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for the Substantively Consolidated SIPA Liquidation
of Bernard L. Madoff Investment Securities LLC
and the Chapter 7 Estate of Bernard L. Madoff*

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

SECURITIES INVESTOR PROTECTION
CORPORATION,

Plaintiff-Applicant,

v.

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

Defendant.

In re:

BERNARD L. MADOFF,

Debtor.

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

Plaintiff,

v.

ABN AMRO BANK (IRELAND) LTD.
(f/k/a FORTIS PRIME FUND SOLUTIONS
BANK (IRELAND) LIMITED) and

ABN AMRO CUSTODIAL SERVICES
(IRELAND) LTD. (f/k/a FORTIS PRIME
FUND SOLUTIONS CUSTODIAL
SERVICES (IRELAND) LTD.),

Defendants.

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

SIPA Liquidation

(Substantively Consolidated)

Adv. Pro. No. 10-05355 (SMB)

**DECLARATION OF REGINA GRIFFIN IN SUPPORT OF THE TRUSTEE'S
MOTION FOR LEAVE TO FILE SECOND AMENDED COMPLAINT**

I, Regina Griffin, pursuant to 28 U.S.C. § 1746, declare as follows:

1. I am a member of the New York Bar and a partner at Baker & Hostetler LLP, counsel for plaintiff Irving H. Picard, as trustee (the “Trustee”) for the substantively consolidated liquidation of the business of Bernard L. Madoff Investment Securities LLC under the Securities Investor Protection Act, 15 U.S.C. §§ 78aaa, *et seq.*, and the chapter 7 estate of Bernard L. Madoff.

2. As an attorney of record in these proceedings, I am fully familiar with the facts set forth herein based either upon my own personal knowledge or upon information conveyed to me.

3. I make this declaration to provide relevant information in connection with the Trustee’s Motion for Leave to File A Second Amended Complaint (the “Motion”).

4. On January 11, 2019, the parties stipulated and agreed to a briefing schedule for the filing of the Trustee’s Motion. The parties stipulated and agreed that the Trustee would file his Motion on or before February 22, 2019 and that defendants ABN AMRO (Ireland) Ltd. And ABN AMRO Custodial Services (Ireland) Ltd. would file their opposition on or before April 23, 2019. The parties further agreed that the Trustee would file a reply on or before May 23, 2019.

5. Attached hereto as **Exhibit A** is the Trustee’s proposed Second Amended Complaint (“PSAC”) for review by the Court. The PSAC alleges additional facts regarding the subsequent transfers sought to be recovered, as further discussed in the accompanying Memorandum of Law in Support of the Trustee’s Motion for Leave to File an Amended Complaint.

6. Attached hereto as **Exhibit B** is the Trustee’s amended complaint in the adversary proceeding *Picard v. Tremont Group Holdings, Inc. (In re BLMIS)*, Adv. Pro. No. 10-05310,

ECF No. 1 (Bankr. S.D.N.Y. Dec. 7, 2010), which is incorporated by reference in the Trustee's Motion and PSAC.

7. Attached hereto as **Exhibit C** is the Trustee's Proposed Order in connection with the Motion.

8. No prior application or motion for similar relief has been made to this or any other court.

I hereby declare under penalty of perjury that the foregoing statements made by me are true and correct.

Executed on the 22nd day of February, 2019, at New York, New York.

/s/ Regina Griffin
Regina Griffin

Exhibit A

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[PROPOSED]

SECOND AMENDED COMPLAINT

TABLE OF CONTENTS

	Page
I. NATURE OF THE ACTION	1
II. JURISDICTION AND VENUE	8
III. BACKGROUND, THE TRUSTEE AND STANDING.....	10
IV. BLMIS, THE PONZI SCHEME, AND MADOFF’S INVESTMENT STRATEGY	13
A. BLMIS	13
B. The Ponzi Scheme.....	14
1. Madoff’s Investment Strategy.....	15
2. BLMIS’s Fee Structure	17
3. BLMIS’s Market Timing	18
4. The Collapse of the Ponzi Scheme	19
V. DEFENDANTS AND RELEVANT NON-DEFENDANTS	19
A. The Fortis Affiliates Worked Together as One Global Entity	19
B. Tremont-Related Entities	21
VI. IN 2003, FORTIS EMPLOYEES CAUSED FORTIS FUND BAHAMAS AND HARLEY TO MOVE LEGAL JURISDICTIONS TO ESCAPE LIABILITY IF MADOFF WAS A FRAUD.....	22
A. As Harley’s Administrator, Fortis Employees Worked Directly with BLMIS, Which Was Harley’s Investment Manager, Broker Dealer and Custodian	22
B. In 2003 Fortis Employees Were Aware That Under Applicable Bahamian Law Fortis Fund Bahamas Was Responsible For Verifying the Legitimacy of BLMIS	24
C. Fortis Employees Acknowledged That Fortis Fund Bahamas Was At Risk Under Bahamian Law Because They Could Not Independently Verify BLMIS’s Trades or Custody of Harley’s Assets	25
D. Instead of Pursuing Independent Verification of BLMIS’s Trades And Custody of Assets, Fortis Sought To Eliminate its Legal Duty to Do So by Changing Legal Jurisdictions.....	27
E. Even After Relocating Harley to the Cayman Islands, Fortis Employees Continued to Warn That the Risk of Fraud at BLMIS Posed Risks To Fortis	31

TABLE OF CONTENTS

	Page
VII. FORTIS' INVESTMENT ARM REDEEMED INVESTMENTS IN TREMONT BLMIS FEEDER FUNDS BASED ON ITS IDENTIFICATION OF INDICIA OF RED FLAGS OF FRAUD AT BLMIS.....	32
A. Tremont Employees Reported in May 2006 That Fortis Multi-Management Was “Nervous About Madoff And Asking Probing Questions About BLMIS That Tremont Employees Could Not Readily Answer	32
B. Geene’s Questions Reveal that Tremont Did Not Know Even the Most Basic, Material Terms About Madoff’s Strategy, Trades Or Custodial Arrangements ...	36
C. Fortis Multi-Management Fully Redeems Its Broad Market Fund Investment After Its Concerns Are Echoed by Its Affiliate Cadogan	39
VIII. IN 2006, FORTIS EMPLOYEES BECAME AWARE OF FURTHER FACTS SUGGESTING THE POTENTIAL FOR FRAUD AT BLMIS.....	42
A. Since 2001, Fortis Was Informed by BLMIS and Tremont that Madoff’s Options Trades Took Place OTC, Rather Than over an Exchange	43
B. The Information Fortis Reported About BLMIS’s Options Trades Was Either Vague Or Conflicted With BLMIS’s and Tremont’s Prior Statements that Options Trades Took Place OTC.....	44
C. Even After Entering into the Swap Transaction, Fortis Exhibited Its Willingness to Be Blind to the Conflicting Story About BLMIS’s Options Trades.....	45
IX. DEFENDANTS PROCEEDED WITH THE SWAP TRANSACTION DESPITE THE HIGH PROBABILITY OF FRAUD AT BLMIS WHERE THEY HAD SPECIAL RIGHTS AND BUILT IN PROTECTIONS TO MINIMIZE FORTIS' RISK OF LOSS.....	48
A. Fortis Enters into the Swap Transaction	49
B. Fortis Obtained “Special Rights” and Built In Protections in the Swap Transactions to Protect Against Potential Fraud and Insolvency at BLMIS	50
1. The Collateral Provisions Which Protected Fortis.....	50
2. Fortis Fund Bank Obtained A Broad Indemnification Provision in the Swap Transaction to Protect Itself, All Fortis Affiliates, and All Fortis Employees.....	51
3. Fortis Negotiated Special “Claw-Back” Obligations in the Event of a Bankruptcy	52

TABLE OF CONTENTS

	Page
4. Fortis Fund Bank Obtained Priority Redemption Rights in the Event Madoff Was Investigated for Securities Laws Violations Including Fraud	53
X. FORTIS' SPECIAL CONTRACT RIGHTS AND BUILT IN PROTECTIONS ENABLED DEFENDANTS TO RECOVER PROPORTIONATELY MORE OF THEIR LOSSES THAN OTHER TREMONT INVESTORS.....	55
XI. AT THE TIME IT ENTERED INTO THE SWAP TRANSACTION, FORTIS WAS IN A FINANCIAL CRISIS, AND HAD A HEIGHTENED RISK TOLERANCE.....	57
XII. FORTIS' WILLFUL BLINDNESS TO THE HIGH PROBABILITY OF FRAUD AND INSOLVENCY AT BLMIS IS PROPERLY IMPUTED TO DEFENDANTS	57
A. Fortis Marketed Its Entities as One Institution, Its Employees Acted as One Institution, and the Entities Had One Central Management	57
B. Fortis Employees from Various Affiliates Worked As Agents of Defendants to Set Up and Execute the BLMIS Feeder Fund Related Transactions and Shared Their Knowledge and Concerns About BLMIS	60
1. Employees from Multiple Fortis Affiliates Worked Together To Fulfill Administrator Duties for Harley and Shared Their Concerns About BLMIS	61
2. Employees from Multiple Fortis Affiliates, Including Those Who Previously Expressed Concerns About BLMIS, Worked Together To Negotiate and Approve the Swap Transaction.....	62
3. Fortis Entered Into The Swap Transaction Despite Awareness of Fortis Multi-Management's Interactions With Tremont-Related Entities	63
XIII. THE TRANSFERS	64
A. The Initial Transfers.....	65
1. Broad Market Fund Initial Transfers	65
2. Prime Fund Initial Transfers	65
B. Rye XL Fund Receives Subsequent Transfers From Both Prime Fund and Broad Market Fund	66
1. Subsequent Transfers from Broad Market Fund To Rye XL Fund	66
2. Subsequent Transfers from Prime Fund To Rye XL Fund.....	66

