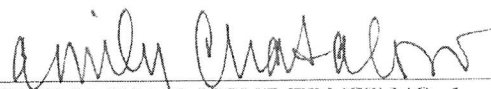
1999 TRUST FOR THE
GRANDCHILDREN OF STANLEY AND
PAMELA CHAIS
By: William Chais, Trustee



EMILY CHAIS 1983 TRUST
By: Emily Chasalow, Trustee


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EMILY CHAIS TRUST NO. 2
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EMILY CHAIS TRUST NO. 3
By: Emily Chasalow, Trustee


EMILY CHAIS ISSUE TRUST NO. 1
By: Emily Chasalow, Trustee



EMILY CHAIS ISSUE TRUST NO. 2

By: Emily Chasalow, Trustee

MARK HUGH CHAIS TRUST NO. 1

By: Mark Chais, Trustee

MARK HUGH CHAIS TRUST NO. 2

By: Mark Chais, Trustee

MARK HUGH CHAIS TRUST NO. 3

By: Mark Chais, Trustee

MARK HUGH CHAIS ISSUE TRUST
NO. 1

By: Mark Chais, Trustee

MARK HUGH CHAIS ISSUE TRUST
NO. 2

By: Mark Chais, Trustee

MARK HUGH CHAIS 1983 TRUST

By: Mark Chais, Trustee

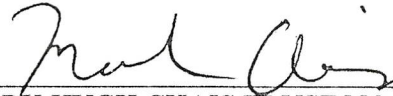
WILLIAM FREDERICK CHAIS TRUST
NO. 1

By: William Chais, Trustee


EMILY CHAIS ISSUE TRUST NO. 2
By: Emily Chasalow, Trustee




MARK HUGH CHAIS TRUST NO. 1
By: Mark Chais, Trustee




MARK HUGH CHAIS TRUST NO. 2
By: Mark Chais, Trustee



MARK HUGH CHAIS TRUST NO. 3
By: Mark Chais, Trustee



MARK HUGH CHAIS ISSUE TRUST
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WILLIAM FREDERICK CHAIS TRUST
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EMILY CHAIS ISSUE TRUST NO. 2
By: Emily Chasalow, Trustee

MARK HUGH CHAIS TRUST NO. 1
By: Mark Chais, Trustee

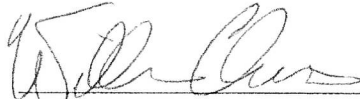
MARK HUGH CHAIS TRUST NO. 2
By: Mark Chais, Trustee

MARK HUGH CHAIS TRUST NO. 3
By: Mark Chais, Trustee

MARK HUGH CHAIS ISSUE TRUST
NO. 1
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MARK HUGH CHAIS ISSUE TRUST
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By: Mark Chais, Trustee

MARK HUGH CHAIS 1983 TRUST
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WILLIAM FREDERICK CHAIS TRUST
NO. 1
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WILLIAM FREDERICK CHAIS TRUST
NO. 2

By: William Chais, Trustee



WILLIAM FREDERICK CHAIS TRUST
NO. 3

By: William Chais, Trustee



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By: William Chais, Trustee



WILLIAM FREDERICK CHAIS ISSUE
TRUST NO. 2

By: William Chais, Trustee



WILLIAM FREDERICK CHAIS 1983
TRUST

By: William Chais, Trustee



THE WILLIAM AND WRENN CHAIS
1994 FAMILY TRUST

By: William Chais, Trustee

ARI CHAIS 1999 TRUST

By: Mark Chais, Trustee

ARI CHAIS TRANSFEREE TRUST NO. 1

By: Mark Chais, Trustee

WILLIAM FREDERICK CHAIS TRUST
NO. 2
By: William Chais, Trustee

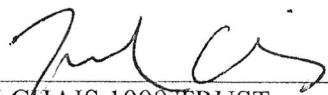
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NO. 3
By: William Chais, Trustee

WILLIAM FREDERICK CHAIS ISSUE
TRUST NO. 1
By: William Chais, Trustee

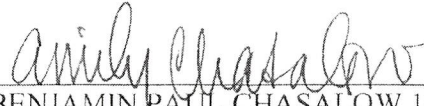
WILLIAM FREDERICK CHAIS ISSUE
TRUST NO. 2
By: William Chais, Trustee

WILLIAM FREDERICK CHAIS 1983
TRUST
By: William Chais, Trustee

THE WILLIAM AND WRENN CHAIS
1994 FAMILY TRUST
By: William Chais, Trustee


ARI CHAIS 1999 TRUST
By: Mark Chais, Trustee


ARI CHAIS TRANSFEREE TRUST NO. 1
By: Mark Chais, Trustee



BENJAMIN PAUL CHASALOW 1999
TRUST

By: Emily Chasalow, Trustee



BENJAMIN PAUL CHASALOW
TRANSFEREE TRUST NO. 1

By: Emily Chasalow, Trustee

CHLOE FRANCES CHAIS 1994 TRUST

By: William Chais, Trustee

CHLOE FRANCES CHAIS TRANSFEREE
TRUST NO. 1

By: William Chais, Trustee

JONATHAN WOLF CHAIS 1996 TRUST

By: William Chais, Trustee

JONATHAN CHAIS TRANSFEREE
TRUST NO. 1

By: William Chais, Trustee



JUSTIN ROBERT CHASALOW 1999
TRUST

By: Emily Chasalow, Trustee



JUSTIN ROBERT CHASALOW
TRANSFEREE TRUST NO. 1

By: Emily Chasalow, Trustee

BENJAMIN PAUL CHASALOW 1999
TRUST
By: Emily Chasalow, Trustee


BENJAMIN PAUL CHASALOW
TRANSFEREE TRUST NO. 1
By: Emily Chasalow, Trustee



CHLOE FRANCES CHAIS 1994 TRUST
By: William Chais, Trustee



CHLOE FRANCES CHAIS TRANSFEREE
TRUST NO. 1
By: William Chais, Trustee



JONATHAN WOLF CHAIS 1996 TRUST
By: William Chais, Trustee



JONATHAN CHAIS TRANSFEREE
TRUST NO. 1
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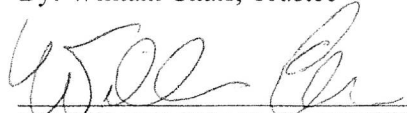
JUSTIN ROBERT CHASALOW 1999
TRUST
By: Emily Chasalow, Trustee

JUSTIN ROBERT CHASALOW
TRANSFEREE TRUST NO. 1
By: Emily Chasalow, Trustee



MADELINE CELIA CHAIS 1992 TRUST

By: William Chais, Trustee



MADELINE CHAIS TRANSFEREE
TRUST NO. 1

By: William Chais, Trustee

RACHEL ALLISON CHASALOW 1999
TRUST

By: Emily Chasalow, Trustee

RACHEL ALLISON CHASALOW
TRANSFEREE TRUST NO. 1

By: Emily Chasalow, Trustee

TALI CHAIS 1997 TRUST

By: Mark Chais, Trustee

TALI CHAIS TRANSFEREE TRUST
NO. 1

By: Mark Chais, Trustee

UNICYCLE TRADING COMPANY

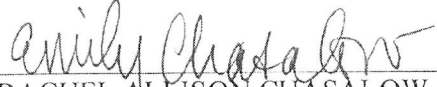
By: Mark Chais, President of Unicycle
Corp., its General Partner


UNICYCLE CORP.

By: Mark Chais, President

MADELINE CELIA CHAIS 1992 TRUST
By: William Chais, Trustee

MADELINE CHAIS TRANSFEREE
TRUST NO. 1
By: William Chais, Trustee


RACHEL ALLISON CHASALOW 1999
TRUST
By: Emily Chasalow, Trustee


RACHEL ALLISON CHASALOW
TRANSFEREE TRUST NO. 1
By: Emily Chasalow, Trustee

TALI CHAIS 1997 TRUST
By: Mark Chais, Trustee

TALI CHAIS TRANSFEREE TRUST
NO. 1
By: Mark Chais, Trustee

UNICYCLE TRADING COMPANY
By: Mark Chais, President of Unicycle
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By: Mark Chais, President

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TRUST
By: Emily Chasalow, Trustee

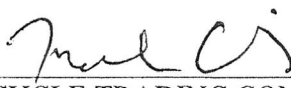
RACHEL ALLISON CHASALOW
TRANSFEREE TRUST NO. 1
By: Emily Chasalow, Trustee



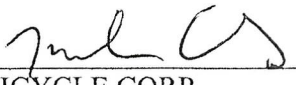
TALI CHAIS 1997 TRUST
By: Mark Chais, Trustee



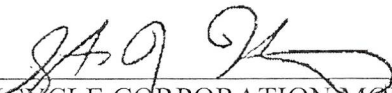
TALI CHAIS TRANSFEREE TRUST
NO. 1
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UNICYCLE TRADING COMPANY
By: Mark Chais, President of Unicycle
Corp., its General Partner

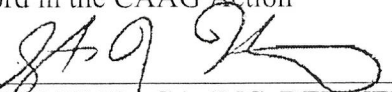


UNICYCLE CORP.
By: Mark Chais, President


UNICYCLE CORPORATION MONEY
PURCHASE PLAN
By: Steven J. Katzman, Esq., counsel of
record in the CAAG Action

ONONDAGA, INC.
By: William Chais, President


THE ONONDAGA, INC. MONEY
PURCHASE PLAN
By: Steven J. Katzman, Esq., counsel of
record in the CAAG Action


THE ONONDAGA, INC. DEFINED
BENEFIT PENSION PLAN
By: Steven J. Katzman, Esq., counsel of
record in the CAAG Action

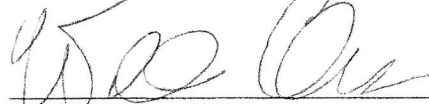
CH AIS MANAGEMENT, INC.
By: William Chais, President

CH AIS MANAGEMENT LTD.
By: William Chais, President, Chais
Management, Inc., its General Partner

CH AIS VENTURE HOLDINGS
By: William Chais, President

UNICYCLE CORPORATION MONEY
PURCHASE PLAN

By: Steven J. Katzman, Esq., counsel of
record in the CAAG Action



ONONDAGA, INC.

By: William Chais, President

THE ONONDAGA, INC. MONEY
PURCHASE PLAN

By: Steven J. Katzman, Esq., counsel of
record in the CAAG Action

THE ONONDAGA, INC. DEFINED
BENEFIT PENSION PLAN

By: Steven J. Katzman, Esq., counsel of
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CH AIS MANAGEMENT, INC.

By: William Chais, President



CH AIS MANAGEMENT LTD.

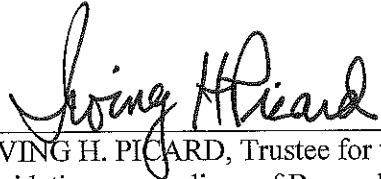
By: William Chais, President, Chais
Management, Inc., its General Partner



CH AIS VENTURE HOLDINGS

By: William Chais, President

IN WITNESS WHEREOF, the Trustee hereby signs onto and agrees to be bound by Sections 1, 2(a), 3(b) and (i), 5, 10-12, and 16-30, as of the date first above written.

A handwritten signature in cursive script, reading "Irving H. Picard", written over a horizontal line.

IRVING H. PICARD, Trustee for the
liquidation proceedings of Bernard L.
Madoff Investment Securities LLC and the
substantively consolidated Chapter 7 estate
of Bernard L. Madoff

**Exhibit A to
Settlement Agreement**

FORM OF RELEASE

[See Attached]

RELEASE

This Release (this "Release") is made by the undersigned (the "Restitution Fund Claimant") for the benefit of each Chais Releasee and Relevant Third Party Releasee (as such terms are hereinafter defined). This Release is executed and delivered by the Restitution Fund Claimant in connection with the submission by the Restitution Fund Claimant to the Attorney General (as defined below) of a Restitution Fund Claim (as defined in the Settlement Agreement dated as of October 19, 2016 (the "Settlement Agreement") among (a) the People of the State of California, by and through Attorney General Kamala D. Harris or her designated representative(s) (the "Attorney General"); (b) the Stanley Chais Parties (as hereinafter defined); (c) the Chais Related Parties (as hereinafter defined); and (d) Irving H. Picard, in his capacity as trustee (the "Trustee") under the Securities Investor Protection Act of 1970, 15 U.S.C. §§ 78aaa et seq., as amended, for the liquidation of the business of Bernard L. Madoff Investment Securities LLC ("BLMIS") and the substantively consolidated Chapter 7 estate of Bernard L. Madoff ("Madoff"). Any capitalized term used herein, and not otherwise defined herein, shall have the meaning ascribed to such term in Exhibit 1 hereto.

1. Release. Subject to Paragraph 8 below, by virtue of submitting a Restitution Fund Claim to the Attorney General, and effective as of the Release Date (as hereinafter defined), and without any further writing or other action of any kind or nature, in consideration of any payment made by the Restitution Fund (as defined in and established under the Settlement Agreement) to the Restitution Fund Claimant and for other good and valuable consideration, the Restitution Fund Claimant hereby fully, finally and forever, unconditionally and irrevocably releases, acquits and discharges, and shall hereby be deemed to have fully, finally and forever, unconditionally and irrevocably released, acquitted and discharged, each "Chais Releasee" and each "Relevant Third Party Releasee" (as each of those respective terms is hereinafter defined) from any and all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, judgments, direct claims, derivative claims and other claims, and any other right to obtain any type of monetary damages (including punitive damages), expenses, attorneys' and other fees, rescission, restitution, indemnification or any other remedies of whatever kind at law or in equity, in contract, in tort, arising under any source whatsoever, including claims in equity or under any federal, state, common, or foreign statute, regulation, rule or common law, whether in a civil, administrative, arbitral, or other judicial or non-judicial proceeding, asserted or unasserted, known or unknown, matured, contingent, threatened, or inchoate, whether or not concealed or hidden, now existing or arising in the future, including any currently pending or future purported or certified class action, and any right in or under any currently pending or future purported or certified derivative action, that in any way arise out of or in connection with or relate to the California Limited Partnerships (as hereinafter defined), BLMIS, the Madoff Ponzi Scheme (as defined in the Settlement Agreement) and/or any investment activity or other matters with which Stanley Chais was or is alleged to be associated in any way (including, without limitation, the claims asserted or that could have been asserted against any one or more of the Chais Releasees in the CAAG Action and/or California Private Actions (as such terms are hereinafter defined) or any such class action or derivative action), except for any claim by the Restitution Fund Claimant: (i) filed with the "Madoff Victim Fund" being administered by Richard C. Breeden

pursuant to his appointment as Special Master for the U.S. Department of Justice; (ii) to enforce the rights of the Restitution Fund Claimant under the terms of the Restitution Fund; and (iii) against any Relevant Third Party Releasee that does not relate in any way to the claims and potential claims against any Chais Releasees being released pursuant to this Release (collectively, the “Restitution Fund Claimant Released Claims”). The Restitution Fund Claimant hereby also acknowledges that any injunction issued by the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”) with respect to any claim released pursuant to this Release shall be valid, binding and enforceable against the Restitution Fund Claimant.

2. Unknown Claims. Unknown Claims shall mean any Restitution Fund Claimant Released Claim, as defined herein, that the Restitution Fund Claimant does not know or suspect to exist in its, his or her favor at the time of giving the release described in Section 1 of this Release that if known by it, him or her might have affected its, his or her release as described in this Release. With respect to any and all Restitution Fund Claimant Released Claims in Section 1 of this Release, the Restitution Fund Claimant hereby waives, and shall 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.

The Restitution Fund Claimant by virtue of submitting a Restitution Fund Claim and this Release to the Attorney General hereby waives, and shall hereby be deemed to have waived, any and all provisions, rights and benefits conferred by any law of 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. The Restitution Fund Claimant hereby acknowledges, in conjunction with waiving Unknown Claims, that he, she or it may thereafter discover facts in addition to or different from those that it, he or she now knows or believes to be true with respect to the subject matter of the Restitution Fund Claimant Released Claims, but the Restitution Fund Claimant shall expressly have and shall be deemed to have fully, finally and forever settled and released any and all Restitution Fund Claimant 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 Restitution Fund Claimant hereby acknowledges that the foregoing waiver was separately bargained for and is a key element of the settlement of which the release is a part. The Restitution Fund Claimant hereby agrees not to directly or indirectly assert any claim, or commence, continue, institute or cause to be commenced any claim or proceeding, based upon any matter purported to be released hereby.

3. Covenant Not To Sue. The Restitution Fund Claimant hereby also agrees, and shall be deemed to have agreed, that it, he or she shall not take, directly, derivatively or as a

member of any class (and shall be permanently stayed, restrained and enjoined from taking) any of the following actions at law or in equity, in connection with any Restitution Fund Claimant Released Claims (collectively, "Restricted RFC Actions"): (i) commencing, conducting or continuing in any manner any action or proceeding of any kind (including any action or proceeding in a judicial, arbitral, administrative or other forum, whether domestic or foreign) against any Chais Releasee or any Relevant Third Party Releasee, any direct or indirect successor in interest to any Chais Releasee or any Relevant Third Party Releasee, or any immediate or mediate, direct or indirect transferee of any Chais Releasee or any Relevant Third Party Releasee, or the property of any of the foregoing; (ii) enforcing, levying, attaching (including pre-judgment attachment), collecting or otherwise recovering, by any manner or means, any judgment, award or decree against any Chais Releasee or any Relevant Third Party Releasee, any direct or indirect successor in interest to any Chais Releasee, or any immediate or mediate, direct or indirect transferee of any Chais Releasee, or the property of any of the foregoing; (iii) creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any lien against any Chais Releasee or any Relevant Third Party Releasee, any direct or indirect successor in interest to any Chais Releasee, or any immediate or mediate, direct or indirect transferee of any Chais Releasee or any Relevant Third Party Releasee, or the property of any of the foregoing; (iv) asserting any setoff, right of subrogation or recoupment of any kind, directly or indirectly, against any Chais Releasee or any Relevant Third Party Releasee, any direct or indirect successor in interest to any Chais Releasee or any Relevant Third Party Releasee, or any immediate or mediate, direct or indirect transferee of any Chais Releasee; or (v) supporting or participating in the commencement, conducting or continuation of any class action or derivative action that has been or could be instituted for any of the foregoing purposes.

4. Basis for Injunctions. This Release and any order approving same may be pleaded as a full and complete defense against, and may be used as an independent basis for an injunction against, any claim or proceeding instituted or maintained against any person or entity released hereunder to the extent such claim or proceeding conflicts with any release provided in this Release.

5. Assignment of Interests. The Restitution Fund Claimant (i) hereby assigns to the Chais Related Parties all of the Restitution Fund Claimant's right, title and interest in and to any and all amounts that are or may become payable, directly or indirectly, to the Restitution Fund Claimant by or on behalf of any of the California Limited Partnerships and (ii) hereby agrees to (A) hold in trust for, and to promptly remit to counsel for the Chais Related Parties, any and all such amounts received by the Restitution Fund Claimant and (B) refrain from waiving, compromising or otherwise impairing any such right, title or interest.

6. Applicable Law. This Release shall be construed and enforced in accordance with the laws of the State of California, without regard to the principle of conflict of laws. The Restitution Fund Claimant hereby waives on behalf of himself, herself or itself and his, her or its successors and assigns any and all rights to argue that the choice of California law provisions is or has become unreasonable in any legal proceeding.

7. Other Provisions. The Restitution Fund Claimant may evidence his, her or its execution of this Release by delivery to the Attorney General of scanned or faxed copies of his, her or its signatures, with the same effect as the delivery of an original signature. The

Restitution Fund Claimant stipulates that facsimile or duplicate originals of this Release or any portion thereof shall be admissible in any judicial proceeding to the same extent that the original would be admissible for all purposes including but not limited to meeting the requirements of California Code of Civil Procedure § 664.6. If the Restitution Fund Claimant has a living spouse, such spouse must also sign below.

8. Termination of Release. This Release shall be null and void if the undersigned Restitution Fund Claimant receives delivery of written notice from the Attorney General to such Restitution Fund Claimant stating that such Restitution Fund Claimant is not eligible to receive a payment from the Restitution Fund, and such written notice is not withdrawn or overturned or followed by any payment from the Restitution Fund to or for the benefit of the undersigned.

IN WITNESS WHEREOF, the undersigned has executed this Release as of the date set forth below.

_____ Restitution Fund Claimant's Name	_____ Restitution Fund Claimant's Signature (and Title if such Claimant is an Entity)	_____ Date
_____ Restitution Fund Claimant's Spouse's Name	_____ Restitution Fund Claimant's Spouse's Signature, if applicable	_____ Date

Exhibit 1 to Release

CERTAIN DEFINED TERMS

“Affiliate” shall mean, with respect to any person or entity: (i) its respective predecessors, past, present, and future direct and indirect parents, owners, subsidiaries, affiliated or other related persons or entities of any kind (including but not limited to corporations, partnerships, trusts, and individuals), including the successors and assigns of any of the foregoing; (ii) all past, present and future employees, officers, managers, directors, agents, insurers, members, beneficiaries, trustees, attorneys, accountants, and representatives of any of the foregoing, in their official and individual capacities; and (iii) insofar as it has been or could be alleged that he or she (x) was a transferee of assets, directly or indirectly, from Stanley Chais or any of the Chais Parties, or (y) was involved in any activity which is the subject of the CAAG Released Claims, all children or grandchildren of any Chais Party or any of the other foregoing persons that is an individual.

