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Hearing Date: March 10, 2011

Hearing Time: 10:00 a.m. EST

Objection Deadline: March 3, 2011

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

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

SECURITIES INVESTOR PROTECTION
CORPORATION,

Plaintiff-Applicant,

v.

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

Defendant.

Adv. Pro. No. 08-1789 (BRL)

SIPA Liquidation
(Substantively Consolidated)

In re:

BERNARD L. MADOFF,

Debtor.

**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 HADASSAH, THE WOMEN'S ZIONIST ORGANIZATION OF
AMERICA, INC. AND HADASSAH MEDICAL RELIEF ASSOCIATION, INC.**

TO: THE HONORABLE BURTON R. LIFLAND
UNITED STATES BANKRUPTCY JUDGE:

Irving H. Picard, as trustee (the “Trustee”) for the liquidation of the business of Bernard L. Madoff Investment Securities LLC (“BLMIS”) under the Securities Investor Protection Act, 15 U.S.C. §§ 78aaa *et seq.* (“SIPA”), and the substantively consolidated estate of Bernard L. Madoff (“Madoff,” and together with BLMIS, collectively, the “Debtors”), by and through his undersigned counsel, submits this motion (the “Motion”) seeking entry of an order (the “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 a settlement agreement (the “Agreement”)¹ by and between the Trustee and Hadassah, The Women’s Zionist Organization Of America, Inc. (“HWZOA”) and Hadassah Medical Relief Association, Inc. (“Hadassah Medical” and, together with HWZOA, “Hadassah”) pursuant to which Hadassah will pay to the Trustee \$45 million in full and final settlement of all claims that the Trustee, BLMIS and the consolidated estate have against Hadassah, and, in support thereof, the Trustee respectfully represents as follows:

BACKGROUND

1. On December 11, 2008 (the “Filing Date”),² the Securities and Exchange Commission (“SEC”) filed a complaint in the United States District Court for the Southern District of New York (the “District Court”) against the Debtors (Case No. 08 CV 10791).

¹ The form of Agreement is annexed hereto as Exhibit “A.”

² In this case, the Filing Date is the date on which the United States Securities & Exchange Commission (“SEC”) commenced its suit against BLMIS, December 11, 2008, which resulted in the appointment of a receiver for the firm. *See* SIPA § 78III(7)(B).

The complaint alleged that the Debtors engaged in fraud through investment advisor activities of BLMIS.

2. On December 15, 2008, pursuant to section 78eee(a)(4)(A) of SIPA, the SEC consented to a combination of its own action with an application of 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.

3. On that date, the District Court entered the Protective Decree, to which BLMIS consented, which, in pertinent part:

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

4. At a plea hearing (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.

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

THE CLAIMS AGAINST HADASSAH

6. Hadassah's first contact with BLMIS occurred in or around the first quarter 1988, when it received an initial \$4 million pledge, later increased to \$7 million, (the "Israeli Foundation Funds") from an Israeli foundation, in support of basic research laboratories in continuity with the Medical Biophysics and Nuclear Medicine Department at a Hadassah medical facility in Israel. The Israeli foundation specified to Hadassah that Madoff and BLMIS would manage the Israeli Foundation Funds and Hadassah could make withdrawals as needed from the Israeli Foundation Funds held at BLMIS, to support the research program. Prior to that time, Hadassah had no relationship with Madoff or BLMIS.

7. On or around April 13, 1988, Hadassah made its first investment (other than the Israeli Foundation Funds) with BLMIS, in the approximate amount of \$5 million. Over the next eight years, Hadassah additionally deposited in its accounts approximately \$28 million of principal in BLMIS.

8. According to BLMIS's records, Hadassah held three accounts (Nos. 1H0005, 1H0006 and 1H0067) with BLMIS, with the names "Hadassah The Women's Zionist Organization of America Inc." and "Hadassah Medical Relief Association, Inc." (individually "Account" and collectively the "Accounts").

9. The Trustee's claims against Hadassah include, but are not necessarily limited to, claims under 11 U.S.C. §§ 544(b), 548, 550 and 551 and under the New York Uniform Fraudulent Conveyance Act (New York Debtor and Creditor Law §§ 270-281) (collectively, the "Avoiding Powers Claims").

10. Throughout this SIPA liquidation proceeding, consistent with SIPA, the Trustee has calculated the "net equity" of each BLMIS account based upon actual dollars

invested in Madoff's scheme: the cash deposited, less any amounts withdrawn over the life of the account (the "net investment" or "cash in/cash out" method). Amounts withdrawn in excess of amounts deposited constitute fictitious profits. In the six-year period preceding the Filing Date, the Trustee has determined that Hadassah received fictitious profits from BLMIS in the total gross amount of \$77 million (the "Transfers").