TABLE OF CONTENTS

	Page
C. Subsequent Transfers Received by Defendants.....	67
1. Subsequent Transfer Received by Fortis Fund Bank and/or Fortis Fund Services By Virtue of Redeeming Its Proprietary Hedge.....	67
2. Subsequent Transfers Received By Defendant Fortis Fund Bank By Virtue of Broad Market XL Fund Increasing the Size of the Swap Transaction.....	68
D. Summary of Transfers.....	69
XIV. THE AVOIDANCE OF THE INITIAL TRANSFERS FROM BLMIS TO TREMONT	70
A. Tremont’s Senior Executives Had a Close Relationship With Madoff	71
B. Tremont Saw and Understood Information Evidencing Madoff Was Engaged in a Fraud	72
1. Tremont Received Repeated, Direct Fraud Warnings About Madoff	72
2. Tremont’s Own Reporting Showed that BLMIS Trades Were Impossible.....	75
C. Tremont Exempted BLMIS From Its High Due Diligence Standards, Prevented Third Parties From Conducting Their Own Due Diligence and Fabricated Stories About BLMIS	77
1. Tremont Consistently Excluded Madoff from its Due Diligence Practices	77
2. BLMIS Failed Tremont’s Requirements for Third-Party Oversight yet Tremont Made an Exception for Madoff.....	78
3. Tremont Consistently Shielded Madoff from Third Parties	80
4. Tremont Avoided Questions and Fabricated Answers about BLMIS’s Purported Options Trading	81
5. Divergent Answers on Over-the-Counter/Listed Trading Questions	81
6. Failure to conduct any diligence on purported options counterparties and covering up the truth with fabrications	82
D. Tremont’s Executives Had a Powerful Motive to Hide What They Knew About BLMIS and Madoff.....	85
E. Tremont Co-Managed Kingate Global	86

TABLE OF CONTENTS

	Page
COUNT ONE: RECOVERY OF SUBSEQUENT TRANSFERS – 11 U.S.C. §§ 105(a) AND 550(a)	86
COUNT TWO: RECOVERY OF SUBSEQUENT TRANSFERS – 11 U.S.C. §§ 105(a) AND 550(a).....	86

Irving H. Picard (the “**Trustee**”), as Trustee for the liquidation of Bernard L. Madoff Investment Securities LLC (“**BLMIS**”), and the substantively consolidated estate of Bernard L. Madoff (“**Madoff**”), individually, under the Securities Investor Protection Act (“**SIPA**”), 15 U.S.C. §§ 78aaa–*III*, as and for this Second Amended Complaint against ABN AMRO Bank (Ireland) Ltd. (f/k/a Fortis Prime Fund Solutions (Ireland) Ltd.) (n/k/a ABN AMRO Retained Custodial Services (Ireland) Limited) (“**Fortis Fund Bank**”) and ABN AMRO Custodial Services (Ireland) Ltd. (f/k/a Fortis Prime Fund Solutions Custodial Services (Ireland) Ltd.) (“**Fortis Fund Services**,” and together with Fortis Fund Bank, the “**Defendants**”), alleges as follows.

I. NATURE OF THE ACTION

1. This adversary proceeding is part of the Trustee’s efforts to recover BLMIS “**customer property**,” as defined by SIPA § 78*III*(4) that was stolen as part of the massive Ponzi scheme Madoff perpetrated through BLMIS’s investment advisory business (the “**IA Business**”).

2. Through this action, the Trustee seeks to recover \$265,500,000 in subsequent transfers (“**Subsequent Transfers**”) that Defendants received from Rye Select Broad Market Fund L.P. (“**Broad Market Fund**”) by redeeming shares they owned or partnership interests they held in Broad Market Fund; and from Rye Select Broad Market XL Fund (“**Rye XL Fund**”),¹ both of which were operated by Tremont Partners, Inc. (“**Tremont**”). Tremont’s funds were among several investment funds that invested all or substantially all of their assets with BLMIS’s IA Business (“**BLMIS Feeder Funds**”). Defendants received the Subsequent Transfers at issue in

¹ The Trustee reserves the right to amend this Proposed Second Amended Complaint to pursue the claims dismissed by the Extraterritoriality Decision should that decision be overturned in whole or relevant part by the Trustee’s pending appeal. *See Sec. Investor Prot. Corp. v. BLMIS (In re BLMIS)*, Adv. Pro. No. 08-01789 (SMB), 2016 WL 6900689 (Bankr. S.D.N.Y. Nov. 22, 2016) (dismissing transfers Defendants received from Kingate Global Fund Limited on the basis of international comity); *see also In re Irving H. Picard, Trustee for the Liquidation of Bernard L. Madoff Inv. Secs. LLC*, No. 17-02292, ECF Nos. 496, 497 (2d Cir. Jan. 10, 2018).

connection with a swap transaction with Rye XL Fund and a related redemption of their equity interests in Broad Market Fund (the “**Swap Transaction**”).

3. Defendants were part of a global financial institution with employees, entities and business groups who worked together as one unified entity (“**Fortis**”) to provide services to clients worldwide including, among other things, financing, hedge fund services, and asset management services.

4. Years before Fortis Fund Bank entered into the transactions at issue, employees from across various Fortis affiliates worked together to carry out multiple profitable transactions involving BLMIS. As a result of these transactions, Fortis was well-positioned to learn as much information as possible about BLMIS’s purported trading strategy, trading, and custody operations. Since at least 2003, Fortis employees from various affiliates recognized there was a high probability that BLMIS might be defrauding its customers, and that Madoff might not be engaging in the trades he claimed and/or may have misappropriated customer’s assets. Rather than confirming its various employees’ suspicions about BLMIS, Fortis turned a blind eye to the potential fraud at BLMIS to continue profiting from Madoff-related transactions where Fortis perceived it could minimize or shift the risk of loss away from Fortis.

5. Since the 1990s, a Fortis affiliate, Fortis Prime Fund Solutions (Bahamas) Limited (“**Fortis Fund Bahamas**”) officially contracted to provide administrator services to Harley International (Cayman) Ltd. (“**Harley**”), another BLMIS Feeder Fund. Notwithstanding that the agreements for those services were officially between Fortis Fund Bahamas and Harley, Fortis employees from various Fortis entities participated in providing those administrator services to Harley.

6. Because Madoff served as Harley's investment advisor, broker-dealer and custodian, Fortis employees regularly communicated directly with BLMIS and its employees about Harley's investment account.

7. By 2003, Fortis employees had become increasingly concerned about their inability to obtain independent verification to confirm Madoff's trades or that he in fact had in his possession the cash and securities reported on Harley's customer statements. Internally, employees dubbed this problem the "Madoff issue."

8. At the time, Bahamian law governed both Harley and Fortis Fund Bahamas. Fortis employees recognized that under that law, Fortis Fund Bahamas as administrator was responsible for the acts of Harley's custodian, BLMIS. As such, Fortis employees acknowledged that Fortis Fund Bahamas had a duty to verify Madoff's trades and custody of Harley's assets. Without verification, employees warned that Fortis had to be "very careful" in how it proceeded, because Fortis Fund Bahamas could be responsible for any misconduct Madoff might commit that could harm the Harley fund.

9. Fortis employees escalated their concerns about BLMIS to senior management and internal bank committees, urging action to reduce or eliminate any liability to Fortis in case their concerns about Madoff turned out to be warranted. Specifically, employees insisted that Fortis should not provide financing to investors who planned to invest the funds with Madoff unless Fortis could get some form of assurance from BLMIS concerning Madoff's trades and custody of customer assets. Employees also urged that Fortis should insist that BLMIS be replaced as Harley's custodian.

10. Fortis Fund Bahamas never received acceptable assurances from BLMIS. And despite the fact that employees understood Fortis Fund Bahamas had a duty under Bahamian law

to independently verify Madoff's trades and custody of Harley's assets or else face legal responsibility for any fraud by BLMIS, Fortis took no further steps to seek that verification. Instead, Fortis sought to eliminate that legal duty by taking the extraordinary step of moving the legal jurisdiction of Fortis Fund Bahamas as well as the Harley fund itself out of the Bahamas to the Cayman Islands – where the laws did not impose legal responsibility on Fortis for Madoff's acts as custodian.

11. This highly irregular, affirmative action by Fortis not only demonstrates the high degree of probability of fraud at BLMIS that Fortis employees saw, it demonstrates Fortis' willful blindness where it perceived the risk of loss to Fortis could be shifted or minimized.

12. Also prior to the Swap Transaction, Fortis' asset management arm Fortis Multi-Management Investments ("**Fortis Multi-Management**") became aware of additional facts which heightened the probability that Madoff might be engaging in fraud.

13. Fortis Multi-Management's predecessor had in 2001 selected Tremont's Madoff Feeder Funds to manage tens of millions of dollars of Fortis customers' investments, aware that Madoff was ultimately the funds' investment manager, broker dealer, and custodian.

14. In May 2006, Fortis Multi-Management informed Tremont it had been internally discussing its investments with Madoff "at length," "especially the opaque structure/process" surrounding BLMIS, and requested a meeting with both Tremont and BLMIS personnel. Tremont could not get Madoff to agree to meet with Fortis Multi-Management, and so a meeting was held just between Tremont and Fortis Multi-Management to discuss BLMIS. After that meeting, Tremont reported that Fortis Multi-Management executives were "nervous" about Madoff, reporting their "apprehensions" back to the head of Fortis Multi-Management. Tremont personnel

stated that they needed to get Fortis Multi-Management “comfortable with Madoff” or they could lose their \$70 million investment and the accompanying management fee.

15. Throughout the summer and fall of 2006, Fortis Multi-Management continued to ask Tremont detailed due diligence questions about BLMIS’s operations. Fortis Multi-Management came to learn that, not only did Tremont not have a full diligence report on BLMIS, but in fact, Tremont personnel did not appear to possess even minimal information about the logistics of Madoff’s trades and operations, or material terms of its own options trades.

16. Dissatisfied with Tremont’s inability to answer its questions about BLMIS, by October 2006, Fortis Multi-Management informed Tremont that it would not be making an allocation into Tremont’s new leveraged fund. Subsequently, Fortis Multi-Management withdrew the entirety of its existing investment in Tremont’s BLMIS Feeder Funds after its own concerns about Madoff were echoed by a new business partner Fortis acquired in November 2006, Cadogan Management (“**Cadogan**”). Cadogan had independently identified red flags at BLMIS that led it to be “highly skeptical” of Madoff to the point that it had a policy against investing any customer assets in Madoff Feeder Funds. Cadogan brought that policy with it to Fortis Multi-Management, and it was later confirmed that both Fortis Multi-Management and Cadogan had collectively decided that Fortis Multi-Management had to fully redeem its investments with Tremont’s BLMIS Feeder Funds because of their mutual concerns about BLMIS.

17. Because Fortis Multi-Management had selected Madoff (through Tremont) to manage its customers’ investments, it had a duty of care in making that selection; it could not eliminate liability to its investors should concerns about the risk of fraud at BLMIS be realized. Fortis Multi-Management redeemed its entire investment.

18. Thus, before Fortis Fund Bank entered into the Swap Transaction in 2007, Fortis was already aware of the high risk of fraud at BLMIS from its prior experiences involving Harley and Tremont, as well as from the warnings of its new business partner, Cadogan. Fortis claimed in marketing materials and public filings that all of its entities and affiliates “Act as One” company, and that its “global risk management framework” was specifically designed to “facilitate the communication of risk-related actions throughout Fortis.” That global risk management framework included a “global risk database” and a hierarchy of credit and risk committees that worked together to evaluate the potential transactions of every Fortis affiliate and business group. Accordingly, the potential risks of fraud at BLMIS previously identified by Fortis employees and affiliates were communicated and discussed as part of Fortis’ internal procedures, including the global risk management evaluation of the potential Swap Transaction.