“CAAG Action” shall mean the lawsuit filed by the Attorney General against Stanley Chais and Does 1 through 100, inclusive, in the California Court alleging violations of California Corporations Code Section 25401, California Corporations Code Section 25235, California Business and Professions Code Section 17500 and California Business and Professions Code Section 17200, titled *The People of the State of California v. Stanley Chais, et al.*, Case No. BC422257.

“California Court” shall mean the Los Angeles County Superior Court, State of California.

“California Limited Partnerships” shall mean the California limited partnerships known as The Brighton Company, The Popham Company and The Lambeth Company.

“California Private Actions” shall mean the following four actions pending in the California Court against some or all of the Chais Parties seeking recovery of funds related to the Madoff Ponzi Scheme: *Bottlebrush Investments, LP v. The Lambeth Company, et al.*, Case No. BC407967; *Leghorn Investments, Ltd. v. Brighton Investments, et al.*, Case No. BC408661; *Heimoff v. Chais, et al.*, Case No. BC413821; and *Hall v. Chais, et al.*, Case No. BC413820.

“Chais Parties” shall mean, collectively, the Stanley Chais Parties and the Chais Related Parties.

“Chais Related Parties” shall mean Emily Chasalow; Mark Chais; William Chais; Michael Chasalow; Miri Chais, referred to in the Complaint in *Picard v. Estate of Stanley Chais, et al.*, No. 09-01172 (SMB) (Bankr. S.D.N.Y. 2009) (the “Complaint”) as Mirie Chais; Wrenn Chais; 1994 Trust for the Children of Stanley and Pamela Chais; 1996 Trust for the Children of Stanley and Pamela Chais, referred to in the Complaint as The 1996 Trust for the Children of Pamela Chais And Stanley Chais; BLMIS Account 1C1286, sued in the Complaint as The 1999 Trust for the Children of Stanley and Pamela Chais; 1999 Trust for the Grandchildren of Stanley and Pamela Chais; Emily Chais 1983 Trust; Emily Chais Trust No. 1, Emily Chais Trust No. 2, and Emily Chais Trust No. 3, referred to collectively in the Complaint as The Emily Chais Trust; Emily Chais Issue Trust No. 1 and Emily Chais Issue Trust No. 2, referred to collectively in the Complaint as The Emily Chais Issue Trust; Mark Hugh Chais Trust No. 1, Mark Hugh Chais Trust No. 2, and Mark Hugh Chais Trust No. 3, referred to collectively in the Complaint as The Mark Hugh Chais Trust; Mark Hugh Chais Issue Trust No. 1 and Mark Hugh Chais Issue Trust

No. 2, referred to collectively in the Complaint as The Mark Hugh Chais Issue Trust; Mark Hugh Chais 1983 Trust; William Frederick Chais Trust No. 1, William Frederick Chais Trust No. 2, and William Frederick Chais Trust No. 3, referred to collectively in the Complaint as The William Frederick Chais Trust; William Frederick Chais Issue Trust No. 1 and William Frederick Chais Issue Trust No. 2, referred to collectively in the Complaint as The William F. Chais Issue Trust; William Frederick Chais 1983 Trust; The William and Wrenn Chais 1994 Family Trust; Ari Chais 1999 Trust; Ari Chais Transferee Trust No. 1, referred to in the Complaint as The Ari Chais Transferee #1 Trust; Benjamin Paul Chasalow 1999 Trust; Benjamin Paul Chasalow Transferee Trust No. 1, referred to in the Complaint as The Benjamin Paul Chasalow Transferee #1 Trust; Chloe Frances Chais 1994 Trust, referred to in the Complaint as The Chloe Francis Chais 1994 Trust; Chloe Frances Chais Transferee Trust No. 1, referred to in the Complaint as The Chloe Francis Chais Transferee #1 Trust; Jonathan Wolf Chais 1996 Trust, referred to in the Complaint as The Jonathan Wolf Chais Trust; Jonathan Chais Transferee Trust No. 1, referred to in the Complaint as The Jonathan Chais Transferee #1 Trust; Justin Robert Chasalow 1999 Trust; Justin Robert Chasalow Transferee Trust No. 1, referred to in the Complaint as The Justin Robert Chasalow Transferee #1 Trust; Madeline Celia Chais 1992 Trust; Madeline Chais Transferee Trust No. 1, referred to in the Complaint as The Madeline Chais Transferee #1 Trust; Rachel Allison Chasalow 1999 Trust; Rachel Allison Chasalow Transferee Trust No. 1, referred to in the Complaint as The Rachel Allison Chasalow Transferee #1 Trust; Tali Chais 1997 Trust; Tali Chais Transferee Trust No. 1, referred to in the Complaint as The Tali Chais Transferee #1 Trust; Unicycle Trading Company; Unicycle Corp., individually and as the General Partner of Unicycle Trading Company; the now-defunct money purchase plan formerly known as Unicycle Corporation Money Purchase Plan; Onondaga, Inc., individually and as General Partner of Chais Investments Ltd.; the now-defunct money purchase plan formerly known as The Onondaga, Inc. Money Purchase Plan; the now-defunct defined benefit pension plan formerly known as The Onondaga, Inc. Defined Benefit Pension Plan; Chais Management, Inc., individually and as General Partner of Chais Management Ltd.; Chais Management Ltd.; and Chais Venture Holdings.

“Chais Releasee” shall mean each Chais Party and each Affiliate thereof.

“Relevant Third Party Releasee” shall mean any third party (other than any Chais Releasee) that has asserted or could assert any claim against any of the Chais Releasees, whether pursuant to any direct claim, any cross claim, any derivative claim or otherwise, including any claim for indemnification, and each Affiliate thereof.

“Release Date” shall mean, as to each Restitution Fund Claimant, the date on which such Restitution Fund Claimant submits in writing its, his or her Restitution Fund Claim to the Attorney General; provided, that such person’s release hereunder shall be deemed subject to its, his or her receipt of payment from the Restitution Fund or, in the event that multiple payments from the Restitution Fund are made to such Restitution Fund Claimant, such person’s receipt of the first such payment that is made to such Restitution Fund Claimant. Each Chais Releasee that is not a party to the Settlement Agreement is a third party beneficiary of the Settlement Agreement and has the full right to enforce the release and covenant not to sue provided in the Settlement Agreement to such Chais Releasee by any Restitution Fund Claimant as fully as if he, she or it was a party to the Settlement Agreement.

“Stanley Chais Parties” shall mean The Estate of Stanley Chais; Pamela Chais; Appleby Productions Ltd.; the now-defunct defined contribution plan formerly known as Appleby Productions Ltd. Defined Contribution Plan; the now-defunct money purchase plan formerly known as Appleby Productions Ltd. Money Purchase Plan; the now-defunct profit sharing plan formerly known as Appleby Productions Ltd. Profit Sharing Plan; Chais Investments, Ltd.; Chais 1991 Family Trust (now consisting of the Survivor’s Trust under Chais 1991 Family Trust dated September 4, 1991 and the Marital Trust under Chais 1991 Family Trust dated September 4, 1991); and Chais Family Foundation.

EXHIBIT D

SETTLEMENT AGREEMENT
(CALIFORNIA PRIVATE ACTIONS)

This SETTLEMENT AGREEMENT, dated as of October 19, 2016, is made by and among the following Parties and Limited Party (each as defined further in Section 1 below): (a) Plaintiffs Bottlebrush Investments, L.P., derivatively on behalf of The Lambeth Company; Leghorn Investments, Ltd., derivatively on behalf of The Brighton Company; Douglas Hall, as Co-Trustee of the Vivian Hall IRA, derivatively on behalf of both The Popham Company and one of its limited partners, Marloma Securities; and Steven Heimoff, as Trustee of the Steven Heimoff IRA, derivatively on behalf of both The Lambeth Company and one of its limited partners, Crescent Securities; (b) the Stanley Chais Defendants (as defined in Section 1 below); (c) the Chais Related Defendants (as defined in Section 1 below); and (d) solely with respect to Sections 1, 2, and 9 to 26 herein and otherwise subject to the express limitations more fully set forth in this Settlement Agreement, Irving H. Picard, in his capacity as trustee (the "Trustee") under the Securities Investor Protection Act of 1970, 15 U.S.C. §§ 78aaa *et seq.*, as amended, for the liquidation of the business of Bernard L. Madoff Investment Securities LLC ("BLMIS") and the substantively consolidated Chapter 7 estate of Bernard L. Madoff ("Madoff") (this "Settlement Agreement"). This Settlement Agreement is intended by the Parties to fully, finally and forever resolve, discharge and settle the Released Claims (as defined in Section 1 below), upon and subject to the terms and conditions herein.

RECITALS

A. BLMIS and its predecessor were registered broker-dealers and members of the Securities Investor Protection Corporation ("SIPC").

B. On December 11, 2008, the Securities and Exchange 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 that, among other things, appointed a receiver for the assets of BLMIS (No. 08-CV-10791 (LLS)).

C. On December 11, 2008, Madoff was arrested by federal agents for criminal securities laws violations including securities fraud, investment adviser fraud, and mail and wire fraud. At a plea hearing on March 12, 2009, in the case captioned *United States v. Madoff*, Case No. 09-CR-213 (DC), Madoff pleaded guilty to an 11-count criminal information filed against him by the Office of the United States Attorney for the District Court and admitted that he "operated a Ponzi scheme through the investment advisory side of [BLMIS]" and engaged in fraud in the operation of BLMIS (the "Madoff Ponzi Scheme").

D. Some or all of the Stanley Chais Defendants and the Chais Related Defendants were customers of BLMIS and maintained customer accounts with BLMIS.

E. On December 15, 2008, the Trustee was appointed as the trustee under the Securities Investor Protection Act of 1970, 15 U.S.C. §§ 78aaa *et seq.*, as amended, for the liquidation of the business of BLMIS in a bankruptcy proceeding currently pending before the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), Case No. 08-01789 (SMB) (the "SIPA Proceeding"); the estate of BLMIS was

substantively consolidated with the Madoff estate after an involuntary bankruptcy proceeding was also initiated against Madoff. The Trustee thereafter commenced an adversary proceeding against the Stanley Chais Defendants and the Chais Related Defendants in the Bankruptcy Court under the caption *Picard v. Stanley Chais, et al.*, Adv. Pro. No. 09-01172 (SMB) (the “Adversary Proceeding”). In the Adversary Proceeding, the Trustee asserts the Stanley Chais Defendants and the Chais Related Defendants are liable to the BLMIS estate for certain withdrawals made by the Stanley Chais Defendants and the Chais Related Defendants from their respective customer accounts at BLMIS.

F. Stanley Chais was the general partner of three California limited partnerships known as, respectively, The Brighton Company, The Popham Company and The Lambeth Company (the “California Limited Partnerships”).

G. On February 13, 2009, Plaintiff Bottlebrush Investments, LP (“Bottlebrush”) filed an action against, among others, the Stanley Chais Defendants and the Chais Related Defendants in the Los Angeles County Superior Court (the “California Court”) seeking recovery of funds allegedly lost in the Madoff Ponzi Scheme, and alleging, among other claims, breach of fiduciary duty, breach of contract, negligence, fraud, unjust enrichment and fraudulent conveyance, titled *Bottlebrush Investments, LP v. The Lambeth Company, et al.*, Case No. BC407967 (the “Bottlebrush Action”). The Bottlebrush Action asserts that Bottlebrush is a limited partner in The Lambeth Company and purports to bring claims derivatively on behalf of The Lambeth Company.

H. On February 27, 2009, Plaintiff Leghorn Investments, Ltd. (“Leghorn”) filed an action against, among others, the Stanley Chais Defendants and the Chais Related Defendants in California Court seeking recovery of funds allegedly lost in the Madoff Ponzi Scheme, and alleging claims for breach of fiduciary duty, breach of contract, negligence, fraud, unjust enrichment and fraudulent conveyance, titled *Leghorn Investments, Ltd. v. Brighton Investments, et al.*, Case No. BC408661 (the “Leghorn Action”). The Leghorn Action asserts that Leghorn is a limited partner in The Brighton Company and purports to bring claims derivatively on behalf of The Brighton Company.

I. On May 13, 2009, Steven Heimoff (“Heimoff”) as trustee for the Steven Heimoff IRA, filed an action against, among others, the Stanley Chais Defendants and the Chais Related Defendants in California Court seeking recovery of funds allegedly lost in the Madoff Ponzi Scheme, and alleging claims for breach of fiduciary duty, breach of contract, fraud, unjust enrichment and fraudulent conveyance, titled *Heimoff v. Chais, et al.*, Case No. BC413821 (the “Heimoff Action”). The Heimoff Action purports to bring claims derivatively on behalf of both The Popham Company and one of its limited partners, Marloma Securities, a California limited partnership. Heimoff alleges that the Steven Heimoff IRA was a limited partner in Marloma Securities.

J. On May 13, 2009, Plaintiff Douglas Hall (“Hall,” and together with Bottlebrush, Leghorn and Heimoff, the “Plaintiffs”), as co-trustee for the Vivian Hall IRA, filed an action against, among others, the Stanley Chais Defendants and the Chais Related Defendants in California Court seeking recovery of funds allegedly lost in the Madoff Ponzi Scheme, and alleging claims for breach of fiduciary duty, breach of contract, fraud, unjust enrichment and fraudulent conveyance, titled *Hall v. Chais, et al.*, Case No. BC413820 (the “Hall Action”) and

collectively with the Bottlebrush Action, the Leghorn Action, and the Heimoff Action, the “California Private Actions”). The Hall Action purports to bring claims derivatively on behalf of both The Lambeth Company and one of its limited partners, Crescent Securities, a California limited partnership. Hall alleges that the Vivian Hall IRA was a limited partner in Crescent Securities (together with Marloma Securities, the “Sub-Partnerships”).

K. On September 22, 2009, the People of the State of California, by and through Attorney General Kamala D. Harris or her designated representative(s) (the “Attorney General”) filed an action against Stanley Chais and Does 1 through 100, inclusive, in the California Court alleging violations of California Corporations Code Section 25401, California Corporations Code Section 25235, California Business and Professions Code Section 17500 and California Business and Professions Code Section 17200 in connection with Stanley Chais’ operation of the California Limited Partnerships, titled *The People of the State of California v. Stanley Chais, et al.*, Case No. BC422257 (the “CAAG Action,” and together with the California Private Actions, the “California Actions”).

L. As part of discovery in the California Private Actions, the Plaintiffs took the deposition of Stanley Chais over nine days, from January to April 2010. Deposition testimony was also given by individual Plaintiffs Hall and Heimoff, and certain investors in the California Limited Partnerships. Further, the Plaintiffs, Stanley Chais Defendants, Chais Related Defendants, and other third parties also made substantial document productions as part of discovery in the California Private Actions.

M. Stanley Chais died on September 26, 2010, and the Estate of Stanley Chais was thereafter substituted as a defendant in the Adversary Proceeding, the California Private Actions, and the CAAG Action.

N. On January 4, 2012, the Trustee commenced in the Bankruptcy Court an adversary proceeding captioned *Picard v. Hall, et al.*, Adv. Pro. No. 12-01001 (SMB) against the plaintiffs in the California Actions, seeking to enjoin the plaintiffs from prosecuting the California Actions, pursuant to sections 362 and 105 of the Bankruptcy Code, 11 U.S.C. § 101 *et seq.*

O. The Plaintiffs dispute that section 362 or any other provision of the Bankruptcy Code prevents the Plaintiffs from pursuing the California Private Actions. The Attorney General likewise disputes the Trustee’s ability to enjoin prosecution of the CAAG Action.

P. At the direction of the Bankruptcy Court, since August 2012, the Trustee, the Attorney General, the Plaintiffs, and the Stanley Chais Defendants and the Chais Related Defendants engaged in multiple mediation conferences and related mediation communications with the Hon. James L. Garrity, Jr., at that time retired from the Bankruptcy Court, as mediator.

Q. As a result of these mediation conferences and related mediation communications, the Trustee and the Stanley Chais Defendants and the Chais Related Defendants have entered into the Trustee Settlement Agreement (as defined in Section 1 below), by which they seek to resolve the Adversary Proceeding. Also as a result of these mediation conferences and related mediation communications, the Attorney General, the Chais Related Defendants (who are named as defendants in the Adversary Proceeding and in the California Private Actions, but are not

named as defendants in the CAAG Action) and the Stanley Chais Defendants have entered into the AG Settlement Agreement (as defined in Section 1 below), by which they seek to resolve the CAAG Action.

R. Pursuant to the Trustee Settlement Agreement, the Stanley Chais Defendants have agreed to turn over to the Trustee substantially all of their assets, and the Chais Related Defendants have agreed to pay to the Trustee an amount equal to their two-year transfers from their BLMIS accounts, as determined by the Trustee.

S. Pursuant to the AG Settlement Agreement, a fund will be created for compensating the investors in the California Limited Partnerships (the "Restitution Fund"), to be funded by contributions by certain of the Defendants (as defined below in Section 1) in consideration for, *inter alia*, (i) the termination of the CAAG Action; (ii) the resolution of all disputes between the Trustee and the Attorney General relating to the assets of Stanley Chais and the Estate of Stanley Chais; and (iii) releases by Restitution Fund Claimants (as defined in the AG Settlement Agreement) in favor of the Defendants.

T. Plaintiffs and Defendants wish to settle their disputes about the matters at issue in the California Private Actions without the expense, delay and uncertainty of continued litigation. The Stanley Chais Defendants and the Chais Related Defendants are entering into this Settlement Agreement to fully resolve these matters and without any concession of any wrongdoing, fault or liability on the part of any Stanley Chais Defendant, any Chais Related Defendant, Stanley Chais, or any other defendant in the Adversary Proceeding. This Settlement Agreement is entered into contemporaneously with the AG Settlement Agreement, and the CPAS Effective Date (as defined in Section 2 below) is conditional upon the issuance of the CAAG Approval Order (as defined in Section 1 below) and the CAAG Approval Order becoming Final (as defined in Section 1 below).

U. The maximum total payment that may be made by Defendants as set forth in, and pursuant to, the AG Settlement Agreement and this Settlement Agreement is a combined total of Twenty Million Two Hundred Thousand Dollars (\$20,200,000).

V. The Trustee's participation in and obligations under this Settlement Agreement are expressly limited to the provisions set forth in Sections 1, 2, and 9 to 26 herein.

THE SETTLEMENT AGREEMENT

NOW, THEREFORE, IT IS STIPULATED AND AGREED, by and among Plaintiffs, as individuals and derivatively on behalf of the California Limited Partnerships and the Sub-Partnerships, the Stanley Chais Defendants, and the Chais Related Defendants, by and through their respective counsel of record, that, subject to final approval by the California Court and the Bankruptcy Court, in consideration of the foregoing, of the mutual covenants, promises and undertakings set forth herein, and for other good and valuable consideration, the mutual receipt and sufficiency of which are hereby acknowledged, the California Private Actions and the Released Claims shall be finally and fully compromised, settled and released, and the California Private Actions shall be dismissed with prejudice, upon and subject to the terms and conditions of this Settlement Agreement, as follows:

1. Definitions.

As used in this Settlement Agreement, the following terms have the meanings specified in this Section and in the above Recitals:

(a) “Affiliate” means, with respect to any person or entity: (i) its respective predecessors, past, present, and future direct and indirect parents, owners, subsidiaries, affiliated or other related persons or entities of any kind (including but not limited to corporations, partnerships, trusts, and individuals), including the successors and assigns of any of the foregoing; (ii) all past, present and future employees, officers, managers, directors, agents, insurers, members, beneficiaries, trustees, attorneys, accountants, and representatives of any of the foregoing, in their official and individual capacities; and (iii) with respect to the Defendants only, all children or grandchildren of any Stanley Chais Defendant and of any Chais Related Defendant or any of the other foregoing persons.

(b) “AG Settlement Agreement” means that certain Settlement Agreement dated as of October 19, 2016 made by and among the Attorney General and the Stanley Chais Defendants and the Chais Related Defendants and, as a limited party, the Trustee, providing for settlement of the CAAG Action and entered into contemporaneously herewith.

(c) “Attorneys’ Fees Limit” means Four Million Dollars (\$4,000,000), constituting the maximum amount that counsel for Plaintiffs may seek as an award of attorneys’ fees and expenses related to the California Private Actions.

(d) “Attorneys’ Fees Motion” means the motion to be filed by Plaintiffs’ counsel seeking an award of attorneys’ fees and expenses with respect to their prosecution and settlement of the California Private Actions, as provided under California Corporations Code § 15910.05 and other applicable California law, in an amount not to exceed the Attorneys’ Fee Limit.