11. The Trustee believes that all of the Transfers are avoidable. Hadassah has informed the Trustee that it disputes the legal and factual basis of the Trustee's claims against them, including the Avoiding Powers Claims, and would assert certain defenses to the Trustee's claims.

12. Hadassah has not filed any customer claims with the Trustee.

SETTLEMENT DISCUSSIONS AND TRUSTEE'S INVESTIGATION

13. In February 2010, Hadassah, with the aid of its counsel, initiated discussions with the Trustee aimed at resolving the Trustee's claims. Hadassah and the Trustee entered into a confidentiality agreement pursuant to which Hadassah responded to the Trustee's document and information requests on a confidential basis. Hadassah cooperated with the Trustee and facilitated the Trustee's investigation by providing detailed information regarding its current and historical financial statements (the "Financial Statements"), BLMIS investment history, internal corporate matters, detailed records regarding the Hospital Project (as defined below) and making its investment committee members, accountants and officers available for examination by the Trustee's counsel. This cooperation has sped the resolution of the matter.

14. The Trustee has conducted a comprehensive investigation of the Accounts and the dealings between Hadassah and BLMIS. This investigation includes, but is not

limited to, the review and analysis of Hadassah and BLMIS transactional history, as reflected in the BLMIS account statements, correspondence and other records and documents available to the Trustee; a Bankruptcy Rule 2004 examination of Sheryl Weinstein, former chief financial director of Hadassah; interviews with present and former senior members of the Hadassah investment committee that reviewed Hadassah's investments in BLMIS; meetings with accountants and officers of Hadassah to review the Financial Statements, and other documents and information provided by Hadassah to the Trustee; meetings with counsel for Hadassah; analysis by forensic accountants of the Financial Statements and other documents, information and materials produced by Hadassah; and review of third-party records and documents.

15. The Trustee and Hadassah entered into an agreement to toll the applicable statutes of limitations in order to facilitate the settlement negotiations between the parties.

16. A review of the Financial Statements and other information provided by Hadassah supports Hadassah's contention that it does not have sufficient assets and free cash to both satisfy the potential judgment the Trustee could obtain in a lawsuit asserting his Avoiding Powers Claims and continue to meet its charitable mission domestically and abroad, including completing construction and continued support of the Hospital Project.

17. Hadassah has undertaken, in conjunction with the State of Israel, to build a new hospital in Jerusalem, Israel (the "Hospital Project") to replace an existing Hadassah hospital that is aging and reaching the end of its useful life. Construction has begun on the Hospital Project and the total cost to Hadassah of the Hospital Project is over \$318 million, plus an additional \$45 million for equipment and furnishings, with much of it payable over the next three years. Hadassah will continue to have long term financial obligations to the

Hospital Project and other Hadassah medical facilities after completion of the Hospital Project.

18. After a review of the relevant records, including records not previously available to the Trustee, and a consideration of the uncertainty inherent in any 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 litigation.

THE AGREEMENT

19. The principal terms and conditions of the Agreement are generally as follows (as stated, the form of Agreement is attached as Exhibit "A" and should be reviewed for a complete account of its terms):³

- Within 60 business days from the date the Approval Order becomes a final and non-appealable order, Hadassah will pay to the Trustee for the benefit of the fund of customer property, the sum of \$45,000,000.00, in full and final settlement of all Avoiding Powers Claims and all other claims that could have been asserted by the Trustee, BLMIS and the consolidated estate against Hadassah (the "Settlement Payment").
- The Trustee will release, acquit and absolutely discharge Hadassah of and from any and all past, present or future claims or causes of action that are, have been, could have been or might in the future be asserted by the Trustee, BLMIS and the consolidated estate against Hadassah, including, but not limited to those claims, that are based on, arise out of or relate in any way to BLMIS or the Accounts. The release becomes effective upon receipt by the Trustee of the Settlement Payment.
- Hadassah will release, acquit and absolutely discharge the Trustee and all his agents and BLMIS and its estate, of and from any and all actions or causes of action asserted or unasserted, known or unknown, now existing or arising in the future in any way related to the affairs of

³ Terms not otherwise defined in this section shall have the meaning ascribed in the Agreement. In the event of any inconsistency between the summary of terms provided in this section and the terms of the Agreement, the Agreement shall prevail.

BLMIS or the Accounts. The release becomes effective upon receipt by the Trustee of the Settlement Payment.

- Hadassah will submit to the Bankruptcy Court's jurisdiction with respect to any disputes arising out of or relating to the Agreement.
- Hadassah represents and warrants to the Trustee, to the best of its knowledge, that the Financial Statements provided to the Trustee are true and accurate as of the date thereof. Hadassah acknowledges that the Trustee has relied upon their representations and financial disclosures contained in the Financial Statements in entering into the Agreement.
- All prior agreements between Hadassah and BLMIS will be terminated as of the date of the Agreement, except the Trustee shall comply with obligations to return documents and information to Hadassah under the confidentiality agreement.