19. Furthermore, the Fortis employees involved in negotiating and procuring approval for the Swap Transaction were some of the same employees who had years earlier warned Fortis management against Madoff transactions, and who had been instrumental in causing Fortis to move Harley’s legal jurisdiction to avoid potential liability for any malfeasance by Madoff.

20. The probability of fraud at BLMIS was heightened when, in the course of conducting diligence on the Swap Transaction, Fortis employees began reporting information about Madoff’s options trades that contradicted what BLMIS itself told Fortis years earlier, as well as what Tremont was contemporaneously telling Fortis Fund Bank and other investors, including Fortis Multi-Management.

21. Already aware of the high probability of fraud at BLMIS, Fortis employees now knew that the story about where Madoff traded options for his customers was shifting and contradicted what BLMIS itself told Fortis years earlier, and what Tremont was

contemporaneously telling Fortis and other investors. Rather than inquiring about the inconsistencies and verifying where the options trades took place, Fortis chose to blind itself to the high probability of fraud at BLMIS and entered into the Swap Transaction, hedging its obligations by investing in Broad Market Fund – but not before first obtaining certain special rights and built-in protections that would minimize Defendants’ losses if BLMIS were in fact engaging in fraud.

22. The special rights and built-in protection Fortis obtained in the Swap Transaction included: collateral rights to cash that ensured that one-third of any funds Fortis Fund Bank exposed to Madoff would be Tremont’s funds and not Fortis’; an indemnification provision covering liability and attorneys’ fees should Fortis, or any of its affiliates or employees become involved in any investigation or lawsuit arising out of the Swap Transaction or its investment in Broad Market Fund; and a prescient “Claw-back Obligation,” requiring Tremont to reimburse Fortis for any liability it may incur as a result of an action brought under insolvency law. Fortis also came to enjoy the special right to early redemption of its investments in Broad Market Fund ahead of other investors in the very specific event that Madoff should come under investigation for breach of securities laws or regulations. These special protections Fortis obtained in the Swap Transaction were not enjoyed by most individual Tremont investors.

23. At the time it entered into the Swap Transaction in 2007, Fortis was not simply a global financial institution — it was a global financial institution in serious financial crisis. In a subsequent class action lawsuit against Fortis, shareholders alleged that at the time, the Fortis organization, its executives and directors had misled investors and failed to disclose material information about the dire financial condition of the bank. The shareholder plaintiffs further alleged that prior to its collapse, Fortis falsely minimized the high level of risk to which Fortis had exposed itself, to bolster the appearance of stability and profitability. That lawsuit and other

related suits against Fortis and its executives reportedly settled on a global basis for \$1.3 billion in 2016.

24. At the time Defendants received the Subsequent Transfers, it appears that Fortis' global risk-benefit decision making process tolerated a far higher degree of risk than it was willing to admit.

II. JURISDICTION AND VENUE

25. This is an adversary proceeding commenced in this Court, in which the main underlying SIPA proceeding, No. 08-01789 (SMB) (the "**SIPA Proceeding**"), is pending. The SIPA Proceeding was originally brought in the United States District Court for the Southern District of New York as *Securities Exchange Commission v. Bernard L. Madoff Investment Securities LLC et al.*, No. 08 CV 10791 (the "**District Court Proceeding**") and has been referred to this Court. This Court has jurisdiction over this adversary proceeding under 28 U.S.C. § 1334(b) and (e)(1), and 15 U.S.C. § 78eee(b)(2)(A) and (b)(4).

26. This is a core proceeding under 28 U.S.C. §§ 157(b)(2)(A), (B), (F), (H) and (O). The Trustee consents to the entry of final orders or judgment by this Court if it is determined that consent of the parties is required for this Court to enter final orders or judgment consistent with Article III of the U.S. Constitution.

27. Venue in this judicial district is proper under 28 U.S.C. § 1409.

28. This adversary proceeding is brought under 15 U.S.C. §§ 78fff(b) and 78fff-2(c)(3), 11 U.S.C. §§ 105(a), 544(b), 548, 550(a) and 551, and other applicable law.

29. Defendants are subject to personal jurisdiction in this judicial district because they purposely availed themselves of the laws and protections of the United States and the State of New York by, among other things, knowingly investing and receiving funds through Tremont's New York-based Broad Market Fund and Rye XL Fund, both of which were formed under the laws of

Delaware and had a principal place of business in Rye, New York. Defendants knowingly accepted the rights, benefits, and privileges of conducting business and/or transactions in the United States and New York.

30. The documents governing the Swap Transaction contained a New York choice of law provision, through which Fortis Fund Bank also irrevocably and explicitly agreed to the “non-exclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City.” Fortis Fund Bank further “waive[d] any objection . . . to the laying of venue . . . and further waive[d] the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party.” Additionally, as part of the Swap Transaction, Defendant Fortis Fund Services entered into a subscription agreement with Broad Market Fund to purchase shares on behalf of Defendant Fortis Fund Bank. Pursuant to the subscription agreement, Defendants explicitly agreed to submit to New York jurisdiction. Defendant Fortis Fund Services submitted redemption requests to Broad Market Fund on behalf of Defendant Fortis Fund Bank.

31. Defendants received the Subsequent Transfers of BLMIS customer property from Broad Market Fund and Rye XL Fund into Defendant Fortis Fund Bank’s New York bank account.

32. BLMIS was a New York-based broker-dealer registered with the U.S. Securities and Exchange Commission (“SEC”). Defendants knew that BLMIS purported to generate its outsized returns by investing in U.S.-regulated entities in the Standard & Poor’s 100 Index (“**S&P 100 Index**”) that were listed on the New York Stock Exchange, and in other U.S. securities. Defendants knew BLMIS was subject to U.S. securities law and regulations and took steps to protect its investment if BLMIS were to be investigated or convicted for violations thereof.

33. Additionally, at all relevant times, Defendants maintained significant business operations in New York. For example, Defendants' employees met with representatives of Tremont and BLMIS in New York to conduct due diligence on BLMIS, Tremont feeder funds and Harley. At all relevant times, Defendants worked closely and acted through Fortis' New York entities, Fortis Financial Services LLC and Fortis Prime Fund Solutions USA ("**Fortis Fund USA**"). Defendants authorized and directed Fortis Fund USA to conduct due diligence, negotiate transactions, and act on their behalf.

34. After Madoff's arrest, Defendant Fortis Fund Bank filed claims against certain of Tremont's Madoff Feeder Funds to recover its transfers to those funds in a consolidated class action in District Court commenced by Tremont investors involving the various Tremont funds, *In re Tremont Sec. Law, State Law and Ins. Litig.*, No. 1:08-cv-11117-TPG (S.D.N.Y.) (the "**Tremont Class Action**").

III. BACKGROUND, THE TRUSTEE AND STANDING

35. On December 11, 2008 (the "**Filing Date**"), Madoff was arrested by federal agents for criminal violations of federal securities laws, including securities fraud, investment adviser fraud, and mail and wire fraud. Contemporaneously, the SEC commenced the District Court Proceeding.

36. On December 15, 2008, under SIPA § 78eee(a)(4)(A), the SEC consented to combining its action with an application by the Securities Investor Protection Corporation ("**SIPC**"). Thereafter, under SIPA § 78eee(a)(4)(B), SIPC filed an application in the District Court alleging, among other things, that BLMIS could not meet its obligations to securities customers as they came due and its customers needed the protections afforded by SIPA.

37. Also on December 15, 2008, Judge Stanton granted SIPC's application and entered an order pursuant to SIPA, which, in pertinent part:

(a) appointed the Trustee for the liquidation of the business of BLMIS pursuant to SIPA § 78eee(b)(3);

(b) appointed Baker & Hostetler LLP as counsel to the Trustee pursuant to SIPA § 78eee(b)(3); and

(c) removed the case to this Court pursuant to SIPA § 78eee(b)(4).

38. By orders dated December 23, 2008 and February 4, 2009, respectively, this Court approved the Trustee's bond and found that the Trustee was a disinterested person. Accordingly, the Trustee is duly qualified to serve and act on behalf of the estate.

39. On April 13, 2009, an involuntary bankruptcy petition was filed against Madoff, and on June 9, 2009, this Court substantively consolidated the chapter 7 estate of Madoff into the SIPA Proceeding.

40. 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 United States Attorney for the Southern District of New York. At the plea hearing, Madoff admitted he "operated a Ponzi scheme through the investment advisory side of [BLMIS]."

41. At a plea hearing on August 11, 2009, in the case captioned *United States v. DiPascali*, Case No. 09-CR-764 (RJS), Frank DiPascali, a former BLMIS employee, pleaded guilty to a ten-count criminal information charging him with participating in and conspiring to perpetuate the Ponzi scheme. DiPascali admitted that no purchases or sales of securities took place in connection with BLMIS customer accounts and that the Ponzi scheme had been ongoing at BLMIS since at least the 1980s.

42. At a plea hearing on November 21, 2011, in the case captioned *United States v. Kugel*, Case No. 10-CR-228 (LTS), David Kugel, a former BLMIS trader and manager, pleaded

guilty to a six-count criminal information charging him with securities fraud, falsifying the records of BLMIS, conspiracy, and bank fraud. Kugel admitted to helping create false, backdated trades in BLMIS customer accounts beginning in the early 1970s.

43. On March 24, 2014, Daniel Bonventre, Annette Bongiorno, Jo Ann Crupi, George Perez, and Jerome O'Hara were convicted of fraud and other crimes in connection with their participation in the Ponzi scheme as employees of BLMIS's IA Business.

44. As the Trustee appointed under SIPA, the Trustee is charged with assessing claims, recovering and distributing customer property to BLMIS's customers holding allowed customer claims, and liquidating any remaining BLMIS assets for the benefit of the estate and its creditors. The Trustee is using his authority under SIPA and the Bankruptcy Code to avoid and recover payouts of fictitious profits and/or other transfers made by the Debtors to customers and others to the detriment of defrauded, innocent customers whose money was consumed by the Ponzi scheme. Absent this and other recovery actions, the Trustee will be unable to satisfy the claims described in subparagraphs (A) through (D) of SIPA § 78fff-2(c)(1).