(e) “Attorneys’ Fees Order” means the order of the California Court or any applicable Other Court finally approving an award of attorneys’ fees and expenses to Plaintiffs’ counsel with respect to their prosecution and settlement of the California Private Actions.

(f) “Bankruptcy Court” means the United States Bankruptcy Court for the Southern District of New York.

(g) “Business Day” means any day other than Saturday, Sunday, or a day that is a legal holiday in Los Angeles, California.

(h) “CAAG Approval Order” means an order by the Bankruptcy Court or any applicable Other Court pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure finally authorizing the Trustee to undertake the Trustee’s limited obligations under the AG Settlement Agreement.

(i) “California Court” means the Los Angeles County Superior Court, State of California.

(j) “California Limited Partnerships” means Brighton Investments, the Popham Company and the Lambeth Company, all California limited partnerships for which Stanley Chais served as general partner.

(k) “California Preliminary Approval Order” shall mean an order of the California Court or any applicable Other Court granting preliminary approval of this Settlement Agreement and the proposed form and method of providing notice to the Limited Partners.

(l) “California Private Actions” shall mean the following four actions pending in the California Court against the Stanley Chais Defendants and the Chais Related Defendants, seeking recovery of funds related to the Madoff Ponzi Scheme: *Bottlebrush Investments, LP v. The Lambeth Company, et al.*, Case No. BC407967; *Leghorn Investments, Ltd. v. Brighton Investments, et al.*, Case No. BC408661; *Heimoff v. Chais, et al.*, Case No. BC413821; and *Hall v. Chais, et al.*, Case No. BC413820.

(m) “California Private Actions Approval Motion” means the motion to be filed by the Parties seeking an order granting preliminary approval of this Settlement Agreement as set forth in this Settlement Agreement and related documents and setting the date for hearing with respect to final approval of this Settlement Agreement.

(n) “California Private Actions Approval Order” means the order by the California Court or any applicable Other Court finally approving this Settlement Agreement.

(o) “CP Bankruptcy Approval Order” means the order by the Bankruptcy Court or any applicable Other Court pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure authorizing the Trustee to undertake the Trustee’s limited obligations under this Settlement Agreement.

(p) “Chais Related Defendants” means Emily Chasalow; Mark Chais; William Chais; Michael Chasalow;¹ Miri Chais, referred to in the Complaint in the Adversary Proceeding (the “Complaint”) as Mirie Chais;² Wrenn Chais; 1994 Trust for the Children of Stanley and Pamela Chais; 1996 Trust for the Children of Stanley and Pamela Chais, referred to in the Complaint as The 1996 Trust for the Children of Pamela Chais And Stanley Chais; BLMIS Account 1C1286, sued in the Complaint as The 1999 Trust for the Children of Stanley and Pamela Chais; 1999 Trust for the Grandchildren of Stanley and Pamela Chais; Emily Chais 1983 Trust; Emily Chais Trust No. 1, Emily Chais Trust No. 2, and Emily Chais Trust No. 3, referred to collectively in the Complaint as The Emily Chais Trust; Emily Chais Issue Trust No. 1 and Emily Chais Issue Trust No. 2, referred to collectively in the Complaint as The Emily Chais Issue Trust; Mark Hugh Chais Trust No. 1, Mark Hugh Chais Trust No. 2, and Mark Hugh Chais Trust No. 3, referred to collectively in the Complaint as The Mark Hugh Chais Trust; Mark Hugh Chais Issue Trust No. 1 and Mark Hugh Chais Issue Trust No. 2, referred to collectively in the Complaint as The Mark Hugh Chais Issue Trust; Mark Hugh Chais 1983 Trust; William

¹ Michael Chasalow was dismissed as a defendant from the California Private Actions but is included in the definition of Chais Related Defendants for definitional convenience.

² Miri Chais was dismissed as a defendant from the California Private Actions but is included in the definition of Chais Related Defendants for definitional convenience.

Frederick Chais Trust No. 1, William Frederick Chais Trust No. 2, and William Frederick Chais Trust No. 3, referred to collectively in the Complaint as The William Frederick Chais Trust; William Frederick Chais Issue Trust No. 1 and William Frederick Chais Issue Trust No. 2, referred to collectively in the Complaint as The William F. Chais Issue Trust; William Frederick Chais 1983 Trust; The William and Wrenn Chais 1994 Family Trust; Ari Chais 1999 Trust; Ari Chais Transferee Trust No. 1, referred to in the Complaint as The Ari Chais Transferee #1 Trust; Benjamin Paul Chasalow 1999 Trust; Benjamin Paul Chasalow Transferee Trust No. 1, referred to in the Complaint as The Benjamin Paul Chasalow Transferee #1 Trust; Chloe Frances Chais 1994 Trust, referred to in the Complaint as The Chloe Francis Chais 1994 Trust; Chloe Frances Chais Transferee Trust No. 1, referred to in the Complaint as The Chloe Francis Chais Transferee #1 Trust; Jonathan Wolf Chais 1996 Trust, referred to in the Complaint as The Jonathan Wolf Chais Trust; Jonathan Chais Transferee Trust No. 1, referred to in the Complaint as The Jonathan Chais Transferee #1 Trust; Justin Robert Chasalow 1999 Trust; Justin Robert Chasalow Transferee Trust No. 1, referred to in the Complaint as The Justin Robert Chasalow Transferee #1 Trust; Madeline Celia Chais 1992 Trust; Madeline Chais Transferee Trust No. 1, referred to in the Complaint as The Madeline Chais Transferee #1 Trust; Rachel Allison Chasalow 1999 Trust; Rachel Allison Chasalow Transferee Trust No. 1, referred to in the Complaint as The Rachel Allison Chasalow Transferee #1 Trust; Tali Chais 1997 Trust; Tali Chais Transferee Trust No. 1, referred to in the Complaint as The Tali Chais Transferee #1 Trust; Unicycle Trading Company; Unicycle Corp., individually and as the General Partner of Unicycle Trading Company; the now-defunct money purchase plan formerly known as Unicycle Corporation Money Purchase Plan; Onondaga, Inc., individually and as General Partner of Chais Investments Ltd.; the now-defunct money purchase plan formerly known as The Onondaga, Inc. Money Purchase Plan; the now-defunct defined benefit pension plan formerly known as The Onondaga, Inc. Defined Benefit Pension Plan; Chais Management, Inc., individually and as General Partner of Chais Management Ltd.; Chais Management Ltd.; and Chais Venture Holdings.

(q) “Chais Releasee” means any of the Defendants, each Affiliate thereof, Michael Chasalow, Wrenn Chais, Miri Chais and Frank Mantovani (and each Affiliate of the foregoing individuals).

(r) “CPAS Escrow Account” means an account which shall be established by the Defendants and the Trustee at the closing of the Trustee Settlement Agreement to hold the aggregate sum of Five Million Two Hundred Thousand Dollars (\$5,200,000) consistent with the terms of the Trustee Settlement Agreement and this Settlement Agreement. The CPAS Escrow Account shall be held by the Stanley Chais Defendants’ counsel acting as an escrow agent. The Parties acknowledge and agree that counsel’s acting as an escrow agent with respect to a CPAS Escrow Account shall not be deemed to limit or otherwise impair in any way such counsel’s representation of the Stanley Chais Defendants.

(s) “Defendants” means the Stanley Chais Defendants and the Chais Related Defendants.

(t) “Defendants Released Claims” means those claims released under Section 8 below.

(u) “Dollars” means United States dollars.

(v) “Execution Date” means the date on which this Settlement Agreement is executed by the Parties and the Limited Party.

(w) “Final” means any order or judgment of the California Court or any applicable Other Court that has not been stayed, and as to which (i) the time to appeal or to move for reargument, certiorari or rehearing has expired and (ii) no appeal or motion for reargument or rehearing is then pending.

(x) “Limited Partners” means the limited partners of the California Limited Partnerships and the partners of the Sub-Partnerships.

(y) “Limited Party” means the Trustee.

(z) “Notice of Settlement” means the Notice of Proposed Settlement of Derivative Actions and of Settlement Hearing, substantially in the form of Exhibit 1, which shall be presented to the California Court for approval in conjunction with the California Private Actions Approval Motion.

(aa) “Other Court” means any court that hereafter properly has and exercises direct appellate jurisdiction over the underlying litigation in the Adversary Proceeding, CAAG Action or any of the California Private Actions.

(bb) “Party” means each of the Stanley Chais Defendants, the Chais Related Defendants, and Plaintiffs, derivatively on behalf of the California Limited Partnerships or the Sub-Partnerships and individually.

(cc) “Parties” means collectively, the Stanley Chais Defendants, the Chais Related Defendants, and Plaintiffs, derivatively on behalf of the California Limited Partnerships or the Sub-Partnerships.

(dd) “Plaintiffs” means each of the named plaintiffs in the California Private Actions, the California Limited Partnerships, any limited partners thereof, including Sub-Partnerships, and any direct or indirect investors in the Sub-Partnerships.

(ee) “Plaintiffs Released Claims” means those claims released under Section 7(a) below.

(ff) “Plaintiffs Released Claims Against Trustee” means those claims released under Section 9(a) below.

(gg) “Released Claims” shall mean, collectively, the Plaintiffs Released Claims, the Defendants Released Claims, the Trustee Released Claims and the Plaintiffs Released Claims Against Trustee.

(hh) “Relevant Third Party Releasee” shall mean any third party (other than any Chais Releasee) that has asserted or could assert any claim against any of the Chais Releasees, whether pursuant to any direct claim, any cross claim, any derivative claim or otherwise, including any claim for indemnification, and each Affiliate thereof.

(ii) “Restitution Fund” means the fund created to compensate investors in the California Limited Partnerships as contemplated and administered under the terms of the AG Settlement Agreement, which fund includes amounts to be contributed pursuant to this Settlement Agreement.

(jj) “Settlement Hearing” means any hearing before the California Court or any applicable Other Court to determine whether this Settlement Agreement should be approved as fair, reasonable, adequate and in the best interests of the California Limited Partnerships and the Sub-Partnerships.

(kk) “Stanley Chais Defendants” means the Estate of Stanley Chais; Pamela Chais; Appleby Productions Ltd.; the now-defunct defined contribution plan formerly known as Appleby Productions Ltd. Defined Contribution Plan; the now-defunct money purchase plan formerly known as Appleby Productions Ltd. Money Purchase Plan; the now-defunct profit sharing plan formerly known as Appleby Productions Ltd. Profit Sharing Plan; Chais Investments, Ltd.; Chais 1991 Family Trust (now consisting of the Survivor’s Trust under Chais 1991 Family Trust dated September 4, 1991 and the Marital Trust under Chais 1991 Family Trust dated September 4, 1991); and Chais Family Foundation.

(ll) “Sub-Partnerships” means Crescent Securities and Marloma Securities.

(mm) “Trustee Released Claims” means those claims released under Section 9(b) below.

(nn) “Trustee Settlement Agreement” means that certain Settlement Agreement dated as of October 19, 2016 made by and among the Trustee, the Stanley Chais Defendants and the Chais Related Defendants, providing for, *inter alia*, a settlement of the Adversary Proceeding.

(oo) “TSA Approval Order” means an order by the Bankruptcy Court or any applicable Other Court finally approving the Trustee Settlement Agreement pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure.

2. Effective Date.

Upon the Execution Date, this Settlement Agreement shall be binding on the Parties to the maximum extent permitted under applicable law; provided, however, that the Parties’ obligations hereunder to consummate the settlement provided for herein are subject to, and conditioned upon, the occurrence of each of the following: (i) the issuance of the California Private Actions Approval Order approving this Settlement Agreement including, without limitation, the granting of the relief set forth in Sections 3(c) and 3(d) of this Settlement Agreement, and the California Private Actions Approval Order becoming Final; (ii) the issuance of the CP Bankruptcy Approval Order and the CP Bankruptcy Approval Order becoming Final; (iii) the issuance of the TSA Approval Order and the TSA Approval Order becoming Final; and (iv) the issuance of the CAAG Approval Order, the CAAG Approval Order becoming Final and the funding of Fifteen Million Dollars (\$15,000,000) into the Restitution Fund pursuant to Section 2(a) of the AG Settlement Agreement (the first date as of which all the events set forth in

the foregoing clauses (i) through (iv) shall have occurred being referred to herein as the “CPAS Effective Date”).

3. Submission and Application to the California Court.

(a) As soon as practicable following the hearing seeking approval of the CP Bankruptcy Approval Order, but no later than within fifteen (15) Business Days after the entry of the CP Bankruptcy Approval Order, the Parties shall file the California Private Actions Approval Motion with the California Court seeking the entry of the California Preliminary Approval Order, which shall:

(i) Approve the Notice of Settlement submitted by the Parties, substantially in the form attached hereto as Exhibit 1;

(ii) Approve the Parties’ proposed method of disseminating the Notice of Settlement to the Limited Partners, as set forth in Section 6 herein;

(iii) Set a date for a final Settlement Hearing before the California Court to determine whether the Settlement Agreement should be approved as fair, reasonable, adequate and in the best interests of the California Limited Partnerships and the Sub-Partnerships;

(iv) Provide for the entry of the California Private Actions Approval Order, substantially in the form attached hereto as Exhibit 2, based on the California Court’s determination at or after the Settlement Hearing, that the Settlement Agreement should be approved as fair, reasonable, adequate and in the best interests of the California Limited Partnerships and Sub-Partnerships.

(b) In conjunction with the California Private Actions Approval Motion, counsel for Plaintiffs may file an Attorneys’ Fees Motion seeking an award of attorneys’ fees and expenses, under California Corporations Code § 15910.05 and other applicable California law, in an amount not to exceed the Attorneys’ Fees Limit.

(c) As a part of the California Private Actions Approval Motion, the Parties shall obtain the judicial dissolution, winddown and termination of existence for all purposes of the California Limited Partnerships in accordance with California law and the order for such relief shall be included in the California Private Actions Approval Order. The California Private Actions Approval Order shall provide (i) for the winddown and termination of the California Limited Partnerships without any further act or conduct by any party including, without limitation, the filing of a State of California Secretary of State Limited Partnership Certificate of Cancellation, or, (ii) at the election of the Defendants, designate Jeffrey Golden, Esq. of Lobel Weiland Golden Friedman LLP as the person authorized to wrap up the affairs of each of the California Limited Partnerships (the “Designee”), subject to terms and conditions set forth therein, and, in connection therewith, will direct the Designee to file immediately with the Secretary of State of the State of California (the “Secretary”), for each of the California Limited Partnerships, Form LP-2 (“Amendment to Certificate of Limited Partnership”) indicating Designee’s appointment as such in Item 7(b) of the Form LP-2, and (iii) that, subject to the provisions of Section 11(b), any person or entity in possession of any books or records of the

California Limited Partnerships shall maintain all of such books and/or records until the earlier to occur of (x) the date on which the process that is contemplated and to be administered under the terms of the AG Settlement Agreement, through which the investors in the California Limited Partnerships are to be compensated, is complete, and (y) the date which is two years after entry of the California Private Actions Approval Order, after which any person or entity then in possession of such books and/or records may maintain or destroy any or all of such books and/or records in their sole and absolute discretion without any liability to any third party arising from their exercise of such discretion. In the event of the election by the Defendants under clause (ii) above, the California Private Actions Approval Order will further direct Designee to file for each of the California Limited Partnerships, promptly after the filing of its respective Form LP-2, a Form LP-4/7 ("Limited Partnership Certificate of Cancellation"). The California Private Actions Approval Order shall contain findings by the California Court that the filing of the Forms LP-4/7 is proper under California law and that (i) each of the California Limited Partnerships has no assets or other property to distribute, and (ii) with the settlement of the Adversary Proceeding and the California Private Actions, and the dismissal in connection therewith of the counterclaims asserted by the California Limited Partnerships, (x) each of the California Limited Partnerships will not be a party to any known civil, criminal or administrative action or proceeding, and (y) the California Limited Partnerships will have no known debts or obligations. The Designee shall be paid a retainer fee of Twenty-Five Thousand Dollars (\$25,000) to be funded by the SCD Retainer Balance (as defined in the Trustee Settlement Agreement).

(d) As a part of the California Private Actions Approval Motion, the Parties shall obtain the injunctive relief in the form set forth in Section 7(b) hereof and such injunctive relief shall be included in the California Private Actions Approval Order.

4. Monetary Payments. Within ten (10) Business Days after the occurrence of the CPAS Effective Date, the Defendants shall cause a payment to be made from the CPAS Escrow Account to the Restitution Fund pursuant to this Settlement Agreement in an amount equal to the sum of One Million Two Hundred Thousand Dollars (\$1,200,000) less the amounts, if any, that may be awarded by the California Court for incentive awards to each of the following individual plaintiffs who may apply for incentive awards, as compensation for their efforts in prosecuting the California Private Actions and for their reasonable expenses, payable of up to an aggregate maximum amount of One Hundred Thousand Dollars (\$100,000), and no more than Twenty-Five Thousand Dollars (\$25,000) to any one individual: Douglas Hall, Steven Heimoff, Pearl Gardner, and Robert Glusman. Pursuant to the AG Settlement Agreement, the Attorney General has agreed to accept in the Restitution Fund the sum of Fifteen Million Dollars (\$15,000,000) to be paid to the Restitution Fund pursuant to the AG Settlement Agreement plus the sums to be paid to the Restitution Fund pursuant to the foregoing sentence (up to One Million Two Hundred Thousand Dollars (\$1,200,000)) and pursuant to Section 5 hereof (to the extent applicable), and to administer and distribute such sums as a part of the Restitution Fund pursuant to the provisions of the AG Settlement Agreement.

5. Plaintiffs' Counsel's Attorneys' Fees.

(a) Upon issuance of a Final Attorneys' Fees Order, the Defendants, within ten (10) Business Days, shall cause disbursements of Four Million Dollars (\$4,000,000) to be made from the CPAS Escrow Account to Plaintiffs' counsel, unless a lesser amount is awarded by the California Court under the Attorneys' Fees Order (in which event such lesser amount shall

be disbursed from the CPAS Escrow Account to Plaintiffs' counsel), but under no circumstances shall the amount paid to Plaintiffs' counsel exceed the Attorneys' Fees Limit. In the event that a lesser amount is awarded by the California Court under the Attorneys' Fees Order, the difference between the amount awarded and Four Million Dollars (\$4,000,000) shall be paid from the CPAS Escrow Account to the Restitution Fund.

(b) Any order or proceeding relating the Attorneys' Fees Motion, any disallowance of all or a portion of Plaintiffs' counsel's request for attorneys' fees, or any appeal from any order relating thereto or reversal or modification thereof, shall not operate to terminate or cancel this Settlement Agreement or its terms, including the releases in Sections 7(a), 8 and 9, or affect or delay the finality of the California Private Actions Approval Order or the CP Bankruptcy Approval Order. The Parties hereto agree that the California Court or any applicable Other Court may enter the California Private Actions Approval Order but reserve for subsequent determination, on a schedule to be set by the California Court or any applicable Other Court, the amount of the attorneys' fee and expense award to Plaintiffs' counsel.

6. Notice to California Limited Partnerships and Sub-Partnerships.

(a) Plaintiffs shall assume the administrative responsibility for providing the Notice of Settlement to the Limited Partners and the partners of any partnership (in addition to the Sub-Partnerships) that was a limited partner of the California Limited Partnerships. The Notice of Settlement shall request that any partnership that was a limited partner of any of the California Limited Partnerships forward a copy of the Notice of Settlement to its partners at their last known addresses.

(b) Upon preliminary approval of the Settlement Agreement, Plaintiffs shall (i) cause a copy of the Notice of Settlement to be mailed to the Limited Partners by first-class mail, postage prepaid, to the last known address of the Limited Partners, and to be mailed to the partners of any partnership (in addition to the Sub-Partnerships) that was a limited partner of the California Limited Partnerships, to the extent that such partners' identities and their last known addresses are identified; (ii) issue a press release attaching the Notice of Settlement; and (iii) post the Notice of Settlement and this Settlement Agreement on Plaintiffs' counsel's websites. Plaintiffs' obligations under clause (i) of this Section 6(b) shall be deemed fully satisfied under this Settlement Agreement when Plaintiffs have caused a copy of the Notice of Settlement to be mailed to the persons and entities for whom last known addresses are included in the LP Contact Information (as defined in Section 6(c), below). Costs for mailing copies of the Notice of Settlement, as set forth in clause (i) of this Section 6(b), and for issuing a press release attaching the Notice of Settlement, as set forth in clause (ii) of this Section 6(b), shall be borne by Plaintiffs.

(c) The Stanley Chais Defendants shall take reasonable steps to provide Plaintiffs' counsel the names and last known addresses of persons and entities listed as limited partners of the California Limited Partnerships as reflected on the California Limited Partnership records reasonably available to the Stanley Chais Defendants ("LP Contact Information"). If such LP Contact Information also contains names and/or addresses of persons and entities listed as partners of the Sub-Partnerships, that information also will be provided to Plaintiffs' counsel.