RELIEF REQUESTED

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

LEGAL BASIS

21. Bankruptcy Rule 9019(a) provides, 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), *accord*, 17 F.3d 600 (2d Cir. 1994) (citing *Protective Comm. for Index. Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. 414, 424 (1968)).

22. 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).

23. In deciding whether a particular 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.

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

24. 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. The competency and experience of counsel supporting the settlement may also

be considered. *Nellis v. Shugrue*, 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)).

25. The Trustee believes that the terms of the Agreement fall well above the lowest point in the range of reasonableness and, accordingly, the Agreement should be approved by this Court. The Agreement is a global settlement that resolves all issues regarding the Trustee’s claims against Hadassah without the need for protracted litigation against an historic charitable organization dedicated to education, medical relief and care and other worthy causes both domestically and abroad. As a result of such litigation, the Trustee would be indefinitely delayed in distributing to victims the significant dollars this Agreement recovers, favoring settlement and immediate payment to the Trustee. (Affidavit of the Trustee in Support of the Motion (the “Picard Affidavit”) ¶¶ 5, 6. A true and accurate copy of the Picard Affidavit is attached hereto as Exhibit “C.”)

26. Hadassah has asserted a number of defenses and has challenged the assertions made by the Trustee regarding the transfers from BLMIS to Hadassah. While the Trustee is confident of his position, given the complexities and risks involved in proceeding with litigation and the potential collectability issues associated therewith, the Trustee has determined that the proposed settlement with Hadassah represents a fair compromise of the Avoiding Powers Claims. While the Trustee believes that he would have prevailed in recovering all transfers to Hadassah, in the instant case the litigation risk and potential dissolution of an historic charitable organization, nominated in 2005 for a Nobel Peace Prize, outweighs any potential additional recovery from Hadassah. (Picard Affidavit, ¶ 5).

27. The ability to avoid the time and uncertainty associated with litigating this

matter, combined with the fact that the Agreement will result in a substantial recovery makes the settlement embodied by the Agreement extremely beneficial to BLMIS stakeholders.

28. The Agreement also furthers the interests of the customers of BLMIS by adding to the fund of customer property. (Picard Affidavit, ¶ 8). Specifically, as a result of the Agreement, when combined with prior recoveries by the Trustee, more than \$2.6 billion will be available for distribution to BLMIS customers with allowed claims.

29. In sum, the Trustee submits that the Agreement should be approved for two reasons (a) because it represents a reasonable compromise of the Avoiding Powers Claims that benefits the estate and the customers of BLMIS and (b) to avoid burdensome and time consuming litigation with a historic charitable organization, litigation which would result in the demise of the organization and its worthy causes. Accordingly, since the Agreement is well within the “range of reasonableness” and confers a substantial benefit on the estate, the Trustee respectfully requests that the Court enter an Order approving the Agreement.

Notice

30. 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; and (iv) the United States Attorney for the Southern District of New York. The Trustee shall also serve, by way of the ECF filing that will be made, each person or entity that has filed a notice of appearance in this case.

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

Dated: New York, New York
February 17, 2011

Of Counsel:

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Respectfully submitted,

/s/ Marc E. Hirschfield

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SIPA Liquidation of Bernard L. Madoff
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Hearing Date: March 10, 2011

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

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

SECURITIES INVESTOR PROTECTION
CORPORATION,

Plaintiff-Applicant,

v.

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

Defendant.

Adv. Pro. No. 08-1789 (BRL)

SIPA Liquidation
(Substantively Consolidated)

In re:

BERNARD L. MADOFF,

Debtor.

**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 HADASSAH, THE
WOMEN'S ZIONIST ORGANIZATION OF AMERICA, INC. AND HADASSAH
MEDICAL RELIEF ASSOCIATION, INC.**

Irving H. Picard, as trustee (the "Trustee") for the liquidation of the business of Bernard L. Madoff Investment Securities LLC ("BLMIS") under the Securities Investor Protection Act, 15 U.S.C. §§ 78aaa, *et seq.* ("SIPA"), and the substantively consolidated estate of Bernard L. Madoff, by and through his undersigned counsel, will move before the Honorable Burton R. Lifland, United States Bankruptcy Judge, at the United States Bankruptcy Court, the Alexander Hamilton Customs House, One Bowling Green, New York, New York 10004, on March 10, 2011, or as soon thereafter as counsel may be heard, seeking entry of an order, pursuant to section 105(a) of the United States Bankruptcy Code, 11 U.S.C. §§ 101 *et seq.*, and Rules 2002 and 9019 of the Federal Rules of Bankruptcy Procedure approving that certain Agreement by and between the Trustee and Hadassah, The Women's Zionist Organization Of America, Inc. and Hadassah Medical Relief Association, Inc. as more particularly set forth in the Motion annexed hereto (the "Motion").