45. In accordance with SIPA § 78fff-1(a), the Trustee has the general powers of a bankruptcy trustee in a case under the Bankruptcy Code in addition to the powers granted by SIPA pursuant to SIPA § 78fff(b). Chapters 1, 3, 5 and subchapters I and II of chapter 7 of the Bankruptcy Code apply to this proceeding to the extent consistent with SIPA pursuant to SIPA § 78fff(b).

46. The Trustee has standing to bring the avoidance and recovery claims under SIPA § 78fff-1(a) and applicable provisions of the Bankruptcy Code, including 11 U.S.C. §§ 323(b), 544, and 704(a)(1), because the Trustee has the power and authority to avoid and recover transfers

under Bankruptcy Code sections 544, 547, 548, 550(a), and 551, and SIPA §§ 78fff-1(a) and 78fff-2(c)(3).

IV. BLMIS, THE PONZI SCHEME, AND MADOFF'S INVESTMENT STRATEGY

A. BLMIS

47. Madoff founded BLMIS in or about 1960 as a sole proprietorship. In 2001, Madoff registered BLMIS as a New York limited liability company. At all relevant times, Madoff controlled BLMIS first as a sole member, and thereafter as its chairman and chief executive.

48. In compliance with 15 U.S.C. § 78o(b)(1) and SEC Rule 15b1-3, and regardless of its business form, BLMIS operated as a single broker-dealer from 1960 through 2008. Public records obtained from the Central Registration Depository of the Financial Industry Regulatory Authority Inc. reflect BLMIS's continuous registration as a securities broker-dealer from January 19, 1960 through December 31, 2008. At all times, BLMIS was assigned CRD No. 2625. SIPC's Membership Management System database also reflects BLMIS's registration with the SEC as a securities broker-dealer from January 19, 1960 through December 31, 2008. On December 30, 1970, BLMIS became a member of SIPC and continued its membership without any change in status until the Filing Date. SIPC membership is contingent on registration of the broker-dealer with the SEC.

49. For most of its existence, BLMIS's principal place of business was 885 Third Avenue in New York City, where Madoff operated three principal business units: a proprietary trading desk, a broker dealer operation, and the IA Business.

50. BLMIS's website publicly boasted about the sophistication and success of its proprietary trading desk and broker-dealer operations, which were well known in the financial industry. BLMIS's website omitted the IA Business entirely. BLMIS did not register as an

investment adviser with the SEC until 2006, following an investigation by the SEC, which forced Madoff to register.

51. For more than 20 years preceding that registration, the financial reports BLMIS filed with the SEC fraudulently omitted the existence of billions of dollars of customer funds BLMIS managed through its IA Business.

52. In 2006, BLMIS filed its first Form ADV (Uniform Application for Investment Adviser Registration) with the SEC, reporting that BLMIS had 23 customer accounts with total assets under management of \$11.7 billion. BLMIS filed its last Form ADV in January 2008, reporting that its IA Business still had only 23 customer accounts with total assets under management of \$17.1 billion. In reality, Madoff grossly understated these numbers. In 2008, BLMIS had over 4,900 active customer accounts with a purported value of approximately \$68 billion in assets under management. At all times, BLMIS's Form ADVs were publicly available.

B. The Ponzi Scheme

53. At all relevant times, Madoff operated the IA Business as a Ponzi scheme using money deposited by customers that BLMIS claimed to invest in securities. The IA Business had no legitimate business operations and produced no profits or earnings. Madoff was assisted by several family members and a few employees, including Frank DiPascali, Irwin Lipkin, David Kugel, Annette Bongiorno, Joanne Crupi, and others, who pleaded to, or were found guilty of, assisting Madoff in carrying out the fraud.

54. BLMIS's proprietary trading desk was also engaged in pervasive fraudulent activity. It was funded, in part, by money taken from the IA Business customer deposits, but fraudulently reported that funding as trading revenues and/or commissions on BLMIS's financial statements and other regulatory reports filed by BLMIS. The proprietary trading business was

incurring significant net losses beginning in at least mid-2002 and thereafter, and thus required fraudulent infusions of cash from the IA Business to continue operating.

55. To provide cover for BLMIS's fraudulent IA Business, BLMIS employed Friehling & Horowitz, CPA, P.C. as its auditor, which accepted BLMIS's fraudulently reported trading revenues and/or commissions on its financial statements and other regulatory reports that BLMIS filed. Friehling & Horowitz was a three-person accounting firm based out of a strip mall in Rockland County, New York. Of the three employees at the firm, one was a licensed CPA, one employee was an administrative assistant, and one was a semi-retired accountant living in Florida.

56. On or about November 3, 2009, David Friehling, the sole proprietor of Friehling & Horowitz, pleaded guilty to filing false audit reports for BLMIS and filing false tax returns for Madoff and others. BLMIS's publicly available SEC Form X-17A-5 included copies of these fictitious annual audited financial statements prepared by Friehling & Horowitz.

1. Madoff's Investment Strategy

57. BLMIS purported to execute two primary investment strategies for IA Business customers: the convertible arbitrage strategy and the split strike conversion strategy ("**SSC strategy**"). For a limited group of IA Business customers, primarily consisting of Madoff's close friends and their families, Madoff also purportedly purchased securities that were held for a certain time and then purportedly sold for a profit. At all relevant times, Madoff conducted no legitimate business operations using any of these strategies.

58. The convertible arbitrage investment strategy was supposed to generate profits by taking advantage of the pricing mismatches that can occur between the equity and bond/preferred equity markets. Investors were told they would gain profits from a change in the expectations for the stock or convertible security over time. In the 1970s this strategy represented a significant

portion of the total IA Business accounts, but by the early 1990s the strategy was purportedly used in only a small percentage of IA Business accounts.

59. From 1992 forward, Madoff began telling IA Business customers that he employed the SSC strategy for their accounts, even though in reality BLMIS never traded any securities for its IA Business customers. All funds received from IA Business customers were commingled in a single BLMIS account maintained at JPMorgan Chase Bank. These commingled funds were not used to trade securities, but rather to make distributions to, or payments for, other customers, to benefit Madoff and his family personally, and to prop up Madoff's proprietary trading business.

60. BLMIS reported falsified trades using backdated trade data on monthly account statements sent to IA Business customers that typically reflected substantial gains on the customers' principal investments.

61. The SSC strategy purported to involve: (i) the purchase of a group or basket of equities (the "**Basket**") intended to highly correlate to the S&P 100 Index, (ii) the purchase of out-of-the-money S&P 100 Index put options, and (iii) the sale of out-of-the-money S&P Index call options.

62. The put options were to control the downside risk of price changes in the Basket. The exercise of put options could not turn losses into gains, but rather could only put a floor on losses. By definition, the exercise of a put option would entail a loss for BLMIS.

63. The sale of call options would partially offset the costs associated with acquiring puts, but would have the detrimental effect of putting a ceiling on gains. The call options would make it difficult, if not impossible, for BLMIS to outperform the market, because in a rising market, calls would be exercised by the counterparty.

64. The simultaneous purchase of puts and calls to hedge a securities position is commonly referred to as a “collar.” The purpose of the collar is to limit exposure to volatility in the stock market and flatten out returns on investment.

65. For the SSC strategy to be deployed as Madoff claimed, the total value of each of the puts and calls purchased for the Basket had to equal the notional value of the Basket. For example, to properly implement a collar to hedge the \$11.7 billion of assets under management that Madoff publicly reported in 2006 would have required the purchase of call and put options with a notional value (for each) of \$11.7 billion. There are no records to substantiate Madoff’s purchase of call and put options in any amount, much less in billions of dollars.

66. Moreover, at all times that BLMIS reported its total assets under management, publicly available information about the volume of exchange-traded options showed that the volume of options contracts necessary to form the collar and implement the SSC strategy exceeded the available options.

67. Sophisticated or professional investors, including the Defendants knew that Madoff could not be using the SSC strategy because his returns drastically outperformed the market. Not only did BLMIS regularly show gains when the S&P 100 Index was down (at times significantly), it would also post gains that exceeded (at times, significantly) the S&P 100 Index’s performance. Such results were impossible if BLMIS had actually been implementing the SSC strategy.

2. *BLMIS’s Fee Structure*

68. BLMIS charged commissions on purportedly executed trades rather than management and performance fees based on the value of assets under management, but by using a commission-based structure, Madoff inexplicably walked away from hundreds of millions of dollars in fees.

3. *BLMIS's Market Timing*

69. Madoff also lied to customers when he told them that he carefully timed securities purchases and sales to maximize value. Madoff explained that he achieved market timing by intermittently taking customer funds out of the market. During those times, Madoff purported to invest BLMIS customer funds in U.S. Treasury securities (“**Treasury Bills**”) or mutual funds invested in Treasury Bills.

70. BLMIS’s market timing, as reported on its customer statements, showed an uncanny ability to buy low and sell high, an ability so uncanny, that any sophisticated or professional investor, including the Defendants, could see it was statistically impossible. BLMIS’s customer statements also showed, without fail, a total withdrawal from the market at every quarter and year end.

71. As a registered broker-dealer, BLMIS was required, pursuant to section 240.17a-5 of the Securities Exchange Act of 1934, to file quarterly and annual reports with the SEC that showed, among other things, financial information on customer activity, cash on hand, and assets and liabilities at the time of reporting. BLMIS’s reported quarterly and year-end exits were undertaken to avoid these SEC requirements. But these exits also meant that BLMIS was stuck with the then-prevailing market conditions. It would be impossible to automatically sell all positions at fixed times, independent of market conditions, and win every time. Yet this is precisely what BLMIS’s customer statements reported.

72. BLMIS’s practice of exiting the market at fixed times, regardless of market conditions, was completely at odds with the SSC strategy, which relied on holding long positions rather than on short-term speculative trading.

73. There is no record of BLMIS clearing a single purchase or sale of securities in connection with the SSC strategy at The Depository Trust & Clearing Corporation, the clearing

house for such transactions, its predecessors, or any other trading platform on which BLMIS could have traded securities. There are no other BLMIS records that demonstrate that BLMIS traded securities using the SSC strategy.

74. All exchange-listed options relating to the companies within the S&P 100 Index, including options based upon the S&P 100 Index itself, clear through the Options Clearing Corporation (“OCC”). The OCC has no records showing that BLMIS’s IA Business cleared any trades in any exchange-listed options.

4. The Collapse of the Ponzi Scheme

75. The Ponzi scheme collapsed in December 2008, when BLMIS customers’ requests for redemptions overwhelmed the flow of new investments.

76. At their plea hearings, Madoff and DiPascali admitted that BLMIS purchased none of the securities listed on the IA Business customers’ fraudulent statements, and that the IA Business operated as a Ponzi scheme.