7. Release by the Plaintiffs.

(a) Release by the Plaintiffs. Effective as of the CPAS Effective Date, and without any further writing or other action of any kind or nature, in consideration of the covenants and agreements in this Settlement Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Plaintiffs, the California Limited Partnerships and the Limited Partners, each individually, and derivatively on behalf of the California Limited Partnerships and the Sub-Partnerships, and on behalf of each of the Limited Partners and the partners of any other partnership that was a limited partner of the California Limited Partnerships, their agents, insurers, attorneys, and related entities, assigns, other representatives of any kind or nature, and their predecessors and successors in interest (the "Plaintiff Group Members"), hereby fully, finally and forever, unconditionally and irrevocably release, acquit and discharge each Chais Releasee and each Relevant Third Party Releasee from any and all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, judgments, claims, and any other right to obtain any type of monetary damages (including punitive damages), expenses, attorneys' and other fees, rescission, restitution or any other remedies of whatever kind at law or in equity, in contract, in tort, arising under any source whatsoever, including claims in equity or under any federal, state, common, or foreign statute, regulation, rule or common law, whether in a civil, administrative, arbitral, or other judicial or non-judicial proceeding, asserted or unasserted, known or unknown, matured, contingent, threatened, or inchoate, whether or not concealed or hidden, now existing or arising in the future, that the Plaintiff Group Members have or may have, whether individual, class, derivative, representative, legal, equitable, or any other type or in any other capacity, and that in any way arise out of or in connection with or relate to the California Limited Partnerships, the Sub-Partnerships, BLMIS, the Madoff Ponzi Scheme and/or any other matters involving Stanley Chais (including, without limitation, the claims asserted or that could have been asserted against any one or more of the Chais Releasees in the CAAG Action and/or California Private Actions or any such class action or derivative action), except for any claim by the Plaintiff Group Members: (i) filed with the "Madoff Victim Fund" being administered by Richard C. Breeden pursuant to his appointment as Special Master for the U.S. Department of Justice, or (ii) to enforce the rights of the Plaintiff Group Members under the terms of the Restitution Fund (collectively, the "Plaintiffs Released Claims"). Each Chais Releasee that is not a party to this Settlement Agreement is a third party beneficiary of this Settlement Agreement and has the full right to enforce the release, covenant not to sue and injunction provided in Section 7(b) to such Chais Releasee by the Plaintiff Group Members as fully as if he, she, or it was a party to this Settlement Agreement.

(b) Covenant Not To Sue and Injunction. Effective as of the CPAS Effective Date, the Plaintiff Group Members hereby agree that they shall not take, and are hereby permanently stayed, restrained and enjoined from taking, any of the following actions at law or in equity in connection with any Plaintiffs Released Claims, whether directly, derivatively or in any other manner: (i) commencing, conducting or continuing in any manner any action or proceeding of any kind (including any action or proceeding in a judicial, arbitral, administrative or other forum, whether domestic or foreign) against any Chais Releasee or any Relevant Third Party Releasee, any direct or indirect successor in interest to any Chais Releasee or any Relevant Third Party Releasee, or any immediate or mediate, direct or indirect transferee of any Chais Releasee or any Relevant Third Party Releasee, or against the property of any of the foregoing; (ii) enforcing, levying, attaching (including pre-judgment attachment), collecting or otherwise

recovering, by any manner or means, any judgment, award or decree against any Chais Releasee or any Relevant Third Party Releasee, any direct or indirect successor in interest to any Chais Releasee or any Relevant Third Party Releasee, or any immediate or mediate, direct or indirect transferee of any Chais Releasee or any Relevant Third Party Releasee, or against the property of any of the foregoing; (iii) creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any lien against any Chais Releasee or any Relevant Third Party Releasee, any direct or indirect successor in interest to any Chais Releasee or any Relevant Third Party Releasee, or any immediate or mediate, direct or indirect transferee of any Chais Releasee, or against the property of any of the foregoing; or (iv) asserting any setoff, right of subrogation or recoupment of any kind, directly or indirectly, against any Chais Releasee or any Relevant Third Party Releasee, any direct or indirect successor in interest to any Chais Releasee or any Relevant Third Party Releasee, or any immediate or mediate, direct or indirect transferee of any Chais Releasee or any Relevant Third Party Releasee. The Plaintiffs Released Claims do not include any claim by the Plaintiff Group Members: (i) filed with the "Madoff Victim Fund" being administered by Richard C. Breeden pursuant to his appointment as Special Master for the U.S. Department of Justice, or (ii) to enforce the rights of the Plaintiff Group Members under the terms of the Restitution Fund. Notwithstanding that the provisions in this Subsection 7(b) shall not be effective until the CPAS Effective Date, the Plaintiff Group Members shall take no action whatsoever on or after the Execution Date that would be a violation of this Subsection 7(b) if it were to occur after the CPAS Effective Date, unless an event resulting in a Rejection Date (as that term is defined in Section 13 below) occurs.

8. Release by the Defendants. Effective as of the CPAS Effective Date, and without any further writing or other action of any kind or nature, in consideration of the covenants and agreements in this Settlement Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Defendant hereby, fully, finally and forever, unconditionally and irrevocably, releases, acquits and discharges those Plaintiff Group Members, and only those Plaintiff Group Members, who are bound by and do not challenge, at any point in time, the releases, covenant not to sue and injunction contained in Section 7 hereof, from any and all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, damages, judgments, claims and any other right to obtain any type of monetary damages (including punitive damages), expenses, attorneys' and other fees, rescission, restitution or any other remedies of whatever kind at law or in equity, in contract, in tort, arising under any source whatsoever, including claims in equity or under any federal, state, common, or foreign statute, regulation, rule or common law, whether in a civil, administrative, arbitral, or other judicial or non-judicial proceeding, asserted or unasserted, known or unknown, matured, contingent, threatened, or inchoate, whether or not concealed or hidden, now existing or arising in the future, that such Defendant has or may have and that in any way arise out of or in connection with or relate to the California Limited Partnerships, including, without limitation, any and all claims or cross-claims brought on behalf of any of the California Limited Partnerships, including The Popham Company and The Lambeth Company, by any party, the Sub-Partnerships, including, without limitation, any and all claims or cross-claims brought on behalf of Marloma Securities and/or Crescent Securities or any other limited partner of the California Limited Partnerships by any party, BLMIS, the Madoff Ponzi Scheme, and/or any other matters involving Stanley Chais (including, without limitation, the claims asserted or that could have been asserted against the Plaintiffs in the California Private Actions), except for any and all claims and rights (and the

enforcement thereof) of the Defendants, and any obligations of the Plaintiffs, provided for in this Settlement Agreement or with respect to the Restitution Fund (the “Defendants Released Claims”). The Defendants Released Claims (whether presently owned or hereafter acquired) expressly exclude any release, acquittal or discharge of any Plaintiff Group Member who, at any point in time, asserts in any judicial or non-judicial proceeding that he, she or it is not bound by, or challenges in any manner, the releases, covenant not to sue or injunction contained in Section 7 hereof (each such Plaintiff Group Member a “Dissenting PGM”), and the running or expiration of any statute of limitations or repose that could be interposed to bar the assertion of any Defendants Released Claims against a Dissenting PGM shall be deemed to have been tolled, so as to permit the assertion of such Defendants Released Claims against the Dissenting PGM.

9. Releases between the Trustee and the Plaintiffs.

(a) Release by the Plaintiffs of the Trustee. Effective of the CPAS Effective Date, and without any further writing or other action of any kind or nature, in consideration of the covenants and agreements in this Settlement Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Plaintiff Group Members fully, finally and forever, unconditionally and irrevocably, release, acquit and discharge the Trustee, personally, and in his capacity as Trustee, BLMIS and the estates of BLMIS and Madoff, and SIPC, from any and all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, damages, judgments, claims and any other right to obtain any type of monetary damages (including punitive damages), expenses, attorneys’ and other fees, rescission, restitution or any other remedies of whatever kind at law or in equity, in contract, in tort, arising under any source whatsoever, including claims in equity or under any federal, state, common, or foreign statute, regulation, rule or common law, whether in a civil, administrative, arbitral, or other judicial or non-judicial proceeding, asserted or unasserted, known or unknown, matured, contingent, threatened, or inchoate, whether or not concealed or hidden, now existing or arising in the future, that in any way arise out of or in connection with or relate to the California Limited Partnerships, the Sub-Partnerships, BLMIS, the Madoff Ponzi Scheme and/or any other matters involving Stanley Chais, except for any and all claims and rights (and the enforcement thereof) of the Plaintiffs, and any obligations of the Trustee, provided for in this Settlement Agreement (the “Plaintiffs Released Claims Against Trustee”).

(b) Release by the Trustee of the Plaintiffs. Effective as of the CPAS Effective Date, and without any further writing or other action of any kind or nature, in consideration of the covenants and agreements in this Settlement Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Trustee, on behalf of himself, BLMIS and the estates of BLMIS and Madoff, hereby, fully, finally and forever, unconditionally and irrevocably, releases, acquits and discharges those Plaintiff Group Members who are bound by the releases contained in Section 9(a) hereof, from any and all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, damages, judgments, claims and any other right to obtain any type of monetary damages (including punitive damages), expenses, attorneys’ and other fees, rescission, restitution or any other remedies of whatever kind at law or in equity, in contract, in tort, arising under any source whatsoever, including claims in equity or under any federal, state, common, or foreign statute, regulation, rule or common law, whether in a civil, administrative, arbitral, or other judicial or non-judicial proceeding, asserted or

unasserted, known or unknown, matured, contingent, threatened, or inchoate, whether or not concealed or hidden, now existing or arising in the future, that in any way arise out of or in connection with or relate to the California Limited Partnerships, the Sub-Partnerships, Stanley Chais and/or any accounts at BLMIS held or administered by Stanley Chais or the California Limited Partnerships, except for any and all claims and rights (and the enforcement thereof) of the Trustee, and any obligations of the Plaintiffs, provided for in this Settlement Agreement (the "Trustee Released Claims"). The Trustee Released Claims expressly exclude any release, acquittal or discharge of the California Limited Partnerships with respect to the avoidance of transfers pursuant to 11 U.S.C. §§ 547 or 548 to be used as a defense, offset or counterclaim by the Trustee or any Defendants against any Dissenting PGM who, at any point in time, asserts in any judicial or non-judicial proceeding that he, she or it is not bound by, or challenges in any manner, the releases, covenant not to sue or injunction contained in Section 7 hereof, and the running or expiration of any statute of limitations or repose that could be interposed to bar the assertion of any Defendants Released Claims against a Dissenting PGM shall be deemed to have been tolled, so as to permit the assertion of such Defendants Released Claims against the Dissenting PGM.

10. Unknown Claims. The Released Claims contemplated by this Settlement Agreement extend to claims that the Plaintiffs, the California Limited Partnerships, the Limited Partners, the Defendants or the Trustee do not know or suspect to exist in its, his or her favor at the time of giving its, his or her release in this Settlement Agreement that if known by it, him or her, might have affected its, his or her settlement and release in this Settlement Agreement. With respect to any and all Released Claims in Sections 7(a), 8 and 9 of this Settlement Agreement, the Plaintiffs, the California Limited Partnerships, the Limited Partners, the Defendants and the Trustee expressly waive, or are 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.

Solely with respect to their respective Released Claims, the Plaintiffs, the California Limited Partnerships, the Limited Partners, the Defendants and the Trustee expressly waive, and shall be deemed to have waived, any and all provisions, rights and benefits conferred by any law of 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. The Plaintiffs, the California Limited Partnerships, the Limited Partners, the Defendants and the Trustee may hereafter discover facts in addition to or different from those that any of them now knows or believes to be true with respect to the subject matter of the Released Claims, but the Plaintiffs, the California Limited Partnerships, the Limited Partners, the Defendants and the Trustee 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 Plaintiffs, the California Limited Partnerships, the Limited Partners, the Defendants and the Trustee 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. The Plaintiffs, the California Limited Partnerships, the Limited Partners, the Defendants and the Trustee agree not to directly or indirectly assert any claim, or commence, continue, institute or cause to be commenced any claim or proceeding, based upon any matter purported to be released hereby.

11. Cooperation; Further Assurances.

(a) The Parties and the Limited Party shall provide cooperation, and execute any document or instrument, reasonably requested by any of them after the date of this Settlement Agreement to effectuate the intent of this Settlement Agreement. Without limiting the foregoing, (a) the Defendants will not oppose the issuance of the Attorneys' Fees Approval Order, (b) the Plaintiffs will not oppose and will support the issuance of the TSA Approval Order and the CAAG Approval Order, and (c) except as provided in Section 6, no Party shall have an obligation to search for documents or information. The California Private Actions Motion and the California Private Actions Approval Order shall be in form and substance acceptable to the Defendants and the Plaintiffs and consistent with the terms of this Settlement Agreement. The Plaintiffs will provide reasonable assistance and cooperation, to the extent necessary, in connection with the dissolution, winddown and termination of the California Limited Partnerships.

(b) Notwithstanding anything to the contrary contained in this Settlement Agreement, (i) each of the Defendants and their respective attorneys, accountants, agents and representatives shall be deemed to have fully complied with any and all obligations to maintain documents, as provided for in clause (iii) of Section 3(c) of this Settlement Agreement, by (x) turning over to the Designee books or records of the California Limited Partnerships in his, her or its possession located after a reasonable search therefor or (y) delivering to the Designee a certification that he, she or it has conducted a reasonable search of documents in his, her or its possession and has not located books or records of the California Limited Partnerships (in either case, a "Records Turnover"), and (ii) any of the Defendants and any of their respective attorneys, accountants, agents and representatives who has effected a Records Turnover shall be excused thereafter from any obligation to maintain any books and/or records, or search for any information, of or in any way relating to the California Limited Partnerships and shall have no liability to any third party in connection therewith.

12. Basis for Injunctions. This Settlement Agreement and any order approving same may be pleaded as a full and complete defense against, and may be used as an independent basis for an injunction against, any claim or proceeding instituted or maintained against any person or entity released hereunder to the extent such claim or proceeding conflicts with any release provided in this Settlement Agreement.

13. Termination; Failure to Obtain a Final Non-Appealable Order. If for any reason the California Court or the Bankruptcy Court rejects, or any applicable Other Court invalidates, this Settlement Agreement pursuant to an order that becomes Final (the date on which such order becomes Final being herein referred to as the "Rejection Date") then this Settlement Agreement shall automatically terminate as of the Rejection Date. Upon the Rejection Date, the funds held

in the CPAS Escrow Account shall be treated as follows: (i) Two Million Six Hundred Thousand Dollars (\$2,600,000) shall be promptly returned to the Chais Related Defendants (in proportion to the amount funded by each Chais Related Defendant) and (ii) the remaining Two Million Six Hundred Thousand Dollars (\$2,600,000) shall be disbursed in accordance with Section 14(b) of the Trustee Settlement Agreement.

14. Confidentiality Obligations. The Parties' and the Limited Party's confidentiality obligations under any existing agreements between and among the Parties and/or the Limited Party shall remain in full force and effect.

15. Non-Disparagement and No Admission. The Stanley Chais Defendants, the Chais Related Defendants, each of the named Plaintiffs in the California Private Actions, the California Limited Partnerships, the Sub-Partnerships, and the Limited Party agree not to disparage or otherwise impugn the character of any other Party or Limited Party or Stanley Chais. The Stanley Chais Defendants, the Chais Related Defendants and the California Limited Partnerships do not admit any liability and further expressly deny any participation or complicity of Stanley Chais or any Stanley Chais Defendant, Chais Related Defendant or California Limited Partnership in, or knowledge of Stanley Chais or any Stanley Chais Defendant, Chais Related Defendant or California Limited Partnership of, the Madoff Ponzi Scheme. Nothing in this Section 15 shall preclude any Party or the Limited Party from making truthful factual statements in connection with the Trustee's duties and obligations with respect to the estates of BLMIS and Madoff.

16. Entire Agreement. This Settlement Agreement constitutes the entire agreement and understanding between and among the Parties and the Limited Party and supersedes all prior agreements, representations and understandings concerning the subject matter hereof (other than the Trustee Settlement Agreement and the AG Settlement Agreement).

17. Amendments, Waiver. This Settlement Agreement may not be waived, amended or modified in any way except in a writing signed by all the Parties and the Limited Party or their authorized representatives. 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.

18. Assignability. No Party or Limited Party hereto may assign their rights under this Settlement Agreement to a third party without the prior written consent of each of the other Parties and Limited Party hereto or their authorized representatives, provided, however that the Trustee may assign his rights and delegate his duties under this Settlement Agreement to any successor Trustee appointed by the Bankruptcy Court, including SIPC.

19. Successors Bound. This Settlement Agreement shall be binding upon and inure to the benefit of each of the Parties and Limited Party and their successors and permitted assigns.

20. Applicable Law. This Settlement Agreement shall be construed and enforced in accordance with the laws of the State of California, without regard to the principle of conflict of laws. Each Party and the Limited Party hereby waives on behalf of itself and its successors and assigns any and all rights to argue that the choice of California law provisions is or has become unreasonable in any legal proceeding.

21. Exclusive Jurisdiction. Except to the extent the Bankruptcy Court cannot or declines to retain jurisdiction, the Parties and Limited Party agree and shall request that all orders entered in connection with this Settlement Agreement provide that the Bankruptcy Court shall retain and have non-exclusive jurisdiction over any action to enforce this Settlement Agreement, or any provision thereof, and the Parties and Limited Party hereby consent to and submit to the jurisdiction of the Bankruptcy Court for any such action. The Parties and Limited Party agree that, in the event the Bankruptcy Court cannot or declines to retain or exercise jurisdiction, no Party or Limited Party shall bring, institute, prosecute or maintain any action to enforce, modify, terminate, void, or interpret this Settlement Agreement, or any provision thereof, in any court other than the California Court. In any action commenced in another court by a third-party to enforce, modify, terminate, void or interpret this Settlement Agreement, the Parties and Limited Party agree to seek to stay such action and transfer the action first to the Bankruptcy Court; provided, however, in the event the Bankruptcy Court cannot or declines to retain or exercise jurisdiction, the Parties and the Limited Party agree to seek transfer to the California Court.

22. Captions and Rules of Construction. The captions in this Settlement Agreement are inserted only as a matter of convenience and for reference and do not define, limit or describe the scope of this Settlement Agreement or the scope or content of any of its provisions. Any reference in this Settlement Agreement to a paragraph or section is to a paragraph or section of this Settlement Agreement, unless otherwise noted. The words “hereby,” “herein,” “hereto,” “hereof,” “hereunder,” and similar words refer to this Settlement Agreement in its entirety and not merely to the Section where any such words appear. “Includes,” “including” and similar words are not limiting. The Parties and the Limited Party acknowledge that this Settlement Agreement was jointly drafted after negotiations by counsel and the Parties and the Limited Party therefore agree that no provision of this Settlement Agreement may be construed against any Party or the Limited Party as having been drafted by that Party or Limited Party.

23. Counterparts; Electronic Copy of Signatures. This Settlement 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. The Parties and Limited Party may evidence their execution of this Settlement Agreement by delivery to the other Parties and Limited Party of scanned or faxed copies of their signatures, with the same effect as the delivery of an original signature. The Parties and the Limited Party stipulate that counterparts, facsimile, or duplicate originals of this Settlement Agreement or any portion thereof shall be admissible in any judicial proceeding to the same extent that the original would be admissible for all purposes including but not limited to meeting the requirements of California Code of Civil Procedure § 664.6.

24. Severability. In the event that any term or provision of this Agreement is found in a Final judgment or order of a court of competent jurisdiction to be invalid or unenforceable, the entire Agreement shall be invalid and unenforceable (except this Section 24), unless and to the extent that all Parties and Limited Party agree otherwise in writing.

25. Survival. The provisions of this Settlement Agreement shall survive the consummation of the transactions contemplated hereby.

26. Notices. Any notices under this Settlement Agreement shall be in writing, shall be effective when received and may be delivered only by hand, or by overnight delivery service

or by electronic transmission if such overnight delivery or electronic transmission is confirmed via email, to:

If to the Plaintiffs, c/o:

Marvin Gelfand, Esq.
Weintraub Tobin Chediak Coleman Grodin, Inc.
10250 Constellation Blvd., Suite 2900
Los Angeles, California 90067
F: (310) 550-7191
mgelfand@weintraub.com

Barry Weprin, Esq.
Milberg LLP
One Pennsylvania Plaza, 50th Floor
New York, NY 10019
F.: (212) 868-1229
bweprin@milberg.com

Milberg LLP
2850 Ocean Park Blvd. Suite 300
Santa Monica, CA 90405
F.: (212) 868-1229

If to the Stanley Chais Defendants, c/o:

Dennis F. Dunne, Esq.
Michael L. Hirschfeld, Esq.
Milbank, Tweed, Hadley & McCloy LLP
28 Liberty Street
New York, NY 10005
F: (212) 530-5219
ddunne@milbank.com
mhirschfeld@milbank.com

If to the Chais Related Defendants, c/o:

Andrew H. Sherman, Esq.
Boris M. Mankovetskiy, Esq.
Sills Cummis & Gross P.C.
One Riverfront Plaza
Newark, NJ 07102
F: (973) 643-6500
asherman@sillscummis.com
bmankovetskiy@sillscummis.com


Steven J. Katzman, Esq.
Biernert, Miller & Katzman
903 Calle Amancer, Suite 350
San Clemente, CA 92673
F: (949)-369-3700
skatzman@bmkattorneys.com

If to the Trustee, c/o:

David J. Sheehan, Esq.
Tracy Cole, Esq.
45 Rockefeller Plaza, 14th Floor
New York, NY 10111
F: (212) 589-4201
dsheehan@bakerlaw.com
tcole@bakerlaw.com

[Signature pages follow]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the date first above written.