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 March 3, 2011 (with a courtesy copy delivered to the Chambers of the Honorable Burton R. Lifland) and must be served upon (a) Baker & Hostetler LLP, counsel for the Trustee, 45 Rockefeller Plaza, New York, New York 10111, Attn: John Siegal and Marc Hirschfield and (b) Fulbright & Jaworski LLP, 666 Fifth Avenue, New York, New York, 10103, Attn: David Barrack. 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
February 17, 2011

Of Counsel:

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

EXHIBIT A

**FORM OF AGREEMENT BETWEEN
TRUSTEE AND HADASSAH, THE WOMEN'S ZIONIST ORGANIZATION OF
AMERICA, INC. AND HADASSAH MEDICAL RELIEF ASSOCIATION, INC.**

SETTLEMENT AGREEMENT AND RELEASE

THIS SETTLEMENT AGREEMENT AND RELEASE (this “Agreement”) is made and entered into as of February 16, 2011 by and between Irving H. Picard, in his capacity as the Trustee (“Trustee”) for the liquidation proceedings under the Securities Investor Protection Act, 15 U.S.C. §§ 78aaa, *et seq.* (“SIPA”) of Bernard L. Madoff Investment Securities LLC (“BLMIS”) and the substantively consolidated Chapter 7 case under the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”) of Bernard L. Madoff (“Madoff”), on the one hand, and Hadassah, The Women’s Zionist Organization of America, Inc. (“HWZOA”), and Hadassah Medical Relief Association, Inc (“Hadassah Medical”) (collectively the “Transferees”), on the other hand. Trustee and Transferees shall be hereafter referred to individually as a “Party” and collectively as the “Parties.”

RECITALS

WHEREAS, BLMIS and its predecessor were registered broker-dealers and members of the Securities Investor Protection Corporation (“SIPC”);

WHEREAS, on December 11, 2008, the United States Securities and Exchange Commission (the “Commission”) filed a complaint in the United States District Court for the Southern District of New York (the “District Court”) against BLMIS and Madoff. On December 12, 2008, the District Court entered an order which, among other things, appointed a receiver for the assets of BLMIS (No. 08-CV-10791(LSS));

WHEREAS, on December 15, 2008, pursuant to section 5(a)(4)(A) of SIPA, the Commission consented to a combination of its own action with the application of SIPC. Thereafter, SIPC filed an application in the District Court under section 5(a)(3) of SIPA alleging,

inter alia, that BLMIS was not able to meet its obligations to securities customers as they came due and, accordingly, its customers needed the protections afforded by SIPA. On December 15, 2008, the District Court granted the SIPC application and entered an order under SIPA, which, in pertinent part, appointed Trustee as the trustee for the liquidation of the business of BLMIS under section 5(b)(3) of SIPA and removed the case to the Bankruptcy Court under section 5(b)(4) of SIPA, where it is currently pending as Case No. 08-01789 (BRL) (the “SIPA Proceeding”);

WHEREAS, pursuant to section 78fff-1(a) of SIPA, 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;

WHEREAS, under SIPA, Trustee is charged with the responsibility to marshal and liquidate the assets of BLMIS for distribution to BLMIS customers in satisfaction of allowed customer claims, including through the recovery of preference payments and fraudulent transfers made by BLMIS (“Avoidable Transfers”);

WHEREAS, Trustee’s claims against transferees who received Avoidable Transfers from BLMIS arise under sections 78fff(b), 78fff-1(a) and 78fff-2(c)(3) of SIPA, sections 105(a), 541, 544, 547, 548, 550(a) and 551 of the Bankruptcy Code, the New York Fraudulent Conveyance Act (New York Debtor and Creditor Law § 270 *et seq.* (McKinney 2001)) and other applicable laws;

WHEREAS, Transferee HWZOA is a not-for-profit corporation headquartered in New York, New York and was incorporated under the laws of the State of New York in 1922.