77. At all relevant times, BLMIS was insolvent because (i) its assets were worth less than the value of its liabilities; (ii) it could not meet its obligations as they came due; and (iii) at the time of the transfers alleged herein, BLMIS was left with insufficient capital.

V. DEFENDANTS AND RELEVANT NON-DEFENDANTS

A. The Fortis Affiliates Worked Together as One Global Entity

78. Defendant Fortis Fund Bank is a company incorporated in 2003 with its principal place of business at Fortis House Park Lane, Spencer Dock, Dublin, Ireland. On July 5, 2010, “Fortis Prime Fund Solutions Bank (Ireland) Limited” changed its name to “ABN AMRO Bank (Ireland) Limited” and now operates as a subsidiary of ABN AMRO Bank N.V.

79. Defendant Fortis Fund Services is a company incorporated in 1995 with its principal place of business at Fortis House Park Lane, Spencer Dock, Dublin, Ireland. On July 5,

2010, “Fortis Prime Fund Solutions Custodial Services (Ireland) Ltd” changed its name to “ABN AMRO Custodial Services (Ireland) Ltd.” Fortis Fund Services also operates as a subsidiary of ABN AMRO Bank N.V.

80. Defendants are part of Fortis, a global financial institution whose numerous employees, entities and business groups worked together to provide a menu of banking services to Fortis’ clients worldwide.

81. In 1997, Fortis purchased MeesPierson N.V., a Netherlands based investment bank with offices all over the world, from ABN AMRO. Although MeesPierson N.V. became a wholly owned subsidiary of Fortis Bank SA/N.V., the entities continued to operate under the MeesPierson name for several years.

82. In 2000, Fortis began to bring the MeesPierson entities under the Fortis name. Defendants, who were then both under the MeesPierson name, were rebranded as Fortis entities. In 2004, as part of the global institution transition to Fortis Fund Solutions, Defendants rebranded as Fortis Prime Fund Solutions Bank (Ireland) Limited and Fortis Prime Fund Solutions Custodial Service (Ireland) Limited.

83. In 2005, Fortis formally unified all of its onshore and offshore fund service entities, including Defendants, which had already been working together for years, under the umbrella of Fortis Fund Solutions. Fortis formalized the coordination of its services, announcing that it “bundled all Fortis’ fund services—both onshore and offshore—to form a single unit called Prime Fund Solutions” that offered the fund industry “a combination of administration, custody, banking and financial capabilities.” Fortis marketed Fortis Fund Solutions as a “one stop shop” to “limit the amount of service providers with which [clients] must liaise to **one—Fortis.**” (emphasis added).

84. Fortis also began to rebrand the MeesPierson entities and businesses in other branches of the bank. In 2006, MeesPierson's investment in Tremont's Broad Market Fund was consolidated into Fortis Multi-Management.

85. As described more fully below, regardless of which Fortis affiliate was officially the party to a particular transaction involving BLMIS, employees across various Fortis affiliates worked together as one business to carry out those transactions.

B. Tremont-Related Entities

86. Non-party Tremont Partners, Inc. (previously defined as "**Tremont**") is a Connecticut corporation with its principal place of business at 555 Theodore Fremd Avenue, Rye, New York 10580. Tremont is the asset management arm of Tremont Group Holdings, Inc. Tremont is an investment adviser registered with the SEC under the Investment Advisers Act of 1940.

87. Tremont managed and controlled all of the Tremont feeder funds. At all relevant times, the funds were dominated and controlled by Tremont, which managed each of the funds' day-to-day operations, investment management and decision-making from its principal place of business in Rye, New York.

88. Non-party Rye Select Broad Market Prime Fund, L.P. ("**Prime Fund**"), is a Delaware limited partnership organized in May 1997. Prime Fund had a direct account with BLMIS that opened in 1997, with account number 1C1260.

89. Non-party Broad Market Fund is a Delaware limited partnership organized in May 1994. It maintained a direct account with BLMIS, which opened in 1994 with account number 1T0027. Broad Market Fund used a New York bank account at the Bank of New York to make the transfers identified in this Complaint.

90. Non-party Rye XL Fund is a Delaware limited partnership formed on July 13, 2006, whose goal was to provide investors with returns equal to approximately three times those of Broad Market Fund. Rye XL Fund used a New York bank account at the Bank of New York to make transfers identified in this Complaint.

VI. IN 2003, FORTIS EMPLOYEES CAUSED FORTIS FUND BAHAMAS AND HARLEY TO MOVE LEGAL JURISDICTIONS TO ESCAPE LIABILITY IF MADOFF WAS A FRAUD

A. As Harley's Administrator, Fortis Employees Worked Directly with BLMIS, Which Was Harley's Investment Manager, Broker Dealer and Custodian

91. Since at least the mid-1990s, Fortis employees, working collectively across various Fortis affiliates, provided a number of services to the hedge fund industry, including administrator and custodian services, as well as financing.

92. When Harley was formed in 1996, Fortis Fund Bahamas entered into an agreement to serve as the fund's administrator. As Harley's administrator, Fortis Fund Bahamas was responsible for many day-to-day administrative duties on behalf of Harley, including among others: effecting redemptions; computing the net asset value of the fund ("NAV"); account maintenance; distributions; answering the questions of the auditors; and conducting due diligence on behalf of the fund.

93. While Fortis Fund Bahamas served as Harley's administrator, BLMIS served Harley in the triple role of investment advisor, broker-dealer and custodian.

94. Fortis Fund Bahamas' employees did not perform the administrator's duties for Harley alone. Rather, Harley's administration tasks were performed in concert by employees from multiple Fortis entities, including Defendants, Fortis Fund Bahamas, and Fortis Fund Solutions entities in the Cayman Islands, Isle of Man, U.S. and Defendants' parent, Fortis Bank N.V.

95. Employees from these Fortis entities worked collaboratively on behalf of Fortis Fund Bahamas, communicating directly with BLMIS employees and meeting with Madoff and employees at BLMIS's offices in New York from at least 2001 through 2008.

96. The Fortis employees who provided these hedge fund services to Harley and other funds were sophisticated financial industry professionals. Their internal communications indicate their awareness of the unique nature of BLMIS's structure as an investment fund: specifically, that unlike just about any other fund at the time, there was not a single independent party involved anywhere in the chain of services BLMIS was purportedly providing for customers. While the securities industry occasionally saw a financial institution serving in dual roles (such as serving both an investment adviser and a broker, or a broker/dealer and a self-custodian), it was unusual, if not unique to BLMIS, that all three roles of investment adviser, broker/dealer and custodian were fulfilled by the same entity.

97. By 2003, Fortis employees had become substantially concerned about their inability to independently verify whether BLMIS had custody of Harley's assets and whether it was actually engaging in the trades that appeared on Harley's customer statements. Fortis employees internally identified questions for Madoff and his employees about BLMIS's investment strategy, trade executions, trade processing, how BLMIS cleared its securities transactions, and how BLMIS custodied investors' cash. As discussed below, to the extent Fortis posed these questions to BLMIS, the answers Madoff and his employees gave were evasive, uninformative, and most notably, contained not a single shred of fact-based detail that could enable Fortis to actually verify BLMIS's trades and custody of customer assets.

B. In 2003 Fortis Employees Were Aware That Under Applicable Bahamian Law Fortis Fund Bahamas Was Responsible For Verifying the Legitimacy of BLMIS

98. Harley and Fortis Fund Bahamas were both domiciled in the Bahamas and were subject to Bahamian investment regulations and the authority of the Securities Commission of the Bahamas.

99. In 2003, Fortis employees knew that the Bahamas had passed stricter regulations governing the administration of investment funds, the Investment Funds Act and the Investment Funds Regulations. Among other things, these Bahamian laws required administrators such as Fortis Fund Bahamas to verify that all of a fund's service providers – including the fund's custodian – were “fit and proper.”

100. The regulations also imposed on administrators such as Fortis Fund Bahamas ongoing obligations to report, in writing, to the Bahamas Securities Commission if it “knows or has reason to believe” that “an investment fund (c) is carrying on business in a manner that is or is likely to be prejudicial to investors or creditors of the investment fund.”

101. Under the foregoing regulations, Fortis Fund Bahamas was obligated to report to the Bahamas Securities Commission if it even had **suspicions** that Harley's custodian – Madoff – was improperly carrying out his duties on behalf of the fund.

102. Violations of the Bahamian Investment Funds Act and Investment Funds Regulations were punishable by censure, fine, disgorgement of profits or unjust enrichment, restitution, court order, and suspension, revocation or reclassification of the administrator's license.

C. Fortis Employees Acknowledged That Fortis Fund Bahamas Was At Risk Under Bahamian Law Because They Could Not Independently Verify BLMIS's Trades or Custody of Harley's Assets

103. Against the backdrop of the new Bahamian regulations, in July 2003, a Fortis executive, Sue Novo (COO of Fortis Fund Solutions, Managing Director of Fortis Fund Isle of Man), wrote an email to Brenda Buckley (the Global Head of Financing and Risk at Fortis Funds worldwide and Managing Director of Defendant Fortis Fund Bank) about concerns that Buckley had raised about BLMIS that appeared to question what steps Fortis should take as Harley's administrator given Madoff's unique setup that created the capacity for fraud. Novo wrote to Buckley: "You have quite rightly raised the issue of broker dealer accounts [BLMIS] and how [Fortis] can work with them within our principles." Novo told Buckley that she believed Fortis could continue to provide administrator services to Harley, but in order to do so, she indicated Fortis needed greater visibility into BLMIS's trading and custody operations. Novo wrote "we probably should be trade blotter matching and also we need to consider the 'control' of the assets with regard to segregation versus pooled accounts, restrictions on money movement/transfers, Insurance cover for the assets should the broker go bust, in particular if we have a lien/charge over them."

104. Novo's email identified that Fortis Fund Bahamas did not have any visibility into how Madoff actually purported to segregate customer assets. Her email revealed her concern that Fortis could face exposure under Bahamian laws if BLMIS was not in fact segregating its customer's assets as it claimed to be doing. In the event BLMIS became the subject of bankruptcy or another legal proceeding, BLMIS creditors or others third parties could potentially attach Harley's assets to satisfy their own claims.

105. In that same email, Novo warned however that Fortis, as Harley's administrator, was responsible under Bahamian law for, among other things, any misconduct by the Fund's custodian, Madoff:

All in all if these Funds [Harley and other BLMIS feeder funds] still fall under Bahamas securities commission for the present, then irrespective of anything else we need to be very careful, in that the responsibilities of the Administrator are very onerous, with somewhat of an overall responsibility for the Fund, responsibility to the investors, responsibility for the actions of the Directors and I believe in the latest legislation, responsibility for Custodian [BLMIS].