LEGHORN INVESTMENTS, LTD.
By: Robert Glusman, General Partner

BOTTLEBRUSH INVESTMENTS, L.P.
By: Pearl Gardner, President of Bottlebrush
Financial, Inc., General Partner

STEVEN HEIMOFF

DOUGLAS HALL

THE ESTATE OF STANLEY CHAIS
By: Pamela Chais, Executrix

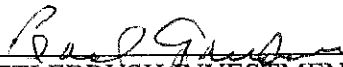
PAMELA CHAIS

APPLEBY PRODUCTIONS LTD.
By: Pamela Chais, President

APPLEBY PRODUCTIONS LTD.
DEFINED CONTRIBUTION PLAN
By: Michael L. Hirschfeld, Esq., counsel of
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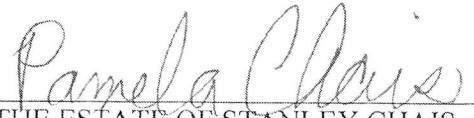
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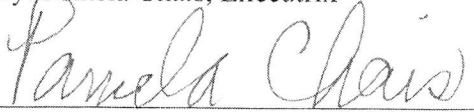
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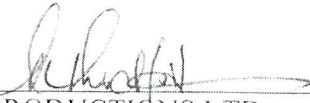
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MONEY PURCHASE PLAN
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APPLEBY PRODUCTIONS LTD. PROFIT
SHARING PLAN
By: Michael L. Hirschfeld, Esq., counsel of
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CHAIS INVESTMENTS, LTD.
By: William Chais, President, Onondaga,
Inc., its General Partner

CHAIS 1991 FAMILY TRUST (NOW
CONSISTING OF THE SURVIVOR'S
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TRUST DATED SEPTEMBER 4, 1991
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CHAIS 1991 FAMILY TRUST DATED
SEPTEMBER 4, 1991)
By: Pamela Chais, Trustee

CHAIS FAMILY FOUNDATION
By: Pamela Chais, President


EMILY CHASALOW

MARK CHAIS

WILLIAM CHAIS

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MONEY PURCHASE PLAN
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By: Pamela Chais, President

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CHAI FAMILY FOUNDATION
By: Pamela Chais, President

EMILY CHASALOW

MARK CHAIS



WILLIAM CHAIS



MICHAEL CHASALOW

MIRI CHAIS

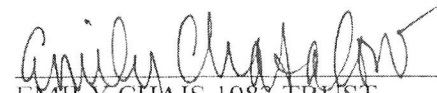
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1994 TRUST FOR THE CHILDREN OF
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By: William Chais, Trustee

1996 TRUST FOR THE CHILDREN OF
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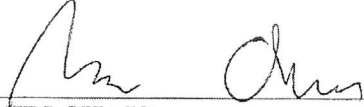
BLMIS ACCOUNT 1C1286, SUED
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PAMELA CHAIS
By: Steven J. Katzman, Esq., counsel of
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1999 TRUST FOR THE
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EMILY CHAIS 1983 TRUST
By: Emily Chasalow, Trustee

MICHAEL CHASALOW



MIRI CHAIS

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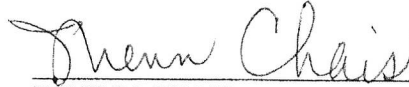
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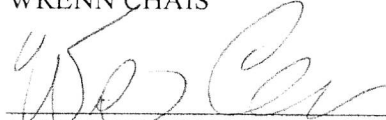
By: Emily Chasalow, Trustee

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WRENN CHAIS



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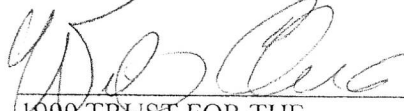


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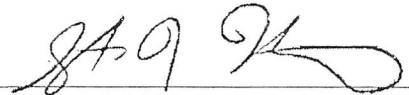
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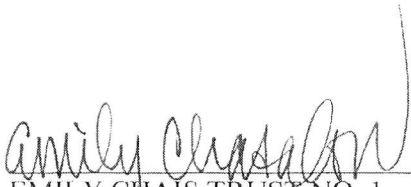
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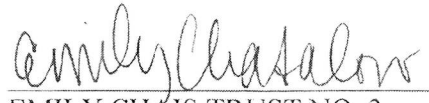
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EMILY CHAIS TRUST NO. 1
By: Emily Chasalow, Trustee




EMILY CHAIS TRUST NO. 2
By: Emily Chasalow, Trustee



EMILY CHAIS TRUST NO. 3
By: Emily Chasalow, Trustee



EMILY CHAIS ISSUE TRUST NO. 1
By: Emily Chasalow, Trustee



EMILY CHAIS ISSUE TRUST NO. 2
By: Emily Chasalow, Trustee

MARK HUGH CHAIS TRUST NO. 1
By: Mark Chais, Trustee

MARK HUGH CHAIS TRUST NO. 2
By: Mark Chais, Trustee

MARK HUGH CHAIS TRUST NO. 3
By: Mark Chais, Trustee

MARK HUGH CHAIS ISSUE TRUST
NO. 1
By: Mark Chais, Trustee


EMILY CHAIS TRUST NO. 1
By: Emily Chasalow, Trustee


EMILY CHAIS TRUST NO. 2
By: Emily Chasalow, Trustee

EMILY CHAIS TRUST NO. 3
By: Emily Chasalow, Trustee


EMILY CHAIS ISSUE TRUST NO. 1
By: Emily Chasalow, Trustee

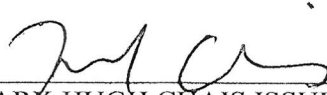
EMILY CHAIS ISSUE TRUST NO. 2
By: Emily Chasalow, Trustee


MARK HUGH CHAIS TRUST NO. 1
By: Mark Chais, Trustee


MARK HUGH CHAIS TRUST NO. 2
By: Mark Chais, Trustee


MARK HUGH CHAIS TRUST NO. 3
By: Mark Chais, Trustee


MARK HUGH CHAIS ISSUE TRUST
NO. 1
By: Mark Chais, Trustee



MARK HUGH CHAIS ISSUE TRUST
NO. 2
By: Mark Chais, Trustee



MARK HUGH CHAIS 1983 TRUST
By: Mark Chais, Trustee

WILLIAM FREDERICK CHAIS TRUST
NO. 1
By: William Chais, Trustee

WILLIAM FREDERICK CHAIS TRUST
NO. 2
By: William Chais, Trustee

WILLIAM FREDERICK CHAIS TRUST
NO. 3
By: William Chais, Trustee

WILLIAM FREDERICK CHAIS ISSUE
TRUST NO. 1
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By: William Chais, Trustee

WILLIAM FREDERICK CHAIS 1983
TRUST
By: William Chais, Trustee



THE WILLIAM AND WRENN CHAIS
1994 FAMILY TRUST
By: William Chais, Trustee

ARI CHAIS 1999 TRUST
By: Mark Chais, Trustee

ARI CHAIS TRANSFEREE TRUST NO. 1
By: Mark Chais, Trustee

BENJAMIN PAUL CHASALOW 1999
TRUST
By: Emily Chasalow, Trustee

BENJAMIN PAUL CHASALOW
TRANSFEREE TRUST NO. 1
By: Emily Chasalow, Trustee



CHLOE FRANCES CHAIS 1994 TRUST
By: William Chais, Trustee



CHLOE FRANCES CHAIS TRANSFEREE
TRUST NO. 1
By: William Chais, Trustee



JONATHAN WOLF CHAIS 1996 TRUST
By: William Chais, Trustee

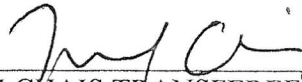
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TRUST NO. 1

By: William Chais, Trustee

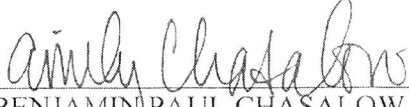
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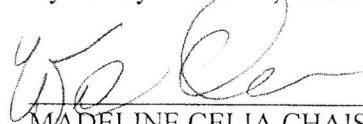
JONATHAN WOLF CHAIS 1996 TRUST
By: William Chais, Trustee



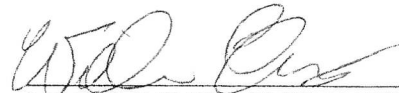
JONATHAN CHAIS TRANSFEREE
TRUST NO. 1
By: William Chais, Trustee

JUSTIN ROBERT CHASALOW 1999
TRUST
By: Emily Chasalow, Trustee

JUSTIN ROBERT CHASALOW
TRANSFEREE TRUST NO. 1
By: Emily Chasalow, Trustee



MADELINE CELIA CHAIS 1992 TRUST
By: William Chais, Trustee




MADELINE CHAIS TRANSFEREE
TRUST NO. 1
By: William Chais, Trustee

RACHEL ALLISON CHASALOW 1999
TRUST
By: Emily Chasalow, Trustee


RACHEL ALLISON CHASALOW
TRANSFEREE TRUST NO. 1
By: Emily Chasalow, Trustee

TALI CHAIS 1997 TRUST
By: Mark Chais, Trustee

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TRUST NO. 1
By: William Chais, Trustee




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By: Emily Chasalow, Trustee



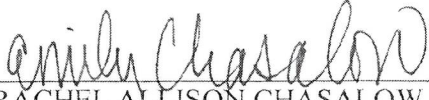
JUSTIN ROBERT CHASALOW
TRANSFEREE TRUST NO. 1
By: Emily Chasalow, Trustee

MADLINE CELIA CHAIS 1992 TRUST
By: William Chais, Trustee

MADLINE CHAIS TRANSFEREE
TRUST NO. 1
By: William Chais, Trustee



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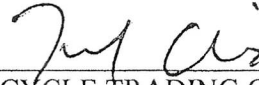
RACHEL ALLISON CHASALOW
TRANSFEREE TRUST NO. 1
By: Emily Chasalow, Trustee


TALI CHAIS 1997 TRUST
By: Mark Chais, Trustee



TALI CHAIS TRANSFEREE TRUST
NO. 1

By: Mark Chais, Trustee



UNICYCLE TRADING COMPANY
By: Mark Chais, President of Unicycle
Corp., its General Partner



UNICYCLE CORP.

By: Mark Chais, President

UNICYCLE CORPORATION MONEY
PURCHASE PLAN

By: Steven J. Katzman, Esq., counsel of
record in the California Private Actions

ONONDAGA, INC.

By: William Chais, President

THE ONONDAGA, INC. MONEY
PURCHASE PLAN

By: Steven J. Katzman, Esq., counsel of
record in the California Private Actions

THE ONONDAGA, INC. DEFINED
BENEFIT PENSION PLAN

By: Steven J. Katzman, Esq., counsel of
record in the California Private Actions

CHAIS MANAGEMENT, INC.

By: William Chais, President

TALI CHAIS TRANSFEREE TRUST
NO. 1

By: Mark Chais, Trustee

UNICYCLE TRADING COMPANY
By: Mark Chais, President of Unicycle
Corp., its General Partner

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UNICYCLE CORP.

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PURCHASE PLAN

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ONONDAGA, INC.

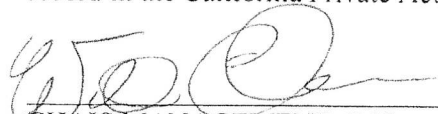
By: William Chais, President

THE ONONDAGA, INC. MONEY
PURCHASE PLAN

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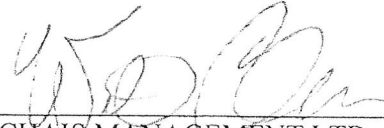
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BENEFIT PENSION PLAN

By: Steven J. Katzman, Esq., counsel of
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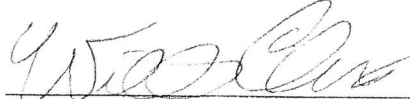
CHAIS MANAGEMENT, INC.

By: William Chais, President



CH AIS MANAGEMENT LTD.

By: William Chais, President, Chais
Management, Inc., its General Partner



CH AIS VENTURE HOLDINGS

By: William Chais, President

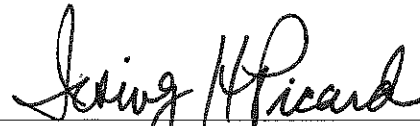
IN WITNESS WHEREOF, the Trustee hereby signs onto and agrees to be bound by
Sections 1, 2, 9 - 26, as of the date first above written.

IRVING H. PICARD, Trustee for the
liquidation proceedings of Bernard L.
Madoff Investment Securities LLC and the
substantively consolidated Chapter 7 estate
of Bernard L. Madoff

CHAI MANAGEMENT LTD.
By: William Chais, President, Chais
Management, Inc., its General Partner

CHAI VENTURE HOLDINGS
By: William Chais, President

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IRVING H. PICARD, Trustee for the
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substantively consolidated Chapter 7 estate
of Bernard L. Madoff

EXHIBIT 1

1 WEINTRAUB TOBIN CHEDIAK COLEMAN
 2 GRODIN LAW CORPORATION
 3 Marvin Gelfand (SBN 53586)
 4 mgelfand@weintraub.com
 5 10250 Constellation Blvd., Suite 2900
 6 Los Angeles, California 90067
 7 Telephone: (310) 858-7888
 8 Fax: (310) 550-7191

9 *Attorneys for Plaintiff and Cross Defendant*
 10 *Bottlebrush Investments, L.P. and Leghorn*
 11 *Investments, Ltd.*

12 MILBERG LLP
 13 2850 Ocean Park Blvd. Suite 300
 14 Santa Monica, CA 90405
 15 Telephone: (213) 617-1200
 16 Fax: (212) 868-1229

17 SEEGER WEISS LLP
 18 STEPHEN A. WEISS (*pro hac vice*)
 19 sweiss@seegerweiss.com
 20 CHRISTOPHER M. VAN de KIEFT (*pro hac vice*)
 21 cvandekieft@seegerweiss.com
 22 One William Street
 23 New York, NY 10004
 24 Telephone: (212) 584-0700
 25 Fax: (212) 584-0799

26 MILBERG LLP
 27 BARRY WEPRIN (*pro hac vice*)
 28 bweprin@milberg.com
 JOSHUA KELLER (*pro hac vice*)
 jkeller@milberg.com
 One Pennsylvania Plaza, 50th Floor
 New York, NY 10119
 Telephone: (212) 594-5300
 Fax: (212) 868-1229

[Additional Counsel on Signature Page]

Attorneys for Plaintiffs Douglas Hall and Steven Heimoff

SUPERIOR COURT OF THE STATE OF CALIFORNIA
 COUNTY OF LOS ANGELES, CENTRAL DISTRICT

BOTTLEBRUSH INVESTMENTS, L.P.,
 a California limited partnership,

Plaintiff,

v.

THE LAMBETH COMPANY, a
 California limited partnership, et al.,

Defendants.

CASE No. BC 407967

Assigned for All Purposes to the Honorable
 Elizabeth Allen White, Department 48

**NOTICE OF PROPOSED
 SETTLEMENT OF DERIVATIVE
 ACTIONS AND OF SETTLEMENT
 HEARING**

CONSOLIDATED WITH:

CASE NO.: BC 408661

1 LEGHORN INVESTMENTS, LTD., a
2 California limited partnership,

3 Plaintiff,

4 v.

5 BRIGHTON INVESTMENTS, LTD., a
6 California limited partnership, et al,

7 Defendants.

[Related to Case Nos. BC 409548,
BC 413821, BC 413820 BC 422257 and
BC 456932]

8 **AND RELATED CROSS-ACTIONS**

9 DOUGLAS HALL, as Co-Trustee of the)
10 VIVIAN H. HALL IRA and Derivatively on)
11 Behalf of CRESCENT SECURITIES,)

12 Plaintiff,)

13 vs.)

14 PAMELA CHAIS as executor of the estate of)
15 STANLEY CHAIS, et al.)

16 Defendants,)

17 and)

18 THE POPHAM COMPANY,)

19 First Nominal Defendant,)

20 and)

21 MARLOMA SECURITIES,)

22 Second Nominal Defendant.)

23 **AND**

24 STEVEN HEIMOFF, as Trustee of the)
25 STEVEN HEIMOFF IRA and Derivatively on)
26 behalf of MARLOMA SECURITIES,)

27 Plaintiff,)

28 vs.)

PAMELA CHAIS as executor of the estate of)
STANLEY CHAIS, et al,)

Lead Case No. BC413820
Consolidated with: BC413821

[Related to Case Nos. BC404557, BC404557;
BC407721, BC407967, BC408661, BC409658,
BC422257 and BC422258]

1 Defendants,)
2 and)
3 THE POPHAM COMPANY,)
4 First Nominal Defendant,)
5 and)
6 MARLOMA SECURITIES,)
7 Second Nominal Defendant.)
8)
9 _____)

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**NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF
DERIVATIVE LITIGATION**

TO: ALL PARTNERS OF THE LAMBETH COMPANY; THE POPHAM COMPANY;
AND BRIGHTON INVESTMENTS (THE “CALIFORNIA LIMITED
PARTNERSHIPS”) AND ALL PARTNERS OF MARLOMA SECURITIES AND
CRESCENT SECURITIES (THE “SUB-PARTNERSHIPS”), AND ALL PARTNERS
OF ANY PARTNERSHIP (IN ADDITION TO THE SUB-PARTNERSHIPS) THAT
WAS A LIMITED PARTNER OF THE CALIFORNIA LIMITED PARTNERSHIPS.

**THIS NOTICE RELATES TO A PROPOSED SETTLEMENT OF FOUR
DERIVATIVE ACTIONS AND CLAIMS ASSERTED THEREIN. LIMITED
PARTNERS OF THE CALIFORNIA LIMITED PARTNERSHIPS, PARTNERS
OF THE SUB-PARTNERSHIPS, AND PARTNERS OF ANY PARTNERSHIP (IN
ADDITION TO THE SUB-PARTNERSHIPS) THAT WAS A LIMITED
PARTNER OF THE CALIFORNIA LIMITED PARTNERSHIPS ARE
ENTITLED TO OBJECT, IF THEY DESIRE, TO THE SETTLEMENT OF THE
DERIVATIVE CLAIMS AS DESCRIBED HEREIN. IF THE COURT
APPROVES THE DERIVATIVE SETTLEMENT, YOU WILL BE BARRED
FROM CONTESTING THE FAIRNESS, REASONABLENESS OR ADEQUACY
OF THE PROPOSED SETTLEMENT, AND FROM PURSUING THE SETTLED
DERIVATIVE CLAIMS.**

**ALL PARTNERSHIPS THAT WERE LIMITED PARTNERS OF ANY OF THE
CALIFORNIA LIMITED PARTNERSHIPS ARE HEREBY REQUESTED TO
FORWARD A COPY OF THIS NOTICE TO THEIR PARTNERS AT THEIR
LAST KNOWN ADDRESSES.**

**PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY.
YOUR RIGHTS WILL BE AFFECTED BY THIS LITIGATION AND
SETTLEMENT.**

1. The purpose of this Notice is to inform you about: (i) the pendency of the above-captioned lawsuits (the “Litigation” or “Plaintiffs’ Actions”), which were brought derivatively by Plaintiffs Leghorn Investments, Ltd. (“Leghorn”) on behalf of Brighton Investments; Bottlebrush Investments, LP (“Bottlebrush”) on behalf of the Lambeth Company; Steven Heimoff as Trustee of the Steven Heimoff IRA (“Heimoff”) on behalf of both the Popham Company and Marloma Securities, a limited partnership formed for the sole purpose of investing in the Popham Company; and Douglas Hall as co-trustee for the Vivian Hall IRA (“Hall”) on behalf of the Lambeth Company and Crescent Securities,¹ a limited partnership formed for the sole purpose of investing in the Lambeth Company (“Plaintiffs”) in the Superior Court of California, County of Los Angeles (the “Court”); (ii) a proposed settlement of Plaintiffs’ Actions (the “Settlement”), subject to Court approval, as provided in a Settlement Agreement (the “Agreement”) that was

¹ Marloma Securities and Crescent Securities are the “Sub-Partnerships.”