HWZOA fulfills its charitable mission through a variety of organizations, including Transferee Hadassah Medical, which supports charitable works both domestically and abroad. Transferee Hadassah Medical is a not-for-profit corporation headquartered in New York, New York and was incorporated in the State of New York in 1925. The Transferees are recognized by the IRS as exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code as charitable organizations;

WHEREAS, Transferees are involved in the support and development of medical facilities, including the current construction of a new 19 story hospital in the State of Israel, and have a stated mission of furthering and supporting research in the medical sciences and providing medical care to needy persons in the State of Israel, among other things;

WHEREAS, Trustee alleges that Transferees received Avoidable Transfers in the minimum aggregate amount of \$77,000,000.00 United States Dollars in connection with BLMIS Account Nos. 1H0005, 1H0006 and 1H0067 (the “BLMIS Accounts”);

WHEREAS, prior to entry into this Agreement, the Parties held extensive discussions and negotiations, exchanged a significant volume of documentation and information, in particular, regarding the Transferees’ history, philanthropic mission and work, and current and anticipated future financial condition;

WHEREAS, to facilitate those discussions, the parties entered into an agreement to toll the statute of limitations;

WHEREAS, the Parties desire to compromise and settle any disputes and release any claims relating in any way to BLMIS, the BLMIS Accounts, and the alleged Avoidable Transfers without the expense, delay and uncertainty of litigation;

WHEREAS, the Trustee, in the exercise of his business judgment, has concluded that the resolution of the alleged Avoidable Transfers on the terms set forth herein is (i) fair and equitable, (ii) a reasonable resolution of the alleged Avoidable Transfers, and (iii) in the best interests of the BLMIS estate, its customers and creditors, and all other parties-in-interest.

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

1. Settlement Payment Obligation. In consideration for the covenants and agreements set forth in this Agreement and for other good and valuable consideration (including, without limitation, the release set forth in Section 2), the receipt and sufficiency of which is hereby acknowledged, and subject to entry of the Approval Order (as defined in Section 6 hereof) Transferees shall pay to Trustee, within 60 business days of the Approval Order becoming a final and non-appealable order, the amount of \$45,000,000.00 United States Dollars (the "Settlement Payment") by (i) wire transfer of immediately available funds to the account specified on Schedule 1 attached hereto or (ii) bank or cashier's check made payable to Trustee, provided that satisfaction of Transferees' obligations hereunder shall be conditioned on the collection of such funds by Trustee.

2. Release by Trustee. In consideration for the covenants and agreements set forth in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, except with respect to any rights arising under this Agreement, Trustee, on behalf of himself, and BLMIS and its estate, and their predecessors, successors, assigns, agents, attorneys, advisors, representatives, insurers, subsidiaries, affiliates, stockholders, officers, directors and employees, releases, remises and forever discharges each of the

Transferees and each of their predecessors, successors, parents, subsidiaries, affiliates, controlled entities, divisions, officers, present and former directors, members, partners, principals, employees, agents, shareholders, assigns, heirs, executors, administrators, trusts, trustees, and counsel (all of the foregoing, excluding the Transferees, shall be the "Transferee Released Parties") from any and all past, present or future claims or causes of action (including any suit, petition, demand, or other claim in law, equity or arbitration) and from any and all allegations of liability or damages (including any allegation of duties, debts, reckonings, contracts, controversies, agreements, promises, damages, responsibilities, covenants, or accounts) of whatever kind, nature or description, direct or indirect, in law, equity or arbitration, absolute or contingent, in tort, contract, statutory liability or otherwise, based on strict liability, negligence, gross negligence, fraud, breach of fiduciary duty or otherwise (including attorneys' fees, costs or disbursements) known, that are, have been, could have been, or might in the future be, asserted by Trustee against Transferees based on, arising out of, or relating in any way to BLMIS, the SIPC Proceeding, the BLMIS estate, the BLMIS Accounts or the Avoidable Transfers. This release shall become effective upon receipt by the Trustee of the Settlement Payment. Notwithstanding anything set forth in the foregoing release, with respect to the Transferee Released Parties, the release is and shall only be construed as a release of a claim or cause of action arising out of the BLMIS Accounts or Avoidable Transfers.

3. Release by Transferees. Transferees on behalf of themselves and their predecessors, successors, assigns, agents, attorneys, advisors, representatives, insurers, subsidiaries, affiliates, stockholders, officers, directors and employees, releases, remises and forever discharges (a) the Trustee, (b) all of Trustee's attorneys, professionals, agents and consultants and (c) BLMIS and its estate, and each of their predecessors, successors, parents, subsidiaries, affiliates, controlled

entities, divisions, officers, present and former directors, members, partners, principals, employees, agents, shareholders, assigns, heirs, executors, administrators, trusts, trustees, and counsel (all of the foregoing, excluding the Trustee shall be the "Trustee Released Parties") from any and all past, present or future claims or causes of action (including any suit, petition, demand, or other claim in law, equity or arbitration) and from any and all allegations of liability or damages (including any allegation of duties, debts, reckonings, contracts, controversies, agreements, promises, damages, responsibilities, covenants, or accounts) of whatever kind, nature or description, direct or indirect, in law, equity or arbitration, absolute or contingent, in tort, contract, statutory liability or otherwise, based on strict liability, negligence, gross negligence, fraud, breach of fiduciary duty or otherwise (including attorneys' fees, costs or disbursements) known, that are, have been, could have been, or might in the future be, asserted by Transferees against the Trustee based on, arising out of, or relating in any way to BLMIS, the SIPC Proceeding, the BLMIS estate, the BLMIS Accounts or the Avoidable Transfers. This release shall become effective upon receipt by the Trustee of the Settlement Payment. Notwithstanding anything set forth in the foregoing release, with respect to the Trustee Released Parties, the release is and shall only be construed as a release of a claim or cause of action arising out of the BLMIS Accounts or Avoidable Transfers.