106. In follow-up emails to Buckley later that day, Novo pointed out further details about which Fortis lacked any visibility into BLMIS's operations. Novo identified that Fortis employees could not independently verify prices of BLMIS's "over the counter" option trades. She also noted that while Fortis Fund Bahamas prepared the monthly NAV for Harley based on information provided by BLMIS on customer statements, BLMIS itself did not sign off on the NAV. Implicit in her email was the fact that Fortis Fund Bahamas was relying completely on BLMIS's representations as to what assets it actually held for Harley and for computing the current value of their worth. Novo further confirmed that she continued to have concerns about what happens to Harley's investments, "in particular if anything happens to the broker [BLMIS]. We should also have confirmation as to how the Harley assets are held with the broker eg. Segregated/pooled account and my comment below viz insurance is probably also valid as well."

107. This email exchange was circulated to numerous other Fortis employees, including Rhonda Eldridge (Managing Director of Fortis Funds Group; Director of Fortis Funds Bahamas and Fortis USA; member of Fortis internal credit committees) in New York.

108. The next day on July 24, 2003, Eldridge sent a letter directly to BLMIS formally requesting that BLMIS confirm to Fortis Fund Bahamas that it acted as agent for Harley, and that

Harley's funds were "segregated" from BLMIS's own assets or other customers' assets. Fortis Fund Bahamas also requested that BLMIS provide a "SAS 70 Report" – which at the time, was an industry standard audit report that was prepared by service providers such as broker dealers and custodians with respect to what controls they had in place to, among other things, protect its customers' securities from fraud.

109. One week later, BLMIS employee Frank DiPascali sent a letter in response to Eldridge's requests that contained only the empty assurance that "all security positions held are segregated for the exclusive benefit of Harley International Limited." DiPascali's response contained no other detailed information about BLMIS's trading or custody operations that would enable Fortis Fund Bahamas to independently verify that Harley's assets were actually segregated from BLMIS's funds or those of other customers.

D. Instead of Pursuing Independent Verification of BLMIS's Trades And Custody of Assets, Fortis Sought To Eliminate its Legal Duty to Do So by Changing Legal Jurisdictions

110. In an email chain dated between August 29 and September 1, 2003, Eldridge, Buckley and other Fortis employees confirmed that DiPascali's response to their requests did not provide the assurances and information Fortis employees required in order to independently verify BLMIS's trades and custody of Harley's assets. These employees also discussed at length Fortis' options going forward with respect to Harley if they ultimately did not receive the necessary assurances from BLMIS.

111. Another Fortis employee, Roger Hanson (Regional Manager of Prime Fund Solutions for North America and Caribbean), wrote to Buckley on August 29, 2003 that it was his view that, in light of the fact that Fortis could not obtain information from Madoff that would enable it to verify Madoff's trades and custody of Harley's assets, Fortis should seek to "change" the formal administrator of Harley from Fortis Fund Bahamas to Fortis Prime Fund Solutions

(Cayman) Limited (“**Fortis Fund Cayman**”). He noted that changing jurisdictions of the administrator would require Fortis Fund Bahamas to first obtain the consent of a Harley investor who had made a loan to the fund.

112. Hanson continued to list the options available to Fortis under the circumstances. One option was to have Defendants’ parent company, Fortis Bank N.V., lend money to the Harley investor to repay the pre-existing loans to facilitate the change in legal jurisdictions. But if the jurisdiction change could not be accomplished in this manner, Hanson forcefully stated that Fortis Fund Bahamas had to resign as Harley’s administrator:

Finally, someone in Head Office needs to confirm that Fortis N.V. is satisfied that we can lend money to [redacted] who in turn invest in Harley which is managed by a broker dealer [BLMIS] with no independent custodian. If this is not forthcoming then we need not take any further action other than to see if we can get the admin transferred without making the promises to [redacted]. If that is not possible we will have no alternative than to resign from the engagement.

113. Buckley responded to Hanson in an email dated September 1, 2003. Her email confirmed that no one at Fortis had obtained the information Fortis Fund Bahamas needed from Madoff to independently reconcile the purported trades on Harley’s customer statements. Buckley also indicated that, under those circumstances, she agreed with Hanson that Fortis had no choice but to seek to change the administrator’s jurisdiction away from the Bahamas.

114. But Buckley insisted that Fortis Bank N.V. should not lend any of its **own** money to Harley’s investor in order to facilitate the jurisdiction change because Fortis could not actually confirm BLMIS’s trades or custody of Harley’s assets:

I am still extremely uncomfortable with giving financing to [Redacted] and now possibly [redacted] given their investment in Harley and the broker dealer relationship with Madoff. Before this option can be considered further we will need some assurance of how the front and back office are separated in Madoff and if two separate streams of trade information can be provided, that will

allow independent reconciliation of trades in Harley. Without this, I do not support financing by Fortis to [Redacted].

115. In her email, Buckley noted that she had reported her concerns to senior management personnel and other members of Fortis' Investment Bank Credit Committee. She also wrote that:

[I]f financing is to be considered seriously then I think he should be asked to put pressure on Madoff to give the assurances we need or else appoint another custodian to Harley. I would agree therefore that the only option at present is to proceed with the transfer of administrator (and possibly pitch [to replace BLMIS] for the custodian work.)

116. A senior Fortis executive responded to Buckley's analysis, "I do agree, this must be addressed properly."

117. Buckley's email (and her fellow executive's responses to it) establish that Fortis believed that being able to independently verify that Madoff had custody of customers' assets and was engaging in the trades he claimed was a **gating** issue to be resolved before Fortis could even consider extending financing to Madoff investors. Buckley's statement – that if Fortis cannot get the necessary "assurances" from Madoff that Fortis' only option was to insist that Madoff use an independent custodian for Harley – shows the strong suspicion that BLMIS did not have custody of Harley's assets or that he was not engaging in the trades he reported.

118. Madoff never gave Fortis or any of its entities the assurances Buckley and others needed, nor did Fortis seek further independent verification of Madoff's trades or custody of Harley's assets. This is evidenced by the fact that Fortis instead decided to transfer the administration of Harley from Fortis Fund Bahamas to Fortis Fund Cayman, just before the new Bahamian regulations were to take effect.

119. But moving the administration duties for Harley to a Fortis entity outside of the Bahamas did not, by itself, eliminate the operation of Bahamian law. If Harley and its feeder funds

remained in the Bahamas, any Fortis entity performing administrative services – from whatever jurisdiction – would continue to be subject to the Bahamian laws and remain responsible for any misdeeds by Madoff as Harley’s investment adviser, broker-dealer and custodian. Fortis employees determined that in order for a Fortis entity to continue as Harley’s administrator without risk of liability for potential fraud by Madoff, the jurisdiction of the **entire** Harley fund would need to be transferred.

120. Transferring Harley’s jurisdiction was not simple. Some of Harley’s feeder funds’ investors and their lenders would only agree to the change if, among other things, Fortis agreed to reimburse the parties’ expenses. Ultimately, Fortis agreed to reimburse up to \$25,000 of their expenses.

121. Effective October 2003, Fortis transferred the administration of Harley from Fortis Fund Bahamas to Fortis Fund Cayman. Harley, its feeder funds, and Harley’s investment manager likewise changed their jurisdiction to the Cayman Islands. In December 2003, Harley – then known as Harley International Ltd. – officially changed its name to Harley International (Cayman) Ltd.

122. By moving Harley’s legal jurisdiction and domicile, Fortis tried to avoid confirming its suspicion – that Madoff may not actually engage in the trades he purported to or even have custody of Harley’s assets – while at the same time attempting to eliminate any potential legal liability for administering the fund should that prove to be the case.

123. Notably, Fortis Fund Bahamas did not report to the Bahamas Securities Commission the concerns Fortis employees shared internally about Madoff, either before or after the jurisdiction of Harley was moved to the Cayman Islands.

124. Because Fortis was operating as a single unified global operation, the same employees who were involved in the jurisdictional transfer of Harley and related Fortis administrator services to the Cayman Islands were also involved in negotiating and obtaining approval for the Swap Transaction on behalf of Defendants several years later.

E. Even After Relocating Harley to the Cayman Islands, Fortis Employees Continued to Warn That the Risk of Fraud at BLMIS Posed Risks To Fortis

125. Emails between the same Fortis employees discussed above reveal their ongoing concerns about the continued potential risk of fraud at BLMIS.

126. In a July 26, 2004 email, Eldridge forwarded an “Excerpt from Compliance Committee meeting” to another senior Fortis employee. The discussion in the excerpt concerned whether Fortis entities should continue providing administration, custody, financing or other services to another investor in Harley:

As stated in earlier correspondence it appears that Madoff who acts as the Broker Dealers as well as the Custodian for Harley effectively is the investment manager of the Harley Fund. The formal investment manager [REDACTED] in practice only acts as a nominee director. **Madoff’s double role implies that there is no guarantee that the trades and positions provided by Madoff to Fortis as Administrator are objective and it is not possible to obtain independent confirmations on trades and positions.**

Compliance/Legal Fortis Curacao has recommended negatively on the requested due to the Madoff issue, in particularly given the size of the increased limit [of financing] . . .

The **IBCoCo** [Investment Banking Compliance Committee] deems it however remarkable that:

- Cayman/Curacao and London apparently disagree on whether to keep providing administration services to [Redacted] given the Madoff issue stated above

Given the above, the committee is not comfortable with accepting the client as presented, especially as a credit proposal in the pipeline for an increase to USD 160 mln. (emphasis added).

127. A full year after moving legal jurisdictions, the Legal and Compliance Department of Fortis Fund Curacao recommended **against** Fortis continuing to provide services or financing to any BLMIS feeder funds because of the “**Madoff Issue**”: namely, Fortis’ inability to confirm that BLMIS had custody of the assets it claimed to have or that Madoff executed the trades he reported on customer statements.

128. For the same reason, Fortis’ Investment Banking Compliance Committee refused to sign off on an application to accept a new client seeking financing to invest in Harley.

129. Notwithstanding internal warnings about the risk posed to Fortis by the potential for fraud at BLMIS, Fortis Fund Cayman continued to serve as Harley’s administrator until 2008, when Madoff confessed to the Ponzi scheme.

VII. FORTIS' INVESTMENT ARM REDEEMED INVESTMENTS IN TREMONT BLMIS FEEDER FUNDS BASED ON ITS IDENTIFICATION OF INDICIA OF RED FLAGS OF FRAUD AT BLMIS

A. Tremont Employees Reported in May 2006 That Fortis Multi-Management Was “Nervous About Madoff And Asking Probing Questions About BLMIS That Tremont Employees Could Not Readily Answer

130. In addition to Fortis’ relationship to BLMIS in connection with Harley and other BLMIS Feeder Funds, beginning in 2001, Fortis’ investment management arm had selected BLMIS to manage tens of millions of dollars of Fortis customers’ investments through Tremont’s BLMIS Feeder Funds.