1 filed with the Court and is available for review at ____; and (iii) the hearing that the Court will
2 hold on _____, 2016 to determine whether to approve the Settlement (“Settlement Hearing”),
3 to consider Plaintiffs’ counsels’² application for an award of attorneys’ fees and for
4 reimbursement of litigation expenses incurred in the prosecution of Plaintiffs’ Actions, and
5 application for incentive awards for Douglas Hall, Steven Heimoff, Pearl Gardner, President of
6 Bottlebrush Financial, Inc., general partner of Bottlebrush, and Robert Glusman, general partner
7 of Leghorn (the “Individual Plaintiffs”).³

8 2. The Agreement was entered into as of October 19, 2016, by and among the
9 following: (a) Plaintiffs; (b) the Stanley Chais Defendants;⁴ (c) the Chais Related Defendants;⁵

10 _____
11 ² Milberg LLP is counsel to Hall and Heimoff and Weintraub Tobin Chediak Coleman Grodin, Inc. is counsel to
12 Bottlebrush and Leghorn.

13 ³ All capitalized terms not otherwise defined in this Notice shall have the meaning provided in the Agreement.

14 ⁴ The Stanley Chais Defendants are the Estate of Stanley Chais; Pamela Chais; Appleby Productions Ltd.; the now-
15 defunct defined contribution plan formerly known as Appleby Productions Ltd. Defined Contribution Plan; the now-
16 defunct money purchase plan formerly known as Appleby Productions Ltd. Money Purchase Plan; the now-defunct
17 profit sharing plan formerly known as Appleby Productions Ltd. Profit Sharing Plan; Chais Investments, Ltd.; Chais
18 1991 Family Trust (now consisting of the Survivor’s Trust under Chais 1991 Family Trust dated September 4, 1991
19 and the Marital Trust under Chais 1991 Family Trust dated September 4, 1991); and Chais Family Foundation.

20 ⁵ The Chais Related Defendants are Emily Chasalow; Mark Chais; William Chais; Michael Chasalow (who was
21 dismissed as a defendant from the Plaintiffs’ Actions but is included in the definition of Chais Related Defendants
22 for definitional convenience); Miri Chais, referred to in the complaint in the Trustee’s Action (defined below, in
23 Paragraph 9) (the “Trustee Complaint”) as Mirie Chais (who was dismissed as a defendant from the Plaintiffs’
24 Actions but is included in the definition of Chais Related Defendants for definitional convenience); Wrenn Chais;
25 1994 Trust for the Children of Stanley and Pamela Chais; 1996 Trust for the Children of Stanley and Pamela Chais,
26 referred to in the Trustee Complaint as The 1996 Trust for the Children of Pamela Chais And Stanley Chais; BLMIS
27 Account 1C1286, sued in the Trustee Complaint as The 1999 Trust for the Children of Stanley and Pamela Chais;
28 1999 Trust for the Grandchildren of Stanley and Pamela Chais; Emily Chais 1983 Trust; Emily Chais Trust No. 1,
Emily Chais Trust No. 2, and Emily Chais Trust No. 3, referred to collectively in the Trustee Complaint as The
Emily Chais Trust; Emily Chais Issue Trust No. 1 and Emily Chais Issue Trust No. 2, referred to collectively in the
Trustee Complaint as The Emily Chais Issue Trust; Mark Hugh Chais Trust No. 1, Mark Hugh Chais Trust No. 2,
and Mark Hugh Chais Trust No. 3, referred to collectively in the Trustee Complaint as The Mark Hugh Chais Trust;
Mark Hugh Chais Issue Trust No. 1 and Mark Hugh Chais Issue Trust No. 2, referred to collectively in the Trustee
Complaint as The Mark Hugh Chais Issue Trust; Mark Hugh Chais 1983 Trust; William Frederick Chais Trust No.
1, William Frederick Chais Trust No. 2, and William Frederick Chais Trust No. 3, referred to collectively in the
Trustee Complaint as The William Frederick Chais Trust; William Frederick Chais Issue Trust No. 1 and William
Frederick Chais Issue Trust No. 2, referred to collectively in the Trustee Complaint as The William F. Chais Issue
Trust; William Frederick Chais 1983 Trust; The William and Wrenn Chais 1994 Family Trust; Ari Chais 1999
Trust; Ari Chais Transferee Trust No. 1, referred to in the Trustee Complaint as The Ari Chais Transferee #1 Trust;
Benjamin Paul Chasalow 1999 Trust; Benjamin Paul Chasalow Transferee Trust No. 1, referred to in the Trustee
Complaint as The Benjamin Paul Chasalow Transferee #1 Trust; Chloe Frances Chais 1994 Trust, referred to in the
Trustee Complaint as The Chloe Francis Chais 1994 Trust; Chloe Frances Chais Transferee Trust No. 1, referred to
in the Trustee Complaint as The Chloe Francis Chais Transferee #1 Trust; Jonathan Wolf Chais 1996 Trust, referred
to in the Trustee Complaint as The Jonathan Wolf Chais Trust; Jonathan Chais Transferee Trust No. 1, referred to in
the Trustee Complaint as The Jonathan Chais Transferee #1 Trust; Justin Robert Chasalow 1999 Trust; Justin Robert
Chasalow Transferee Trust No. 1, referred to in the Trustee Complaint as The Justin Robert Chasalow Transferee #1
Trust; Madeline Celia Chais 1992 Trust; Madeline Chais Transferee Trust No. 1, referred to in the Trustee
Complaint as The Madeline Chais Transferee #1 Trust; Rachel Allison Chasalow 1999 Trust; Rachel Allison
Chasalow Transferee Trust No. 1, referred to in the Trustee Complaint as The Rachel Allison Chasalow Transferee
#1 Trust; Tali Chais 1997 Trust; Tali Chais Transferee Trust No. 1, referred to in the Trustee Complaint as The Tali

1 (collectively, the “Parties” or “Settling Parties”); and (d) subject to the express limitations more
2 fully set forth in the Agreement, Irving H. Picard, in his capacity as trustee (the “Trustee”) under
3 the Securities Investor Protection Act of 1970 (“SIPA”), 15 U.S.C. §§ 78aaa *et seq.*, as amended,
4 and the substantively consolidated Chapter 7 estate of Bernard L. Madoff (“Madoff”), subject to
the approval of the Court.⁶

5 3. The following description of the Litigation and Settlement does not constitute
6 findings of the Court. It is based on statements of the Plaintiffs and/or Defendants and should
7 not be understood as an expression of any opinion of the Court as to the merits of any of the
claims or defenses raised by any of the Parties. The Court has not yet approved the Settlement.

WHAT IS THE PURPOSE OF THIS NOTICE?

8 4. The purpose of this Notice is to explain the Litigation, the terms of the Settlement,
9 and how the Settlement affects your legal rights, as a partner of the California Limited
10 Partnership(s) and/or partner of the Sub-Partnership(s) (collectively, the “Limited Partners”)
and/or partner of any partnership (in addition to the Sub-Partnerships) that was a limited partner
of the California Limited Partnerships.

11 5. In a derivative action, one or more people and/or entities who are current partners
12 of a partnership sue on behalf of and for the benefit of the partnership, seeking to enforce the
partnership’s legal rights.

13 6. As described more fully below, you have the right to object to the Settlement, the
14 application by Plaintiffs’ counsel for an award of attorneys’ fees and reimbursement of expenses,
15 and the application for incentive awards for the Individual Plaintiffs. You have the right to
16 appear and be heard at the Settlement Hearing, which will be held on _____, 2016, at ____
____.m., before the Honorable Elizabeth A. White, at the Superior Court of California, 5th Floor,
17 Stanley Mosk Courthouse, 111 North Hill Street, Dept. 48, Los Angeles, CA 90012. At the
18 Settlement Hearing, the Court will determine whether:

- 19 a. The Settlement should be approved;
- 20 b. Plaintiffs’ Actions and all claims, including any counterclaims, asserted by
21 or against any of the Settling Parties therewith, should be dismissed with prejudice as set forth in
the Agreement;
- 22 c. Plaintiffs’ counsels’ request for an award of attorneys’ fees and
23 reimbursement of expenses should be approved by the Court; and

24 Chais Transferee #1 Trust; Unicycle Trading Company; Unicycle Corp., individually and as the General Partner of
25 Unicycle Trading Company; the now-defunct money purchase plan formerly known as Unicycle Corporation Money
26 Purchase Plan; Onondaga, Inc., individually and as General Partner of Chais Investments Ltd.; the now-defunct
27 money purchase plan formerly known as The Onondaga, Inc. Money Purchase Plan; the now-defunct defined benefit
28 pension plan formerly known as The Onondaga, Inc. Defined Benefit Pension Plan; Chais Management, Inc.,
individually and as General Partner of Chais Management Ltd.; Chais Management Ltd.; and Chais Venture
Holdings.

⁶ Collectively, the Stanley Chais Defendants and the Chais Related Defendants are the “Defendants”.

1 d. Plaintiffs’ counsels’ request for an incentive award for the Individual
2 Plaintiffs should be approved by the Court.

WHAT ARE THESE CASES ABOUT?

3 7. In 2009, the Plaintiffs filed separate derivative actions against Chais,⁷ among
4 others, seeking recovery of funds lost as a result of Madoff Ponzi scheme, and alleging, among
5 other things, breach of fiduciary duty, breach of contract, negligence, fraud, unjust enrichment
6 and fraudulent conveyance.

7 8. In 2009, the California Attorney General (the “CAAG”) filed suit against Chais
8 for alleged wrongful conduct arising from Chais’s investments in the Madoff Ponzi scheme, *The*
9 *People of the State of California v. Chais, et al.*, Case No. BC422257 (the “CAAG Action”).
10 Like with the Plaintiffs’ Actions, the CAAG Action seeks to recover from the Estate of Stanley
11 Chais the fees Chais was paid by investors in the California Limited Partnerships and seeks from
12 Chais the full restitution of the principal investments made into the California Limited
13 Partnerships. Although the CAAG Action sought administrative relief unavailable in the
14 Plaintiffs’ Actions, unlike the Plaintiffs’ Actions, however, the CAAG Action does not seek to
15 recover profits from the investments in the California Limited Partnerships and the Sub-
16 Partnerships. Furthermore, the CAAG Action names only a single specific defendant, the Estate
17 of Stanley Chais. The Plaintiffs’ Actions, on the other hand, name numerous individuals and
18 entities, in addition to the Chais Estate, such as the Chais Related Defendants. The Plaintiffs’
19 Actions, therefore, seek to recover assets due to Chais’s alleged wrongful conduct from more
20 individuals and entities than the CAAG Action.

21 9. The Trustee, in 2009, prior to the filing of the Plaintiffs’ Actions, in connection
22 with the BLMIS liquidation proceeding pending in the Bankruptcy Court for the Southern
23 District of New York, filed an action in the same court against Defendants, *Picard v. Stanley*
24 *Chais, et al.*, Adv. Pro. No. 09-1172 (SMB), (the “Trustee Action”) seeking to recover alleged
25 fraudulent transfers to the Defendants. The Plaintiffs’ Actions substantially overlap with the
26 Trustee Action in both the claims and named defendants, but unlike the CAAG Action, seeks
27 recovery from the Chais Related Defendants.

28 10. The Defendants have denied the claims asserted against them, disclaim any
liability or damages, and deny that they or Chais engaged in any wrongdoing or violation of law
of any kind whatsoever. Accordingly, the Settlement may not be construed as an admission of
the Defendants’ or Chais’ wrongdoing, nor construed or deemed to be evidence of or an
admission or concession on the part of any Defendant or with respect to Chais regarding the
merits of any claim, nor of any infirmity in the defenses that the Defendants or Chais have, or
could have, asserted in this Litigation. Likewise, the Settlement shall in no event be construed or
deemed to be evidence of or an admission or concession on the part of any Plaintiffs of any
infirmity in the claims that Plaintiffs have, or could have, asserted.

11. Since Plaintiffs’ Actions were filed in 2009, the parties to the Litigation have
engaged in extensive discovery and motion practice before the Court. Collectively, the parties
produced many thousands of pages of documents during the course of the Litigation. In

⁷ Plaintiffs also filed amended complaints which, after Chais passed away, named, among other defendants, Pamela
Chais as executor of the Estate of Stanley Chais (the “Chais Estate”).

1 addition, Plaintiffs took and defended numerous depositions, including Chais’s deposition taken
2 over the course of nine sessions in January, March, and April 2010. Chais passed away in the fall
3 of 2010. The Estate of Stanley Chais was thereafter substituted as a defendant in the Adversary
Proceeding, the Plaintiffs’ Actions, the CAAG Action, and the Trustee Action.

4 12. During the Litigation, certain of the Defendants, including all of the Chais Related
5 Defendants, argued in demurrers filed with the Court, that certain claims brought by the
6 Plaintiffs should be dismissed because those claims are barred by the automatic stay imposed by
7 the United States Bankruptcy Code and belong to the Trustee. Plaintiffs opposed this argument.
Initially, the Court granted the demurrers, with leave to amend the complaints. Amended
complaints were then filed, and additional demurrers were filed challenging the amended
complaints.

8 13. On January 4, 2012, prior to the Court ruling on the demurrers to the amended
9 complaints, the Trustee filed an adversary proceeding in the Bankruptcy Court for the Southern
10 District of New York against Plaintiffs and the CAAG, seeking to enjoin them from continuing
11 to litigate the actions they filed in this Court, on the ground that the automatic stay applied to or
12 should be extended to both the Plaintiffs’ Actions and the CAAG Action (the “Injunctive
Adversary Proceeding”). In addition to filing the Injunctive Adversary Proceeding, the Trustee
13 filed an application with the Bankruptcy Court (the “Application”) seeking an order to enforce
14 the automatic stay and immediately preclude both the Plaintiffs’ Actions and the CAAG Action
15 from going forward.

16 14. Numerous briefs were filed in connection with the Trustee’s Application, and a
17 hearing was set for July 2012 for argument on the Trustee’s Application. At that hearing, the
18 Bankruptcy Court, rather than rule on the Trustee’s Application, referred the matter to mediation.
19 Since August 2012, the Trustee, the CAAG, the Plaintiffs, the Stanley Chais Defendants and the
20 Chais Related Defendants engaged in multiple mediation conferences and related mediation
21 communications with the Hon. James L. Garrity, Jr., at that time retired from the United States
Bankruptcy Court for the Southern District of New York, as mediator.

22 15. During and after these communications, the Plaintiffs engaged in discussions and
23 negotiations regarding a resolution of Plaintiffs’ Actions and the Trustee’s Injunctive Adversary
24 Proceeding against Plaintiffs. These negotiations led to the Agreement, which will resolve all
25 claims made in connection with the Plaintiffs’ Actions and the Trustee’s Injunctive Adversary
26 Proceeding against Plaintiffs. The negotiations also resolved the Trustee Action (the “Trustee
27 Agreement”), the CAAG Action, and the Trustee’s Injunctive Adversary Proceeding against the
28 CAAG (the “CAAG Agreement”).⁸

16. Pursuant to the Trustee Agreement, the Stanley Chais Defendants have agreed to
turn over to the Trustee substantially all of their assets, and the Chais Related Defendants have
agreed to pay to the Trustee an amount equal to their two-year transfers from their BLMIS
accounts, as determined by the Trustee.⁹

⁸ The CAAG Settlement Agreement can be obtained at www.weintraub.com and www.milberg.com.

⁹ The Trustee Agreement can be obtained at www.weintraub.com and www.milberg.com.

1 17. Pursuant to the CAAG Agreement, a fund will be created for compensating the
2 investors in the California Limited Partnerships, the Sub-Partnerships and/or any partnership (in
3 addition to the Sub-Partnerships) that was a limited partner of the California Limited
4 Partnerships (the "Restitution Fund"), in the amount of Fifteen Million Dollars (\$15,000,000), to
5 be funded in part through concessions by the Trustee and in part by contributions by certain of
6 the Defendants in consideration for, *inter alia*, (i) the termination of the CAAG Action, (ii)
7 resolution of all disputes between the Trustee and the Attorney General relating to the assets of
8 Stanley Chais and the Estate of Stanley Chais; and (iii) releases by Restitution Fund Claimants
9 (as defined in the CAAG Agreement) in favor of the Defendants and certain of their affiliates,
10 agents and other related parties.

11 18. On _____, the Bankruptcy Court entered an order approving and
12 authorizing the Trustee (to the extent necessary) to enter into the Agreement, Trustee Agreement
13 and CAAG Agreement.

14 19. The Plaintiffs believe, based upon their investigation and discovery thus far, that
15 the claims asserted in this Litigation have merit. However, Plaintiffs and their counsel are
16 mindful of the inherent problems of proof of, and possible defenses to, the allegations asserted in
17 this Litigation, and recognize and acknowledge the expense and length of continued proceedings
18 necessary to prosecute this Litigation through trial and through anticipated appeals. Plaintiffs
19 and their counsel also have taken into account the uncertain outcome and the risk of any
20 litigation, especially in complex actions such as the derivative litigation of this type, as well as
21 the difficulties and delays inherent in such litigation. Under the circumstances, Plaintiffs and
22 their counsel have concluded that the terms and conditions of the Settlement Agreement are fair,
23 reasonable and adequate to the California Limited Partnerships and the Sub-Partnerships, and in
24 their best interests, and have agreed to settle the claims raised in this Litigation pursuant to the
25 terms and provisions of Agreement, after considering (i) the substantial benefits that the
26 California Limited Partnerships and the Sub-Partnerships will receive from resolution of this
27 Litigation on the terms set forth in the Agreement, including but not limited to releases by the
28 Trustee for any potential clawback claims he may have against certain investors in the California
Limited Partnerships and the Sub-Partnerships; (ii) the uncertainty that a trial on the merits could
result in a judgment providing the California Limited Partnerships and/or the Sub-Partnerships
with the same or substantially the same benefits; (iii) the attendant risks and uncertainty of
continued litigation; and (iv) the desirability of permitting the Settlement to be consummated
without delay as provided by the terms of the Agreement.

WHAT ARE THE TERMS OF THE PROPOSED SETTLEMENT?

20. The terms and conditions of the proposed Settlement are set forth in the
Agreement. This Agreement has been filed with the Court and is also available for viewing on
www.weintraub.com and www.milberg.com. The following is only a summary of the terms of
the Agreement.

21. The Restitution Fund will include Fifteen Million Dollars (\$15,000,000) funded
under the terms of the CAAG Agreement plus additional funds contributed pursuant to the
Agreement in the Plaintiffs' Actions in the amount of Five Million, Two Hundred Thousand
Dollars (\$5,200,000) ("Settlement Proceeds") for a combined total of Twenty Million Two
Hundred Thousand Dollars (\$20,200,000), less any amounts, up to a maximum of One Hundred
Thousand Dollars (\$100,000), awarded by the Court for an incentive award to Plaintiffs and less

1 any amounts, up to a maximum of Four Million Dollars (\$4,000,000), awarded by the Court to
2 Plaintiffs' counsel for attorneys' fees and costs, as discussed below.

3 22. Disbursements from the Restitution Fund shall be made by the CAAG in
4 accordance with the CAAG Agreement. **Those investors in the California Limited**
5 **Partnerships, in the Sub-Partnerships and/or any partnership (in addition to the Sub-**
6 **Partnerships) that was a limited partner in the California Limited Partnerships seeking to**
7 **recover monies from the Restitution Fund must submit a claim in accordance with the**
8 **procedures established by the CAAG Agreement.**

9 23. Those claimants who incurred a "Net Loss" or a "Nominal Loss" in relation to
10 his, her or its investment(s) will be eligible to recover from the Restitution Fund. "Net Loss"
11 means, with respect to a Restitution Fund Claimant, the amount by which the aggregate of all
12 investments made by such Restitution Fund Claimant to the California Limited Partnerships,
13 Sub-Partnerships and/or any partnership (in addition to the Sub-Partnerships) that was a limited
14 partner of the California Limited Partnerships exceeds the aggregate amount of distributions
15 received by such Restitution Fund Claimant on account thereof. "Nominal Loss" means, with
16 respect to a Restitution Fund Claimant, the sum of such Restitution Fund Claimant's interests in
17 the California Limited Partnerships' account balances with BLMIS as of December 11, 2008.
18 The actual amounts that a Restitution Fund Claimant will actually receive will be determined in
19 accordance with CAAG Agreement.

20 24. In addition, under the Agreement, Defendants and certain others included within
21 the definition of Chais Releasees and Relevant Third Party Releasees will obtain injunctive relief
22 in the form set forth in Section 7(b) of the Agreement, and there will be a judicial dissolution,
23 winddown and termination of existence for all purposes of the California Limited Partnerships in
24 accordance with California law.