4. Representations and Warranties: Survival.

(a) Trustee hereby represents and warrants to Transferees that he has the full power, authority and legal right to execute and deliver this Agreement and to perform his obligations hereunder.

(b) Each Transferee hereby represents and warrants to Trustee that: (i) each has the full power, authority and legal right to execute and deliver this Agreement and to perform its

obligations hereunder; (ii) the execution and delivery of this Agreement and the performance by each Transferee of its obligations hereunder have been duly and validly authorized by all necessary action on the part of each Transferee; (iii) this Agreement has been duly executed and delivered by each Transferee and constitutes the valid and binding agreement of each Transferee, enforceable against each Transferee in accordance with its terms; (iv) in executing this Agreement, each Transferee has done so with the full knowledge of any and all rights that each Transferee may have with respect to the controversies herein compromised, and each Transferee has received independent legal advice from its attorneys with regard to the facts relating to said controversies and with respect to the rights arising out of said facts; and (v) no other person or entity, other than those specifically identified herein, has any interest in the matters that each Transferee releases herein, and each Transferee has not assigned or transferred or purported to assign or transfer to any such third person or party all or any portion of the matters that each Transferee releases herein.

(c) Each Transferee hereby represents and warrants to the Trustee, to the best of its knowledge, that the financial statements provided to the Trustee by such Transferee in anticipation of entry into this Agreement (the “Financial Statements”) are true and accurate as of the date thereof and, except as set forth on such Financial Statements, documentation and information given to the Trustee, such Transferee has no other material assets as of the date thereof. Transferees acknowledge that the Trustee has relied upon the representations and financial disclosures contained in the Financial Statements in entering into this Agreement. The Trustee agrees to accept the representations and disclosures contained in the Financial Statements and to refrain from conducting additional discovery into Transferee’s assets.

(d) Each of the representations and warranties set forth in this Section 4 shall survive indefinitely.

5. Termination of Agreements with BLMIS. Any and all prior agreements between Transferees and BLMIS are hereby terminated as of the date of this Agreement, except that the Trustee shall comply with his obligations under a March 12, 2010 letter agreement to return Transferees documents and information.

6. Bankruptcy Court Approval; Effective Date; Termination. This Agreement is subject to, and shall become effective and binding on the Parties on the date that the Bankruptcy Court's order approving this Agreement (the "Approval Order") pursuant to a motion pursuant to, *inter alia*, Section 105 of the Bankruptcy Code and Bankruptcy Rule 9019 ("Settlement Motion") to be filed by the Trustee becomes a final non-appealable order. The form of the Approval Order shall be subject to the Transferees' reasonable approval. The Trustee shall use his reasonable best efforts to obtain such approval as promptly as practicable after the date of this Agreement. The Trustee shall provide the Transferees with a draft of the Settlement Motion for approval of this Agreement, which shall be subject to the Transferees' reasonable approval. If this Agreement does not become effective or the Approval Order, or any part thereof, is overturned on appeal, (a) this Agreement (other than this Section and Sections 13, 14 and 17(c)) shall terminate and be null and void for all purposes, (b) all of the statements, admissions, consents and agreements contained in the Agreement (other than this Section and Sections 13, 14 and 17(c)) shall be null and void, (c) neither the Trustee nor the Transferees may use or rely on any such statement, admission, consent or agreement in any public statement or litigation, arbitration, hearing or other proceeding involving the SIPA Proceeding, any case or proceeding relating to the SIPA Proceeding, or any case or proceeding relating to BLMIS or Madoff, or in any other

court, hearing, proceeding or tribunal and (d) the Settlement Payment, if already paid to the Trustee, shall be returned to the Transferees.

7. No Admission of Wrongdoing. This Agreement is a compromise and settlement of the matters set forth herein and is the product of arms-length negotiations. The Parties understand and agree that the Settlement Payment made and releases provided herein, and other consideration exchanged in connection with this Agreement, are not, and are not to be construed as, an admission of liability or wrongdoing on the part of those Parties making such Settlement Payment(s), providing such releases and exchanging such consideration.

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

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

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

11. Assignment. This Agreement may not be assigned by any Party without the prior written consent of the other Party or Parties through their respective counsel.