131. MeesPierson was a third-party manager of the investments of Fortis customers. As such, MeesPierson owed a duty of care to its investors to exercise diligence in the selection of any investment manager – which in this case was ultimately BLMIS through Tremont’s BLMIS Feeder Funds. Because Tremont had selected Madoff to manage its investors’ assets, Tremont in turn owed those same duties of care.

132. In May 2003, MeesPierson employees met with Madoff and identified additional indicia of fraud at BLMIS that they noted in an internal memorandum in a May 15, 2003 memorandum (the “**Mees Memo**”). Among other things, they noted Madoff’s secrecy and “zero transparency”; BLMIS’s exceptionally stable returns; the fact that these returns were inconsistent with the split strike conversion strategy Madoff purported to execute; the fact that Madoff left all investor relations to the likes of Tremont and Fairfield and hardly granted direct meetings with end investors; and, of course, the continuing fact that BLMIS’s trades and assets could not be verified. MeesPierson recognized that the questions they identified went to the legality of Madoff’s operations and whether BLMIS had been engaging in broker-dealer “wrongdoing.” Nonetheless, these exceptionally stable returns meant that Tremont remained profitable.

133. In 2006, newly-formed Fortis division Fortis Multi-Management assumed control of MeesPierson’s investment book, including its customers’ investment in Tremont’s Feeder Funds, which had grown to over \$70 million. In a press release, the bank announced that “Fortis is combining all the existing multi-manager elements of its business, notably those of the Mees Pierson private banking arm and the retail funds business of Fortis Investments” in a new unit, Fortis Multi-Management.

134. In May 2006, Mark Geene of Fortis Multi-Management emailed Tremont and informed it that Fortis had been internally discussing its investments with Madoff “at length,” “especially the opaque structure/process” surrounding BLMIS and wished to meet with both Tremont and BLMIS personnel. MeesPierson had previously entered into a separate contract with Tremont whereby Tremont agreed to prepare due diligence and operational risk reports for Fortis Multi-Management, and to arrange meetings and onsite due diligence visits with managers.

135. Despite Tremont's contractual obligation to set up meetings with investment managers such as Madoff, Tremont employees informed Geene they could not get Madoff to agree to meet, and that Fortis Multi-Management had to settle for a meeting with Tremont executives instead.

136. On May 19, 2006, Geene met with senior Tremont personnel in Rye, New York to pose questions that Fortis Multi-Management had hoped to ask Madoff directly. Geene was a seasoned securities investment manager with a decade-long background analyzing investment strategies, monitoring management activities, and teaching graduate courses on hedge funds and equities. Prior to taking a position at Fortis Multi-Management, Geene spent eight years working at pension fund managers in the Netherlands where he focused on the "strategic use of derivatives/protection strategies" and "risk budgeting."

137. Ahead of the meeting between Tremont and Fortis Multi-Management, Geene forwarded to Tremont written questions he wished to discuss about Madoff's operations. Among other things, Geene questioned BLMIS's purported trading model, including what he perceived as Madoff's inconsistent implementation of the split strike conversion strategy, asking: "If he [Madoff] can so quickly and efficiently put his trades on just ahead of market rally, why doesn't he also close out his positions as quickly once the rally has played out and book the gains? (i.e. they [Fortis Multi-Management] thought he'd be a much more active trader)." Fortis Multi-Management understood that the "precise" market timing advantage that Madoff claimed enabled him to reap his consistent returns was not being implemented equally when buying and selling. These questions show that Geene perceived that Madoff was leaving profits on the table in timing his equity sales, which was counter-intuitive to all investment advisors' primary goal to maximize investor gains.

138. Geene also asked whether Madoff had “collateral arrangements with his option counterparties? (Mark apparently used to trade options for a pension account and believes Madoff’s size is a concern – he used Goldman going bankrupt in a ‘what if’ scenario).”

139. This last question by Geene related to a major component of Madoff’s purported “split-strike” strategy which involved the purchase and sale of put and call options to purportedly hedge customers’ equity securities trades, in order to limit any losses on customers’ equity trades. Geene understood that options trades can take place in the marketplace in one of two ways: (i) over an exchange, or (ii) over the counter (“OTC”). If options are purchased over an exchange, then the exchange itself guarantees that the options’ obligations will be performed. In an OTC options trade, the trade is a private contract between two counterparties, and no one guarantees the performance of either counterparty to the trade.

140. The flexibility for parties to negotiate their own terms in an OTC trade comes at the price of corresponding risk to an investor that the counterparty may fail to fulfill its obligations under the option to buy or sell the specified equity at the agreed upon strike price for whatever reason – for instance, the counterparty reneges on the trade, creditors attach the options as party of the company’s assets, or, in the extreme scenario, the counterparty goes bankrupt.

141. Geene’s question was directed at finding out what collateral arrangements Madoff had with the options counterparties to protect BLMIS’s investors’ assets in the event of default. If BLMIS had twenty billion dollars in assets under management (as was speculated previously in the Mees Memo), Madoff needed to trade an enormous volume of options to hedge his investors’ equity trades. Trading that volume exposed BLMIS’s investors’ assets to massive risk in the event that a major counterparty went bankrupt and failed to perform its option obligations – as for example Lehman Brothers did in 2008.

142. Tremont's inability to answer basic questions about Madoff's purported investment strategy apparently did not sit well with Geene. One Tremont executive described the meeting as "challenging." Another recounted:

One issue came very clear – they [Fortis Multi-Management] recently were in New York to meet managers, among those, Madoff. We didn't get them access to Madoff, and held a meeting internally instead. The results of that meeting left them **nervous** (we didn't talk details) and they went back and explained their **apprehensions** with Eric. They have \$70m with Madoff, and we derive over \$1m in fee from this. My suggestion was two-fold. First in the short run, lets [*sic*] get them **comfortable with Madoff**, via Bob and Cynthia. Second, lets [*sic*] facilitate a meeting in the Madoff offices. (emphasis added)

143. Subsequently, Tremont employees reported internally that Geene's questions required "additional support" from Tremont executives to answer.

B. Geene's Questions Reveal that Tremont Did Not Know Even the Most Basic, Material Terms About Madoff's Strategy, Trades Or Custodial Arrangements

144. Leading up to an August 2006 conference call, Geene emailed Tremont a list of questions about Madoff, his split strike conversion strategy, OTC options trading process, and custodial arrangements that Fortis Multi-Management still wanted answered.

145. Parties to OTC options transactions typically use standardized agreements prepared by the International Swaps and Derivatives Association, Inc. ("**ISDA**"). These ISDA agreements provide standard material terms of OTC options contracts, including the underlying obligations of the parties, price, amount of securities, timing of payments, provisions governing the exchange of collateral, events of default and termination events. In the absence of an ISDA agreement, the parties must negotiate these terms specifically for each transaction.

146. Geene's questions to Tremont went to the heart of ascertaining some of these material terms of Madoff's purported OTC options trades. Tremont's inability to answer Fortis Multi-Managements' basic questions about securities transactions to which Tremont was a party

– and for which it owed fiduciary duties of diligence and care to its investors – was of concern to an experienced derivatives trader such as Geene.

147. For example, in August 2006, Geene questioned Tremont about Madoff’s collateral arrangements with options counterparties, asking for “details with respect to collateral [*sic*]: how often exchanged (daily/weekly), how conservative are the haircuts, does Madoff use minimum [thresholds] and why does Tremont not see the exchange of collateral [*sic*]?”

148. Geene knew that, as the account holder of the options in question, Tremont itself should have been directly exchanging collateral with the counterparty. Geene’s observation indicates Fortis Multi-Management was concerned that Tremont itself did not observe or appear to understand how this basic OTC trade logistic was carried out with respect to Tremont’s own options trades. Indeed, Tremont did not appear to even know what the terms of collateral were. This apparent absence of a necessary and fundamental component of OTC options trades suggests that they were not happening at all.

149. Geene also appeared to struggle to understand how BLMIS could possibly trade the volume of options Madoff needed to hedge his investors’ purported equities trades. Geene continued to seek basic information about the basic components and logistics of Madoff’s option trades. For example, he asked Tremont:

Option grid: do the investment banks quote for puts as well as calls and on both sides (buy/sell)? How will he hedge the basis risk: for instance when hitting Goldman for puts with 2B he cannot instantaneously [*sic*] trade 2B in equities the same second: does he average is [*sic*], is he using his time slicing methodology (still: basis risk (or alpha??) remains. Does he have to do calls with the same investment bank (later that day based upon the same grid)?

150. Geene also asked Tremont’s CEO if he could “elaborate a bit on the ‘hiding of trades’ between Feeder trades and Madoff Securities trades as he has to trade for the Feeder before his own trading.” It appears that Geene was probing for any verifiable details to confirm the

suspicion that Madoff's trading activities might involve a conflict of interest (between his duty to maximize his IA customers' returns before earning profits for BLMIS on the broker-dealer trades) or potential illegal activity.

151. Geene informed Tremont that he wanted a third-party opinion letter that "in case of a default [bankruptcy] of Madoff Sec, the Feeder accounts cannot be touched (Bob mentioned the Depository Account) => ...clear indication of separation." This question again targets the very issue that Fortis employee Novo had previously been concerned with in connection with Harley: that Fortis had no verifiable details about how Madoff "custodied" customers' assets, except for BLMIS's empty assurances that they were "segregated," and thus had no ability to assess what could happen to customers' assets if BLMIS went "bust."

152. In addition, in August 2006 Geene requested that Tremont provide Fortis Multi-Management with a full due diligence report for Madoff. Due diligence questionnaires ("DDQs") are materials typically prepared by a fund that contain critical, basic information requested by potential investors to consider when determining whether to invest. Tremont had a contractual obligation to Fortis Multi-Management to provide such DDQs on various managers, and in fact, in July 2006, Tremont did provide Geene with more than a dozen such reports on different managers.

153. But in response to Fortis Multi-Management's request for a full DDQ on Madoff, Tremont employees acknowledged internally in August 2006 that "[w]e cannot do that for Madoff." It took another four months for Tremont to prepare and complete a full DDQ on BLMIS and provide it to Geene at Fortis Multi-Management. But even then, Tremont personnel advised that the DDQ on BLMIS would not be as fulsome as other diligence reports Tremont had provided to Fortis Multi-Management for different managers.