25 25. In connection with the Court's approval of the Settlement, all claims asserted by
26 or against any of the Plaintiffs, including claims against Defendants, each Affiliate thereof, will
27 be dismissed with prejudice. **Additionally, the Plaintiff Group Members will release**
28 **Defendants and certain others included within the definition of Chais Releasees and**
Relevant Third Party Releasees, covenant not to sue and be enjoined from pursuing any
and all actions, causes of action, and any other right to obtain any type of damages or any
other remedies of whatever kind, whether individual, class, derivative, representative,
legal, equitable, or any other type or in any other capacity, and that in any way arise out of
or in connection with the California Limited Partnerships, the Sub-Partnerships, BLMIS,
the Madoff Ponzi scheme and/or any other matters involving Stanley Chais, subject to
certain narrow exceptions. The full scope of the releases and the persons and entities who are
the subject of the releases are set forth in the Agreement, which is available at www.milberg.com
and www.weintraub.com.

WHAT MIGHT HAPPEN IF THERE WERE NO SETTLEMENT?

24 26. As a result of the Bankruptcy Court approving the Trustee Agreement, no assets
25 of the Chais Estate are available to pay the claims in Plaintiffs' Actions. Claims against the
26 remaining Defendants are much riskier than the claims against the Chais Estate. These
27 Defendants have limited assets, and any recovery in the Plaintiffs' Actions could be rendered
28 moot by the terms of the Trustee Agreement, separately reached with Defendants. Under that
agreement, all assets of the Chais Estate go to the Trustee, and the Trustee can seek to obtain a
judgment in the Bankruptcy Court against the California Limited Partnerships for withdrawals

1 they made from BLMIS. Although the specific amount of the Trustee's claim is not yet fully
2 ascertained, it is anticipated that it could be in excess of \$100 million and potentially more than
3 \$1 billion. The Trustee can then assign that judgment to the Chais Related Defendants. If the
4 Plaintiffs then obtain a judgment against the Chais Related Defendants, the specific amount of
5 Plaintiffs' claim, which similarly could be in excess of \$100 million, will potentially be offset by
6 the Trustee's judgment assigned to the Chais Related Defendants. The Trustee Agreement also
7 provides that the Trustee will use his reasonable best efforts to obtain a permanent injunction in
8 favor of the Defendants enjoining the continued prosecution of any claims released by the
9 Trustee and any claim that is duplicative or derivative of any such claim. That injunction could
10 significantly limit, if not preclude, much of the relief sought in the Litigation.

11 27. Even if the Trustee Action and/or the Trustee Agreement do not moot Plaintiffs'
12 ability to pursue Defendants, Plaintiffs will face other risks if there is no settlement. As
13 discussed above, Plaintiffs and Defendants have sharply diverging views of the factual and legal
14 merits of the case and the applicable legal standards. Under the applicable rules, the Court
15 would determine whether, in light of the legal standards that apply to the Defendants' conduct,
16 there are material factual disputes that should be decided by a jury. Plaintiffs and their counsel
17 recognize that the Court could adopt the Defendants' view of the applicable legal standards or
18 otherwise decide that the discovered facts are insufficient to impose liability as a matter of law.

19 28. It also is possible that the Court could agree with Plaintiffs and their respective
20 counsel and the case could proceed to trial. In that case, if Plaintiffs prevailed in whole at trial,
21 the Defendants could be ordered to pay damages in an undetermined amount, which could
22 exceed the amount agreed to in the Settlement and the above-referenced offset. If, however,
23 Defendants prevailed at trial, there would be no recovery or benefit. In addition, following a trial,
24 lengthy appeals by the losing party would be likely.

25 29. Additionally, the Trustee has claimed that distributions paid by Madoff through
26 Chais to the California Limited Partnerships, Sub-Partnerships and individual investors during
27 the two year period immediately prior to the commencement of bankruptcy proceedings are
28 subject to a clawback proceeding by the Trustee. The Trustee had advised that if the Plaintiffs
pursue their actions, he will consider and most likely proceed with the clawback proceedings,
which would further limit any potential recovery Plaintiffs could obtain from the Litigation.

HOW WILL THE ATTORNEYS BE PAID? HOW WILL INCENTIVE AWARDS BE PAID?

30 30. Plaintiffs' counsel shall apply for an award of attorneys' fees and reimbursement
31 of expenses not to exceed Four Million Dollars (\$4,000,000) and to be paid or caused to be paid
32 by Defendants exclusively out of the Settlement Proceeds.

33 31. In addition, Plaintiffs' counsel will apply to the Court for incentive awards
34 payable by Defendants exclusively out of the Settlement Proceeds, of up to an aggregate
35 maximum amount of One Hundred Thousand Dollars (\$100,000), and no more than Twenty-five
36 Thousand Dollars (\$25,000) to any one of the Individual Plaintiffs as compensation for their
37 efforts in prosecuting the Litigation and for their reasonable expenses.

38 32. Plaintiffs' counsel will file their papers in support of final approval of the
Settlement, their application for attorneys' fees and reimbursement of expenses, and their
application for an incentive award for Individual Plaintiffs by no later than _____. These
papers will be posted on Plaintiffs' counsels' respective websites www.weintraub.com and
www.milberg.com.

1 33. Although the Settlement is conditioned on Court approval, the Settlement is not
2 conditioned on the Court awarding Plaintiffs' counsels' attorneys' fees, reimbursement of
expenses or incentive awards for Individual Plaintiffs.

3 **WHEN AND WHERE WILL THE COURT RULE ON APPROVAL OF THE**
4 **SETTLEMENT? DO I HAVE TO COME TO THE HEARING? MAY I SPEAK AT**
5 **THE HEARING?**

6 34. You may, if you wish to do so, comment to the Court on the Settlement, the
7 application for an award of attorneys' fees and reimbursement of expenses, and/or the
8 application for incentive awards for the Individual Plaintiffs. If you do not wish to object in
person to the Settlement, the application for attorneys' fees and reimbursement of expenses
and/or incentive awards for the Individual Plaintiffs, you do not need to attend the Settlement
Hearing. You can object to the Settlement, the application for attorneys' fees and reimbursement
of expenses, and/or the application for incentive for the Individual Plaintiffs without attending.

9 35. Any Limited Partner and any partner in any partnership (in addition to the Sub-
10 Partnerships) that was a partner in the California Limited Partnerships may object to the
11 Settlement, Plaintiffs' counsels' request for an award of attorneys' fees and expenses, or the
12 request for an incentive award for the Individual Plaintiffs. Objections must be in writing, and
13 must include (i) the objector's name, address and telephone number, along with a representation
14 as to whether the objector intends to appear at the Settlement Hearing; (ii) proof that the objector
15 is a Limited Partner or a partner in any partnership (in addition to the Sub-Partnerships) that was
16 a partner in the California Limited Partnerships; (iii) proof that the person or entity submitting
17 the objection has authority to submit the objection on behalf of the Limited Partner or the partner
18 in any partnership (in addition to the Sub-Partnerships) that was a partner in the California
19 Limited Partnerships, if not submitted directly by the Limited Partner or the partner in any
20 partnership (in addition to the Sub-Partnerships) that was a partner in the California Limited
21 Partnerships; (iv) a statement of the objections to any matters before the Court, the grounds
therefore or the reasons for the objector's desiring to appear and be heard, as well as all
documents or writings the objector desires the Court to consider; and (v) if the objector has
indicated that he, she or it intends to appear at the Settlement Hearing, the identities of any
witnesses the objector may call to testify and any exhibits the objector intends to introduce into
evidence at the Settlement Hearing. **You must file your objection with the Clerk's Office at
the address set forth below on or before _____, 2016.** You must also serve the papers (by
hand, first class mail, or express service) on Plaintiffs' counsel and Defendants' counsel at the
addresses set forth below so that the papers are *received* by such counsel on or before
_____, 2016.

22 36. If you fail to object in the manner and within the time prescribed above you shall
23 be deemed to have waive your right to object (including the right to appeal) and shall forever be
barred, in this proceeding or in any other proceeding, from raising such objection(s).

24 37. The Settlement Hearing will be held on _____, 2016, at _:_:___ .m., before the
25 Honorable Elizabeth A. White, at the Superior Court of California, 5th Floor, Stanley Mosk
26 Courthouse, 111 North Hill Street, Dept. 48, Los Angeles, CA 90012. The Court reserves the
27 right to approve the Settlement or the application for attorneys' fees and expenses at or after the
Settlement Hearing without further notice to any Limited Partner or any partner in any
partnership (in addition to the Sub-Partnerships) that was a partner in the California Limited
Partnerships.

1 38. The Settlement Hearing may be adjourned by the Court without further written
2 notice to you. If you intend to attend the Settlement Hearing, you should confirm the date and
3 time with Plaintiffs' counsel.

Clerk's Office	Plaintiffs' counsel
<p data-bbox="321 361 847 577">SUPERIOR COURT OF CALIFORNIA COUNTY OF LOS ANGELES Clerk of the Court Stanley Mosk Courthouse 111 North Hill Street Los Angeles, CA 90012</p>	<p data-bbox="938 361 1510 541">Marvin Gelfand, Esq. Weintraub Tobin Chediak Coleman Grodin, Inc. 10250 Constellation Blvd., Suite 2900 Los Angeles, California 90067</p> <p data-bbox="1198 583 1247 613">and</p> <p data-bbox="993 655 1458 793">Barry Weprin, Esq. Milberg LLP One Pennsylvania Plaza, 50th Floor New York, NY 10019</p> <p data-bbox="1010 835 1442 940">Milberg LLP 2850 Ocean Park Blvd. Suite 300 Santa Monica, CA 90405</p>
Counsel for the Stanley Chais Defendants	Counsel for the Chais Related Defendants
<p data-bbox="305 1024 841 1201">Dennis F. Dunne, Esq. Michael L. Hirschfeld, Esq. Milbank, Tweed, Hadley & McCloy LLP 28 Liberty Street New York, NY 10005</p> <p data-bbox="597 1243 646 1272">and</p> <p data-bbox="321 1314 857 1453">Jerry L. Marks Milbank, Tweed, Hadley & McCloy LLP 2029 Century Park East, 33rd Floor Los Angeles, CA 90067</p>	<p data-bbox="1052 1024 1399 1163">Andrew H. Sherman, Esq. Sills Cummis & Gross P.C. One Riverfront Plaza Newark, NJ 07102</p> <p data-bbox="1198 1205 1247 1234">and</p> <p data-bbox="1026 1276 1425 1415">Steven J. Katzman, Esq. Biernert, Miller & Katzman 903 Calle Amancer, Suite 350 San Clemente, CA 92673</p>

CAN I SEE THE COURT FILE? WHOM SHOULD I CONTACT IF I HAVE QUESTIONS?

23 39. This Notice contains only a summary of the terms of the Agreement. More
24 detailed information about the Litigation is available at either of Plaintiffs' counsels' respective
25 firm websites: www.weintraub.com and www.milberg.com, including, among other documents,
26 the complaints, the Agreement, the Trustee Agreement and the CAAG Agreement. You or your
27 attorney may examine the Court files for the Litigation (*Heimoff v. Chais, et al.*, Case No.
28 BC413821; *Hall v. Chais, et al.*, Case No. BC413820; *Bottlebrush Investments, LP v. The
Lambeth Company, et al.*, Case No. BC407967; *Leghorn Investments, Ltd. v. Brighton
Investments, et al.*, Case No. BC408661) during regular business hours at the Superior Court of
California, County of Los Angeles. Questions about the Settlement or about this Notice in
general should be directed to:

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(800) 320-5081
ContactUs@milberg.com

MILBERG LLP
2850 Ocean Park Blvd. Suite 300
Santa Monica, CA 90405

Plaintiffs' counsel

**DO NOT CALL OR WRITE THE COURT OR THE OFFICE OF THE CLERK OF
COURT REGARDING THIS NOTICE.**

Dated: _____, 2016

By Order of the Clerk of the Court
Superior Court of California
County of Los Angeles

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34 Fax: (212) 868-1229

35 [Additional Counsel on Signature Page]

36 *Attorneys for Plaintiffs Douglas Hall and Steven Heimoff*

37 SUPERIOR COURT OF THE STATE OF CALIFORNIA
38 COUNTY OF LOS ANGELES, CENTRAL DISTRICT

39 BOTTLEBRUSH INVESTMENTS, L.P.,
40 a California limited partnership,

41 Plaintiff,

42 v.

43 THE LAMBETH COMPANY, a
44 California limited partnership, et al.,

45 Defendants.

46 CASE No. BC 407967

47 Assigned for All Purposes to the Honorable
48 Elizabeth Allen White, Department 48

49 **[PROPOSED] FINAL SETTLEMENT**
50 **APPROVAL ORDER AND FINAL**
51 **JUDGMENT**

52 CASE NO.: BC 408661

CONSOLIDATED WITH:

LEGHORN INVESTMENTS, LTD., a
California limited partnership,

Plaintiff,

v.

BRIGHTON INVESTMENTS, LTD., a
California limited partnership, et al,

Defendants.

[Related to Case Nos. BC 409548,
BC 413821, BC 413820 BC 422257 and
BC 456932]

AND RELATED CROSS-ACTIONS

DOUGLAS HALL, as Co-Trustee of the
VIVIAN H. HALL IRA and Derivatively on
Behalf of CRESCENT SECURITIES,

Plaintiff,

vs.

PAMELA CHAIS as executor of the estate of
STANLEY CHAIS, et al.

Defendants,

and

THE POPHAM COMPANY,

First Nominal Defendant,

and

MARLOMA SECURITIES,

Second Nominal Defendant.

) Lead Case No. BC413820
) Consolidated with: BC413821

) [Related to Case Nos. BC404557, BC404557;
) BC407721, BC407967, BC408661, BC409658,
) BC422257 and BC422258]

AND

STEVEN HEIMOFF, as Trustee of the
STEVEN HEIMOFF IRA and Derivatively on
behalf of MARLOMA SECURITIES,

Plaintiff,

vs.

PAMELA CHAIS as executor of the estate of

1 STANLEY CHAIS, et al,)
2 Defendants,)
3 and)
4 THE POPHAM COMPANY,)
5 First Nominal Defendant,)
6 and)
7 MARLOMA SECURITIES,)
8 Second Nominal Defendant.)
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1 On _____, 2016, the Court entered an Order granting
2 preliminary approval of the Parties’ settlement agreement dated October 19, 2016 (the “CA
3 Settlement Agreement”) and the proposed form and method of providing notice of settlement
4 (the “Notice of Settlement”) to the Limited Partners¹ of the California Limited Partnerships
5 and Sub-Partnerships, and the partners of any partnership (in addition to the Sub-Partnerships)
6 that was a limited partner of the California Limited Partnerships, whose rights are affected by
7 the above-captioned consolidated cases and the Settlement Agreement (the “California
8 Preliminary Approval Order”). The California Preliminary Approval Order also set a date for
9 a final Settlement Hearing before the Court to determine whether the CA Settlement
10 Agreement should be approved as fair, reasonable, adequate and in the best interests of the
11 California Limited Partnerships and the Sub-Partnerships. On _____,
12 2016, pursuant to California Rules of Court, rule 3.1382 and in accordance with the CA
13 Settlement Agreement, Plaintiffs filed a motion for (i) final approval of the proposed
14 settlement of the California Private Actions (the “Final Approval Motion”), (ii) the judicial
15 dissolution, winddown and termination of existence for all purposes of the California Limited
16 Partnerships in accordance with California law, and (iii) the dismissal with prejudice of the
17 California Private Actions. Contemporaneously with the Final Approval Motion, Plaintiffs
18 filed (i) a motion seeking an award of attorneys’ fees and expenses to Plaintiffs’ counsel (the
19 “Attorneys’ Fees Motion”), and (ii) an application for incentive awards to Individual Plaintiffs
20 Douglas Hall, Steven Heimoff, Pearl Gardner, and Robert Glusman for their efforts in
21 prosecuting, and expenses incurred in connection with, the California Private Actions (the
22 “Incentive Award Application”).

23 Upon consideration of the Final Approval Motion, the Attorneys’ Fees Motion, and
24 the Incentive Award Application, and memoranda in support thereof [, the objections to the
25 CA Settlement Agreement submitted by _____,] and the presentations
26 _____

27 ¹ Unless expressly defined in this Order and Final Judgment, all capitalized terms shall have the meanings assigned
28 to them in the CA Settlement Agreement and incorporated herein by reference.

1 at the Settlement Hearing held before this Court on _____, IT IS
2 HEREBY ORDERED, ADJUDGED, AND DECREED:

- 3 1. The Court hereby enters this ORDER AND FINAL JUDGMENT (the “California
4 Private Actions Approval Order”) as set forth herein and pursuant to the terms and
5 conditions of the CA Settlement Agreement attached as Exhibit ___ to the Final
6 Approval Motion, which are incorporated by reference.
- 7 2. This Court has jurisdiction over the subject matter of the California Private Actions
8 and the Parties thereto.
- 9 3. For the reasons stated by the Court on the record at the Settlement Hearing [AND/OR
10 set forth in the Memorandum Opinion and Order Granting the Final Approval Motion
11 issued on _____], the Final Approval Motion is GRANTED.
12 After considering, among other things, (i) the substantial discovery conducted by the
13 Plaintiffs’ counsel, which allows Plaintiffs’ counsel and the Court to act on an
14 informed basis, (ii) the difficult substantive issues presented by Plaintiffs’ claims,
15 (iii) the complexity, likely long duration, and substantial risks associated with the
16 prosecution of the Plaintiffs’ claims to finality, (iv) the finite resources available for
17 settlement and the substantial competing claims on those resources asserted by other
18 persons, including the Securities Investor Protection Corporation and the Attorney
19 General of the State of California, (v) the protracted and hard-fought settlement
20 process initiated at the direction of the United States Bankruptcy Court for the
21 Southern District of New York, (vi) the experience and skill of Plaintiffs’ counsel in
22 similar litigation, and (vii) the absence of substantial opposition among the Limited
23 Partners or the partners of any partnership (in addition to the Sub-Partnerships) that
24 was a limited partner of the California Limited Partnerships, the Court finds that the
25 CA Settlement Agreement is fair, reasonable, adequate, and in the best interests of
26 Plaintiffs, the California Limited Partnerships, and the Sub-Partnerships, and all direct
27 and indirect limited partners of the California Limited Partnerships, the Sub-

28

1 Partnerships, and any partnership (in addition to the Sub-Partnerships) that was a
2 limited partner of the California Limited Partnerships.

- 3 4. All objections to the CA Settlement Agreement are overruled.
- 4 5. The Attorney Fees Motion and the Incentive Award Application are also GRANTED.
5 Plaintiffs' counsel shall be awarded \$_____ for attorneys' fees and
6 reimbursement of litigation expenses incurred in the prosecution of the California
7 Private Actions. Individual Plaintiffs Douglas Hall, Steven Heimoff, Pearl Gardner,
8 and Robert Glusman shall be awarded incentive payments in the amount of \$_____ per person as compensation for their efforts in prosecuting the California Private
9 Actions and for their reasonable expenses.
- 10 6. The California Private Actions and all claims, including any counterclaims, asserted
11 by or against any of the Settling Parties therein, are hereby dismissed with prejudice as
12 set forth in the CA Settlement Agreement.
- 13 7. For the reasons provided in the California Preliminary Approval Order, the Court finds
14 that the form, content, and manner of giving notice of the CA Settlement Agreement
15 constituted the best notice practicable under the circumstances and constituted valid,
16 due, and sufficient notice to the Limited Partners and the partners of any partnership
17 (in addition to the Sub-Partnerships) that was a limited partner of the California
18 Limited Partnerships. The Notice of Settlement fully complied with the requirements
19 of California Code of Civil Procedure section 382, California Rules of Court, rule
20 3.1385, the United States and California Constitutions, and any other applicable law.
- 21 8. The California Limited Partnerships shall be judicially dissolved and terminated of
22 existence for all purposes in accordance with California law without any further act or
23 conduct by any party including, without limitation, the filing of a State of California
24 Secretary of State Limited Partnership Certificate of Cancellation. [OR: Pursuant to
25 Section 3(c) of the CA Settlement Agreement, Jeffrey I. Golden, Esq. of Lobel Weiland
26 Golden Friedman LLP is hereby designated as the person authorized to wrap up the
27 affairs of each of the California Limited Partnerships (the "Designee"). In connection
28

1 therewith, the Designee is directed to file immediately with the Secretary of State of the
2 State of California (the “Secretary”), for each of the California Limited Partnerships,
3 Form LP-2 (“Amendment to Certificate of Limited Partnership”) indicating Designee’s
4 appointment as such in Item 7(b) of the Form LP-2. Promptly after the filing of Form
5 LP-2 for each of the California Limited Partnerships, the Designee is further directed to
6 file for each of the California Limited Partnerships a Form LP-4/7 (“Limited Partnership
7 Certificate of Cancellation”). The Court further finds that the filing of the Forms LP-4/7
8 is proper under California law and that (i) each of the California Limited Partnerships has
9 no assets or other property to distribute, and (ii) with the settlement of the Adversary
10 Proceeding² and the California Private Actions, and the dismissal in connection therewith
11 of the counterclaims asserted by the California Limited Partnerships, each of the
12 California Limited Partnerships will not be a party to any known civil, criminal or
13 administrative action or proceeding, and the California Limited Partnerships will have no
14 known debts or obligations. The Designee shall be paid a retainer fee of Twenty-Five
15 Thousand Dollars (\$25,000) for winddown services provided under the CA Settlement
16 Agreement. In connection with performing the winddown services, the Designee shall
17 not be liable to the Parties or the Trustee, or any party asserting a claim on behalf of any
18 of the Parties or the Trustee, except for direct damages that are a direct result of the
19 Designee’s gross negligence, bad faith, self-dealing or intentional misconduct. The
20 Designee’s aggregate liability, whether in tort, contract, or otherwise, shall be limited to
21 the total amount of fees paid to the Designee.]