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

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

14. 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.

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

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

17. JURISDICTION; WAIVER OF JURY TRIAL.

(a) THE BANKRUPTCY COURT SHALL HAVE JURISDICTION OVER ANY AND ALL DISPUTES BETWEEN OR AMONG THE PARTIES, WHETHER IN LAW OR EQUITY, ARISING OUT OF OR RELATING TO THIS AGREEMENT. IN THE EVENT THE BLMIS PROCEEDING IS CLOSED BY A FINAL DECREE AND NOT REOPENED,

THE PARTIES AGREE THAT ANY DISPUTE ARISING OUT OF THIS AGREEMENT MAY BE BROUGHT IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK OR THE SUPREME COURT OF THE STATE OF NEW YORK IN NEW YORK COUNTY.

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

(c) Prior to a the Approval Order becoming a final and non-appealable order and this Agreement becoming effective, the Transferees shall not be deemed, by their having executed this Agreement or participated in any hearings, to have (a) consented to the jurisdiction of the Bankruptcy Court or any other court with respect to proceedings, if any, commenced in any case against or otherwise involving the Transferees, or (b) waived or released their right to trial by jury.

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

19. Notices. All notices, requests, demands, consents and communications necessary or required under this Agreement shall be in writing and shall be delivered by hand or sent by registered or certified mail, return receipt requested, or by facsimile (receipt confirmed) or by electronic means (receipt confirmed), in each case addressed and copied as set forth on the applicable signature page hereto. A Party may change its address for receiving notice by giving notice of a new address in the manner provided herein. All such notices, requests, demands, consents and other communications shall be deemed to have been duly given or sent two (2) days

following the date on which mailed, or on the date on which delivered by hand or by facsimile or electronic transmission (receipt confirmed), as the case may be, and addressed as aforesaid.

20. No Third Party Beneficiaries. Except as expressly provided in Section 2 or Section 3, the Parties do not intend to confer any benefit by or under this Agreement upon any person or entity other than the Parties hereto and their respective successors and permitted assigns.

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

[The next page is the signature page]

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

TRUSTEE

The Trustee for the liquidation proceedings of Bernard L. Madoff Investment Securities LLC and the substantively consolidated bankruptcy case of Bernard L. Madoff

Address:
Irving H. Picard
c/o Baker & Hostetler LLP
45 Rockefeller Plaza
New York, New York 10111
Facsimile No.: (212) 589-4201

By: Irving H. Picard, the Trustee for the liquidation proceedings of Bernard L. Madoff Investment Securities LLC and the substantively consolidated bankruptcy case of Bernard L. Madoff

/s/ Irving H. Picard

Irving H. Picard

With copies to:
Baker & Hostetler LLP
45 Rockefeller Plaza
New York, New York 10111
Attention: John Siegal
Facsimile No.: (212) 589-4201

TRANSFeree

Hadassah, The Women's Zionist Organization Of America, Inc.

Address:
Hadassah, The Women's Zionist Organization Of America, Inc.
50 West 58th Street
New York, NY 10019
Attention: Sheryl Zeligson

By: /s/ Nancy Falchuk

Name: Nancy Falchuk
Title: National President

With copies to:
Fulbright & Jaworski LLP
666 Fifth Avenue
New York, NY 10103
Attention: David Barrack and Leonard Leiman

[TRANSFeree SIGNATURE PAGE TO SETTLEMENT AGREEMENT]

TRANSFeree

Hadassah Medical Relief Association, Inc.

Address:

Hadassah Medical Relief Association, Inc.
50 West 58th Street
New York, NY 10019
Attention: Sheryl Zeligson

By: /s/ Nancy Falchuk

Name: Nancy Falchuk

Title: National President

With copies to:

Fulbright & Jaworski LLP
666 Fifth Avenue
New York, NY 10103
Attention: David Barrack and Leonard Leiman

[TRANSFeree SIGNATURE PAGE TO SETTLEMENT AGREEMENT]

Schedule 1

WIRING INSTRUCTIONS

REDACTED

EXHIBIT B
PROPOSED ORDER

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

SECURITIES INVESTOR PROTECTION
CORPORATION,

Plaintiff-Applicant,

v.

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

Defendant.

Adv. Pro. No. 08-1789 (BRL)

SIPA Liquidation
(Substantively Consolidated)

In re:

BERNARD L. MADOFF,

Debtor.

**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 HADASSAH, THE WOMEN'S ZIONIST
ORGANIZATION OF AMERICA, INC. AND HADASSAH MEDICAL RELIEF
ASSOCIATION, INC.**

Upon the motion (the "Motion")¹ dated _____ [ECF No. ____] of Irving H. Picard, as trustee (the "Trustee") for the liquidation of the business of Bernard L. Madoff Investment Securities LLC under the Securities Investor Protection Act, 15 U.S.C. §§ 78aaa *et seq.* ("SIPA"), and substantively consolidated 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, approving the agreement, by and among the Trustee and Hadassah, The Women's Zionist

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

Organization Of America, Inc. and Hadassah Medical Relief Association, Inc., in substantially the form annexed to the Motion (the "Agreement"); and it appearing that due and sufficient notice has been given to all parties in interest as required by Rules 2002 and 9019 of the Federal Rules of Bankruptcy Procedure; and the 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 therefore; it is

ORDERED, that the Motion is granted in its entirety; and it is further

ORDERED, that the Agreement between the Trustee on the one hand and Hadassah, The Women's Zionist Organization Of America, Inc. and Hadassah Medical Relief Association, Inc. on the other hand is hereby approved and authorized; and it is further

ORDERED, that the Trustee and Hadassah, The Women's Zionist Organization Of America, Inc. and Hadassah Medical Relief Association, Inc. shall each comply with and carry out the terms of the Agreement.

Dated: New York, New York
_____, 2011

HONORABLE BURTON R. LIFLAND
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT C
AFFIDAVIT OF IRVING PICARD

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

SECURITIES INVESTOR PROTECTION
CORPORATION,

Plaintiff-Applicant,

v.

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

Defendant.

Adv. Pro. No. 08-1789 (BRL)

SIPA Liquidation
(Substantively Consolidated)

In re:

BERNARD L. MADOFF,

Debtor.

**AFFIDAVIT IN SUPPORT 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 HADASSAH, THE
WOMEN'S ZIONIST ORGANIZATION OF AMERICA, INC. AND HADASSAH
MEDICAL RELIEF ASSOCIATION, INC.**

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

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

1. I am the trustee for the liquidation of the business of Bernard L. Madoff Investment Securities LLC under the Securities Investor Protection Act, 15 U.S.C. §§ 78aaa *et seq.* ("SIPA"), and the substantively consolidated estate of Bernard L. Madoff ("Madoff," and together with BLMIS, collectively, the "Debtors"). I am familiar with the affairs of the Debtors. I respectfully submit this Affidavit in support of the motion (the "Motion")

seeking entry of orders, 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 an agreement (the “Agreement”) by and between the Trustee on the one hand and Hadassah, The Women’s Zionist Organization Of America, Inc. and Hadassah Medical Relief Association, Inc. on the other hand.

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

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

4. In February 2010, Hadassah, with the aid of its counsel, initiated discussions aimed at resolving the claims I have on behalf of the estate. Hadassah cooperated with the Trustee and facilitated the Trustee’s investigation by providing detailed information regarding its current and historical financial statements (the “Financial Statements”), BLMIS investment history, internal corporate matters, detailed records regarding the Hospital Project and making its investment committee members, accountants and officers available for examination by the Trustee’s counsel. This cooperation has sped the resolution of the matter.

5. I believe that the terms of the Settlement Agreement fall well above the lowest point in the range of reasonableness and, accordingly, should be approved by this Court. The Settlement Agreement resolves all issues regarding the asserted and unasserted claims against Hadassah, a historic charity nominated in 2005 for a Nobel Peace Prize based on its international relief work, without the need for protracted and uncertain litigation. I recognize that litigating the Claims would undoubtedly require a significant commitment of time by the various professionals involved and would involve some litigation risk.

6. As a result of such litigation, I believe that I would be indefinitely delayed in distributing to victims the significant dollars this Agreement recovers, favoring settlement and immediate payment.

7. The ability to avoid the time and uncertainty associated with litigating this matter, combined with the fact that the Agreement will result in a substantial recovery, as discussed above, makes the settlement embodied by the Agreement extremely beneficial to BLMIS stakeholders.

8. The Agreement also furthers the interests of the customers of BLMIS by adding \$45 million, a substantial amount of money, to the fund of customer property. Specifically, as a result of the Agreement, when combined with prior recoveries that I have made on behalf of the BLMIS estate, over \$2.6 billion will be available for distribution to BLMIS customers with allowed claims.

9. Given the potential impact of these issues, and the cost and complexities involved in proceeding with litigation and collection of any judgments, I have determined, in my business judgment that the Settlement Agreement represents a fair compromise of the Debtors' Avoiding Powers Claims against Hadassah.

[INTENTIONALLY LEFT BLANK]

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

/s/ Irving H. Picard
IRVING H. PICARD

Subscribed and Sworn to before me
This 17th Day of February, 2011

/s/ Marc E. Hirschfield
Notary Public, State of New York
No. 02HI5020648
Qualified in Westchester County
Certificate Filed in New York County
Commission Expires November 22, 2013