- 22 9. Any person or entity in possession of any books or records of the California Limited
23 Partnerships is required to maintain all of such books and/or records until the earlier to
24 occur of (x) the date on which the process that is contemplated and to be administered

25 _____
26
27 ² The Adversary Proceeding is a proceeding commenced by the Bankruptcy Trustee against the Stanley Chais
28 Defendants and the Chais Related Defendants in the United States Bankruptcy Court for the Southern District of
New York under the caption *Picard v. Stanley Chais, et al.*, Adv. Pro. No. 09-01172 (SMB).

1 under the terms of the AG Settlement Agreement, through which the investors in the
2 California Limited Partnerships are to be compensated, is complete, and (y) the date
3 which is two years after entry of this Order, after which any person or entity then in
4 possession of such books and/or records may maintain or destroy any or all of such books
5 and/or records in their sole and absolute discretion without any liability to any third party
6 arising from their exercise of such discretion. Notwithstanding the foregoing provisions
7 of this Paragraph 9, any of the Defendants and any of their respective attorneys,
8 accountants, agents and representatives who has effected a Records Turnover shall be
9 excused thereafter from any obligation to maintain any books and/or records or search for
10 any information of or in any way relating to the California Limited Partnerships and shall
11 have no liability to any third party in connection therewith.

12 10. Upon the occurrence of the California Private Actions Settlement Effective Date (the
13 “CPAS Effective Date”), as defined in Section 2 of the CA Settlement Agreement,
14 consistent with the provisions of the CA Settlement Agreement governing the timing for
15 performance, the parties are directed to perform their respective obligations under the CA
16 Settlement Agreement, in accordance with its terms (including, but not limited to, the
17 provisions governing monetary payments in Section 4 of the CA Settlement Agreement)
18 and consistent with all additional parameters set forth in this California Private Actions
19 Approval Order and any other subsequent orders of the Court.

20 11. The Court finds that the scope of the release provisions set forth in Sections 7, 8, and 9 of
21 the Settlement Agreement is valid and appropriate under the terms of the CA Settlement
22 Agreement. Accordingly, upon the CPAS Effective Date, the Plaintiffs, on behalf of all
23 Plaintiff Group Members, the Defendants, and the Trustee shall be deemed to have fully,
24 finally, and forever released, relinquished, and discharged the Released Claims against
25 the Released Parties, as these terms are defined in the CA Settlement Agreement and on
26 the conditions set forth in the CA Settlement Agreement.

27 12. As of the CPAS Effective Date, the Plaintiff Group Members (as defined in Section 7(a)
28 of the Settlement Agreement) are hereby permanently stayed, restrained and enjoined

1 from taking, any of the following actions at law or in equity in connection with any
2 Plaintiffs Released Claims, whether directly, derivatively or in any other manner: (i)
3 commencing, conducting or continuing in any manner any action or proceeding of any
4 kind (including any action or proceeding in a judicial, arbitral, administrative or other
5 forum, whether domestic or foreign) against any Chais Releasee or any Relevant Third
6 Party Releasee, any direct or indirect successor in interest to any Chais Releasee or any
7 Relevant Third Party Releasee, or any immediate or mediate, direct or indirect transferee
8 of any Chais Releasee or any Relevant Third Party Releasee, or against the property of
9 any of the foregoing; (ii) enforcing, levying, attaching (including pre-judgment
10 attachment), collecting or otherwise recovering, by any manner or means, any judgment,
11 award or decree against any Chais Releasee or any Relevant Third Party Releasee, any
12 direct or indirect successor in interest to any Chais Releasee or any Relevant Third Party
13 Releasee, or any immediate or mediate, direct or indirect transferee of any Chais
14 Releasee or any Relevant Third Party Releasee, or against the property of any of the
15 foregoing; (iii) creating, perfecting or otherwise enforcing in any manner, directly or
16 indirectly, any lien against any Chais Releasee or any Relevant Third Party Releasee, any
17 direct or indirect successor in interest to any Chais Releasee or any Relevant Third Party
18 Releasee, or any immediate or mediate, direct or indirect transferee of any Chais
19 Releasee, or against the property of any of the foregoing; or (iv) asserting any setoff,
20 right of subrogation or recoupment of any kind, directly or indirectly, against any Chais
21 Releasee or any Relevant Third Party Releasee, any direct or indirect successor in interest
22 to any Chais Releasee or any Relevant Third Party Releasee, or any immediate or
23 mediate, direct or indirect transferee of any Chais Releasee or any Relevant Third Party
24 Releasee. The Plaintiffs' Released Claims do not include any claim by the Plaintiff
25 Group Members: (i) filed with the "Madoff Victim Fund" being administered by Richard
26 C. Breeden pursuant to his appointment as Special Master for the U.S. Department of
27 Justice, or (ii) to enforce the rights of the Plaintiff Group Members under the terms of the
28 Restitution Fund. Notwithstanding that the provisions in this paragraph 10 shall not be

1 effective until the CPAS Effective Date, the Plaintiff Group Members shall take no action
2 whatsoever on or after the Execution Date that would be a violation of this paragraph 10
3 and corresponding Subsection 7(b) of the Settlement Agreement if it were to occur after
4 the CPAS Effective Date, unless an event resulting in a Rejection Date (as that term is
5 defined in the Settlement Agreement) occurs.

6 13. A copy of this California Private Actions Approval Order shall be posted on Plaintiffs'
7 counsels' respective firm websites: www.weintraub.com and www.milberg.com within 5
8 business days of the service of this Order and Final Judgment and shall remain posted
9 there for a period of at least 180 days after the CPAS Effective Date.

10 14. Except to the extent the United States Bankruptcy Court for the Southern District of New
11 York (the "Bankruptcy Court") cannot or declines to retain jurisdiction, the Bankruptcy
12 Court shall retain and have non-exclusive jurisdiction over any action to enforce the CA
13 Settlement Agreement, or any provision thereof. In the event the Bankruptcy Court
14 cannot or declines to retain or exercise jurisdiction, no Party or Limited Party shall bring,
15 institute, prosecute or maintain any action to enforce, modify, terminate, void, or interpret
16 the CA Settlement Agreement, or any provision thereof, in any court other than this
17 Court. In any action commenced in another court by a third party to enforce, modify,
18 terminate, void or interpret the CA Settlement Agreement, the Parties and Limited Party
19 shall seek to stay such action and transfer the action first to the Bankruptcy Court;
20 provided, however, in the event the Bankruptcy Court cannot or declines to retain or
21 exercise jurisdiction, the Parties and the Limited Party shall seek transfer to this Court.

22 IT IS SO ORDERED AND ADJUDGED.

23
24 Dated: _____

25 _____
Hon. Elizabeth A. White

EXHIBIT E

EXHIBIT E

PROPOSED TSA APPROVAL ORDER

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

In re:

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

Debtor.

SIPA LIQUIDATION

No. 08-01789 (SMB)

(Substantively Consolidated)

In re:

BERNARD L. MADOFF,

Debtor.

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

Plaintiff,

v.

ESTATE OF STANLEY CHAIS, *et al.*,

Defendants.

Adv. Pro. No. 09-01172 (SMB)

**ORDER PURSUANT TO SECTION 105(a) OF THE BANKRUPTCY
CODE AND RULES 2002 AND 9019 OF THE FEDERAL RULES OF
BANKRUPTCY PROCEDURE APPROVING AN AGREEMENT BY
AND AMONG THE TRUSTEE AND THE ESTATE OF
STANLEY CHAIS AND OTHER DEFENDANTS**

Upon the motion (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 Chapter 7 estate of Bernard L. Madoff, seeking entry of an order, pursuant to sections 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, *inter alia*, approving the

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

agreement, by and among the Trustee on the one hand and the Defendants identified in Exhibit A to the Motion (the “Settling Defendants”), on the other hand, in substantially the form annexed to the Motion (the “Trustee Settlement Agreement”) (ECF No. ___), 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 Court having considered the Affidavit of Irving 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 Trustee Settlement Agreement between the Trustee on the one hand and the Settling Defendants, on the other hand, is hereby approved and authorized; and it is further

ORDERED, that all provisions of the Trustee Settlement Agreement are incorporated herein by reference as if fully set forth herein; and it is further

ORDERED, that the Trustee and the Settling Defendants shall each comply with and carry out the terms of the Trustee Settlement Agreement; and it is further

ORDERED, that any BLMIS customer or creditor of the BLMIS estate who filed or could have filed a claim in the BLMIS liquidation, anyone acting on their behalf or in concert or participation with them, or anyone whose claim in any way arises from or is related to BLMIS or the Madoff Ponzi scheme, is hereby permanently enjoined (the “Permanent Injunction”) from asserting any Trustee Released Claims (as such term is defined in the Trustee Settlement Agreement) against the Chais Family BLMIS Accounts or any of the Settling Defendants or their property (individually and collectively) and any other

claim that is duplicative or derivative of the Trustee Released Claims brought by the Trustee, or which could have been brought by the Trustee against the Chais Family BLMIS Accounts or any of the Settling Defendants or their property; and it is further

ORDERED, that the Permanent Injunction is enforceable by the Settling Defendants, individually and collectively, and, accordingly, any future issue as to, and any determination limiting in any way, either the scope or the enforceability of the Permanent Injunction in favor of any particular Settling Defendant shall not automatically affect the scope or the enforceability of the Permanent Injunction as to any other Settling Defendants; and it is further

ORDERED, that this Court shall retain jurisdiction over any and all disputes arising under or otherwise relating to this Order.

Dated: New York, New York
_____, 2016

HONORABLE STUART M. BERNSTEIN
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT F

EXHIBIT F

PROPOSED CAAG APPROVAL ORDER

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

In re:

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

Debtor.

SIPA LIQUIDATION

No. 08-01789 (SMB)

(Substantively Consolidated)

In re:

BERNARD L. MADOFF,

Debtor.

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

Plaintiff,

v.

DOUGLAS HALL; STEVEN HEIMOFF;
BOTTLEBRUSH INVESTMENTS, L.P.;
LEGHORN INVESTMENTS LTD.; and
KAMALA D. HARRIS, solely in her capacity as
Attorney General for the State of California,

Defendants.

Adv. Pro. No. 12-01001 (SMB)

**ORDER PURSUANT TO SECTION 105(a) OF THE BANKRUPTCY CODE
AND RULES 2002 AND 9019 OF THE FEDERAL RULES OF BANKRUPTCY
PROCEDURE AUTHORIZING TRUSTEE TO SIGN ONTO, ON A LIMITED
BASIS, AN AGREEMENT EXECUTED BETWEEN THE ESTATE OF STANLEY
CHAI AND OTHER DEFENDANTS IN ADVERSARY PROCEEDING NO.
09-01172 ALSO PENDING BEFORE THIS COURT AND KAMALA D. HARRIS,
SOLELY IN HER CAPACITY AS ATTORNEY GENERAL OF THE STATE OF
CALIFORNIA**

Upon the motion (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 Chapter 7 estate of Bernard L. Madoff, seeking entry of an order, pursuant to sections 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, *inter alia*, requesting authorization for the Trustee to sign onto, on a limited basis, an agreement executed between the Defendants identified in Exhibit A to the Motion and Kamala D. Harris, solely in her capacity as Attorney General of the State of California, in substantially the form annexed to the Motion (the “AG Settlement Agreement”) (ECF No. ___); 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 Court having considered the Affidavit of Irving 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 Trustee is authorized to sign onto the AG Settlement Agreement on the limited basis set forth in the AG Settlement Agreement; and it is further

ORDERED, that this Court shall retain jurisdiction over any and all disputes arising under or otherwise relating to this Order.

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

Dated: New York, New York

_____, 2016

HONORABLE STUART M. BERNSTEIN
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT G

EXHIBIT G

PROPOSED CP BANKRUPTCY APPROVAL ORDER

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

In re:

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

Debtor.

SIPA LIQUIDATION

No. 08-01789 (SMB)

(Substantively Consolidated)

In re:

BERNARD L. MADOFF,

Debtor.

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

Plaintiff,

v.

DOUGLAS HALL; STEVEN HEIMOFF;
BOTTLEBRUSH INVESTMENTS, L.P.;
LEGHORN INVESTMENTS LTD.; and
KAMALA D. HARRIS, solely in her capacity as
Attorney General for the State of California,

Defendants.

Adv. Pro. No. 12-01001 (SMB)

**ORDER PURSUANT TO SECTION 105(a) OF THE BANKRUPTCY CODE
AND RULES 2002 AND 9019 OF THE FEDERAL RULES OF BANKRUPTCY
PROCEDURE AUTHORIZING TRUSTEE TO SIGN ONTO, ON A LIMITED
BASIS, AN AGREEMENT EXECUTED BETWEEN THE ESTATE OF STANLEY
CHAI AND OTHER DEFENDANTS IN ADVERSARY PROCEEDING NO. 09-
01172 AND PLAINTIFFS IN PENDING ACTIONS IN THE SUPERIOR COURT
OF THE STATE OF CALIFORNIA**

Upon the motion (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 Chapter 7 estate of Bernard L. Madoff, seeking entry of an order, pursuant to sections 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, *inter alia*, requesting authorization for the Trustee to sign onto, on a limited basis, an agreement executed between: the Defendants identified in Exhibit A to the Motion; and plaintiffs in pending actions in the Superior Court of the State of California, in substantially the form annexed to the Motion (the “CP Settlement Agreement”) (ECF No. ___); 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 Court having considered the Affidavit of Irving 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 Trustee is authorized to sign onto the CP Settlement Agreement on the limited basis set forth in the CP Settlement Agreement; and it is further

ORDERED, that this Court shall retain jurisdiction over any and all disputes arising under or otherwise relating to this Order.

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

Dated: New York, New York

_____, 2016

HONORABLE STUART M. BERNSTEIN
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT H

EXHIBIT H

AFFIDAVIT OF IRVING PICARD

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

<p>In re:</p> <p>BERNARD L. MADOFF INVESTMENT SECURITIES LLC,</p> <p style="text-align: center;">Debtor.</p>	<p>No. 08-01789 (SMB)</p> <p>SIPA LIQUIDATION</p> <p>(Substantively Consolidated)</p>
<p>IRVING H. PICARD, Trustee for the Liquidation of Bernard L. Madoff Investment Securities LLC,</p> <p style="text-align: center;">Plaintiff,</p> <p style="text-align: center;">v.</p> <p>ESTATE OF STANLEY CHAIS, <i>et al.</i>,</p> <p style="text-align: center;">Defendants.</p>	<p>Adv. Pro. No. 09-01172 (SMB)</p>
<p>IRVING H. PICARD, Trustee for the Liquidation of Bernard L. Madoff Investment Securities LLC,</p> <p style="text-align: center;">Plaintiff,</p> <p style="text-align: center;">v.</p> <p>DOUGLAS HALL; STEVEN HEIMOFF; BOTTLEBRUSH INVESTMENTS, L.P.; LEGHORN INVESTMENTS LTD.; and KAMALA D. HARRIS, solely in her capacity as Attorney General for the State of California,</p> <p style="text-align: center;">Defendants.</p>	<p>Adv. Pro. No. 12-01001 (SMB)</p>

**AFFIDAVIT OF IRVING H. PICARD, TRUSTEE, IN SUPPORT OF MOTION
FOR ENTRY OF ORDER PURSUANT TO SECTION 105(a) OF THE
BANKRUPTCY CODE AND RULES 2002(a)(3) AND 9019(a) OF THE FEDERAL
RULES OF BANKRUPTCY PROCEDURE APPROVING AN AGREEMENT BY
AND BETWEEN THE TRUSTEE AND STANLEY CHAIS AND OTHER
DEFENDANTS AND AUTHORIZING THE TRUSTEE TO SIGN ONTO ON A
LIMITED BASIS, (1) AN AGREEMENT EXECUTED BETWEEN THE ESTATE
OF STANLEY CHAIS AND OTHER DEFENDANTS IN ADVERSARY
PROCEEDING NO. 09-01172 AND KAMALA D. HARRIS, SOLELY IN HER
CAPACITY AS ATTORNEY GENERAL OF THE STATE OF CALIFORNIA, AND
(2) AN AGREEMENT EXECUTED BETWEEN THE ESTATE OF STANLEY
CHAIS AND OTHER DEFENDANTS IN ADVERSARY PROCEEDING**

**NO. 09-01172 AND PLAINTIFFS IN PENDING ACTIONS IN THE SUPERIOR
COURT OF THE STATE OF CALIFORNIA**

STATE OF NEW YORK)
)
COUNTY OF NEW YORK)

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

1. I am the trustee for the substantively consolidated liquidations of Bernard L. Madoff Investment Securities LLC (“BLMIS”) and 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 11 U.S.C. § 105(a), and Rules 2002 and 9019 of the Federal Rules of Bankruptcy Procedure: (i) approving the settlement by and between the Trustee and the Defendants identified in Exhibit A to the Motion¹ on the terms of the agreement attached as Exhibit B to the Motion (the “Trustee Settlement Agreement”); (ii) authorizing the Trustee to sign, on a limited basis, onto an agreement attached as Exhibit C to the Motion (the “AG Settlement Agreement”) executed between the Settling Defendants and Kamala D. Harris, solely in her capacity as Attorney General of the State of California (“Attorney General”); and (iii) authorizing the Trustee to sign, on a limited basis, onto an agreement attached as Exhibit D to the Motion (the “CP Settlement Agreement”) executed between the Settling Defendants and plaintiffs (the “California Plaintiffs”) in pending actions in the Superior Court of the State of California. The Trustee Settlement Agreement, AG Settlement Agreement, and CP Settlement Agreement shall herein be collectively referred to as the “Settlements.”

¹ As fully set forth in Exhibit A to the Motion, certain of the Defendants shall be referred to herein as the “Stanley Chais Defendants” and others as the “Chais Related Defendants.” The Stanley Chais Defendants and Chais Related Defendants shall be referred to collectively as the “Settling 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 Trustee Settlement Agreement, the AG Settlement Agreement, and/or the CP Settlement Agreement.

4. I believe that the terms of the Trustee Settlement Agreement fall well above the lowest point in the range of reasonableness and, accordingly, I request that the Trustee Settlement Agreement be approved by this Court. The Trustee Settlement Agreement resolves all issues regarding the asserted and unasserted claims against the Settling Defendants (the "Trustee's Claims") without the need for protracted and costly litigation, the outcome of which is uncertain. I recognize that litigating the Trustee's Claims would undoubtedly be extremely complex, would create significant delay, and would involve both litigation risk and difficulties associated with collection due to several factors, including evidentiary issues associated with Stanley Chais' death and the need for continued injunction proceedings to halt an action brought by the Attorney General in California. Significantly, the Trustee Settlement Agreement provides for the recovery of all of the assets remaining in the Estate of Stanley Chais, as well as substantially all of the assets currently owned by his widow, Pamela Chais, and for the recovery of all withdrawals of alleged fictitious profits made by the Chais Related Defendants in the two years prior to the Filing Date.

5. As part of the Settlements, the Trustee and the Settling Defendants have reached a good faith, complete, and total compromise as to any and all claims the Trustee asserted against the Settling Defendants in Adversary Proceeding No. 09-01172, including, but not limited to, claims the Trustee has asserted against the Settling Defendants for

avoidable and recoverable initial transfers by BLMIS to the Settling Defendants over the lifetime of their BLMIS accounts. The Settlements will return an estimated \$262 million in withdrawals made by the Settling Defendants from BLMIS.

6. In addition, the Trustee's limited participation in the AG Settlement Agreement and the CP Settlement Agreement will resolve the claims the Trustee has asserted against the Attorney General and the California Plaintiffs for injunctive relief in Adversary Proceeding No.12-01001 without requiring further litigation.


7. The Settlements greatly further the interests of the customers of BLMIS by, among other things, adding an estimated \$262 million to the Fund of Customer Property without significant diminution of assets that have now been recovered for addition to the Fund of Customer Property.

8. Given the potential impact of these issues, and the complexities involved in proceeding with litigation, I have determined, in my business judgment, that the Settlements, as memorialized in the Trustee Settlement Agreement, the AG Settlement Agreement, and CP Settlement Agreement, represent a fair and equitable compromise of the Trustee's Claims that is in the best interests of the estate.



IRVING H. PICARD

Sworn to before me this 21st Day of October, 2016



Notary Public, State of New York
No. 01OL6220520
Qualified in New York County
Commission Expires April 2016 2018