154. At this point in 2006, Tremont had over \$2 billion invested with BLMIS, and according to Tremont, Fortis Multi-Management was contemplating a further investment in a new leveraged Tremont fund. Geene knew that Tremont could not provide one of its standard DDQs on Madoff or answer basic questions about Madoff's operations – ranging from mundane logistics about how securities transactions operate in the real world, to material terms that were required in investors' securities contracts. These facts were indicative that Tremont had not fulfilled its due diligence duties to its investors – particularly given that Geene was asking these very same questions in the pursuit of fulfilling Fortis Multi-Management's own duties of diligence and care to its investors.

155. Moreover, Fortis Multi-Management was aware that Tremont itself had a potential conflict of interest. The Mees Memo prepared by Fortis Multi-Management's predecessors in 2003 and Tremont's private placement memoranda made clear that BLMIS itself was earning no fees for serving as investment advisor and custodian services, aside from minimal commissions Madoff charged for trades, while Tremont itself was earning substantial percentage management fees as a result of their Feeder Fund arrangements with BLMIS.

C. Fortis Multi-Management Fully Redeems Its Broad Market Fund Investment After Its Concerns Are Echoed by Its Affiliate Cadogan

156. By early October 2006, Mark Geene and others at Fortis Multi-Management made it clear that they were dissatisfied with Tremont's inability to answer their questions about Madoff and his operations. In an internal Tremont email dated October 9, 2006, Johnston informed CEO Schulman and others that "MeesPierson [Fortis Multi-Management] may now not be investing in XL after all (concerns with counterparty risk, cost of leverage, liquidity)."

157. Not only did Fortis Multi-Management decline to proceed to invest in Tremont's new leveraged fund, but it also proceeded to redeem the entirety of its existing investments with

Tremont after a new business partner, Cadogan, echoed Fortis Multi-Management's suspicions about BLMIS.

158. As part of Fortis' strategy to expand the services it could offer clients, in 2006, Fortis purchased a U.S. management company that would allow it to conduct its hedge fund due diligence in-house rather than rely on third parties such as Tremont. In November 2006, Fortis acquired a 70% interest in New York-based Cadogan. Like many other Fortis entities, Madoff's business troubled Cadogan. Cadogan described Madoff as a "'black box' investment dilemma ... a phenomenal long-term track record but ... meaningful access to meaningful information [was] unavailable."

159. Prior to partnering with Fortis Multi-Management, Cadogan had independently identified numerous red flags of fraud at BLMIS, including many of the same red flags identified by numerous other Fortis employees over the years. In correspondence to its investors, Cadogan set out some of the reasons that it was "highly skeptical" of Madoff:

- i. the competitive difficulties of the space;
- ii. the apparent mismatch between Madoff's supposed AUM and the size of the options market which would need to accommodate this capital;
- iii. the immense implied net revenues given the estimated AUM and the reported results;
- iv. the extraordinary complexity and opacity of the Madoff investment vehicles;
- v. the lack of any spin-off of senior personnel over the years; and,
- vi. the smoothness of returns relative to other traders in the area.

160. Cadogan's list looked substantially the same as the Mees Memo, Fortis employees' concerns articulated in connection with Harley, and Fortis Multi-Management's observations and questions. None of these entities' personnel could understand Madoff's purported returns, the volume and mechanics of options trades that he would need to make given the billions of dollars of assets he purportedly managed and, most importantly, the lack of transparency into Madoff's business.

161. Cadogan, likewise, was concerned by what it called the “intellectual mismatch” between Madoff’s purported returns and operations and those of his competitors, so much so that it had a policy against investing in any BLMIS Feeder Funds.

162. In December 2006, Geene confirmed Cadogan’s anti-Madoff policy to employees at another BLMIS Feeder Fund, Kingate Global Fund Ltd. According to an internal email, Geene told a Kingate Global executive that it would be “politically difficult” for Fortis Multi-Management to invest in another BLMIS Feeder Fund in light of Cadogan’s anti-Madoff policy.

163. In February 2007, Fortis Multi-Management redeemed in full the remaining \$56 million it had invested in Broad Market Fund. In December 2008, Cadogan wrote to investors that both Cadogan and Fortis Multi-Management had, after discussion, unanimously decided to redeem from the Tremont Feeder Fund because of “[t]he unwillingness of the Madoff organization to provide sufficient transparency to evaluate the investment and other merits of that portfolio’s investment.”

164. In this instance, Fortis Multi-Management had a duty to its investors that it could not eliminate in the same way Fortis had sought to do by changing the legal jurisdiction of the Fortis affiliate providing administrator services to Harley. Fortis Multi-Management had to terminate its customers’ investment with BLMIS where it could not shift the potential risk away from itself in the event Madoff was engaging in fraud.

165. Fortis operated as a single unified global operation, and had a “global risk management framework” that was specifically designed to “facilitate the communication of risk-related actions throughout Fortis.” The potential risks of fraud at BLMIS previously identified by Fortis employees and affiliates were shared as part of Fortis’ global risk management evaluation of the potential Swap Transaction.

VIII. IN 2006, FORTIS EMPLOYEES BECAME AWARE OF FURTHER FACTS SUGGESTING THE POTENTIAL FOR FRAUD AT BLMIS

166. The proposed Swap Transaction was negotiated with Tremont in 2006, and obligated Fortis Fund Bank to pay to Tremont's Broad Market XL Fund three times the amount of returns the Broad Market Fund generated – whose returns were based entirely on its BLMIS investments. Accordingly, Fortis' internal procedures required it to conduct due diligence with respect to Madoff's investment strategy, and the results of that diligence were to be set forth in a credit application that would be presented to internal Fortis credit committees for approval.

167. Among the Fortis employees working on the proposed Swap Transaction were Buckley and Eldridge, who years earlier expressed concerns to senior management about BLMIS and caused Fortis to move Harley's legal jurisdiction in order to avoid liability for any malfeasance by Madoff. These Fortis employees, senior management and internal credit committees brought to the proposed Swap Transaction all of their pre-existing personal knowledge about BLMIS, its purported trading strategy and operations, and the potential risk for fraud at Madoff that they had identified years earlier.

168. Throughout late summer and fall of 2006, while working on the Swap Transaction, Fortis employees (including key Fortis Fund Solutions employees in New York) pursued further due diligence about Tremont and BLMIS from Tremont employees in New York. While making those due diligence inquiries to Tremont, Fortis Fund Solutions employees were aware of Fortis Multi-Management's six-year investment relationship with Tremont. Because both entities reported to the same internal credit committees, Fortis Fund Solutions sought details about this relationship from Tremont.

169. In the course of conducting due diligence on the proposed Swap Transaction, Fortis employees became directly aware of still further compounding facts which heightened the risk of

fraud at BLMIS. Specifically, Fortis employees reported information about the mechanics of Madoff's options trades that was contradicted not only by what BLMIS employees had directly informed Fortis years earlier, but also by what Tremont itself was contemporaneously telling Fortis and other investors.

A. Since 2001, Fortis Was Informed by BLMIS and Tremont that Madoff's Options Trades Took Place OTC, Rather Than over an Exchange

170. Before it ever undertook any due diligence in connection with the Swap Transaction in 2006, Fortis employees were told by BLMIS employees that all of Madoff's options trades purportedly took place OTC.

171. In May 2001, in connection with Fortis's administration of Harley, Fortis Fund Bahamas sent a fax to BLMIS requesting "[a] list of counter-parties for the OTC S&P 100 options." Fortis clearly asked for this information to assess the creditworthiness of Madoff's options counterparties.

172. In response, BLMIS confirmed the options trades took place OTC, but refused to provide further specific details other than to state that the counterparties to its options trades were "major financial institutions," asserting that "[t]his information is considered confidential and proprietary."

173. In October 2006, in response to Fortis Fund USA's diligence request in connection with the proposed Swap Transaction, Tremont sent Fortis private placement memoranda for Broad Market Fund and Rye XL Fund, both dated September 1, 2006 (the "PPMs"). The PPMs made it clear to Fortis that the options that would be purchased or sold by Madoff on behalf of the Broad Market Fund "are expected to regularly consist of instruments **not** traded on an exchange" – in other words, the options trades would take place OTC.

174. The PPMs Tremont sent Fortis also laid out in detail the special risks involved in OTC trading, warning that the “risk of nonperformance by the [counterparty] may be greater” than exchange-traded instruments. Likewise, Tremont warned potential investors that its funds’ ability to buy or sell OTC options could be somewhat more difficult than exchange-traded instruments.

175. Likewise, the DDQ on Madoff’s operations that Tremont prepared at Fortis Multi-Management’s request dated November 30, 2006 also expressly stated that BLMIS executed “all option trades” OTC. Like Tremont’s PPMs, Tremont’s DDQ also provided detailed warnings to potential investors about the risks of potential counterparty default on the options trades – a warning that would not be necessary were the trades to take place on an exchange.

B. The Information Fortis Reported About BLMIS’s Options Trades Was Either Vague Or Conflicted With BLMIS’s and Tremont’s Prior Statements that Options Trades Took Place OTC

176. After Fortis completed its due diligence inquiries with Tremont at the end of November 2006, a credit proposal application for the Swap Transaction with Rye XL Fund and Broad Market Fund was drafted (the “**Rye XL Fund Credit Proposal Application**”) for submission to Fortis’ Central Credit Committee at the request of Laurence Headlam, an employee of Fortis Fund USA.

177. Although the Rye XL Fund Credit Proposal Application contained some details about Madoff’s “split-strike conversion” investment strategy for the credit committee to consider, notably absent were **any** details about the market in which BLMIS traded its options. This omission is striking given that Fortis employees had been informed by BLMIS directly since 2001 that BLMIS traded options exclusively OTC, and this fact had been confirmed just recently in September and November 2006 by Tremont’s PPMs and DDQs. This manner of trading options, which would create counterparty risk, would be highly relevant to a credit committee.

178. Only one and a half months later, in January 2007, the Fortis Fund USA team of employees under Headlam's direction drafted a second credit application for another proposed swap transaction related to another BLMIS Feeder Fund (unrelated to Tremont). Unlike the Rye XL Fund Credit Proposal Application prepared only weeks earlier, the second credit application prepared by Fortis provided specific details about where BLMIS purportedly conducted its options trades. Specifically, in this credit application Fortis stated that BLMIS's options trades "may be effected in the over-the-counter market **or on a registered options exchange.**" (emphasis added)

179. This statement that BLMIS might trade options both OTC **and** over an exchange was contradicted by BLMIS's representations to Fortis employees for years, as well as Tremont's most contemporaneous PPMs and DDQ in 2006, which stated that BLMIS's trades took place OTC with confidential counterparties that BLMIS refused to disclose.

180. Fortis employees were now aware that a critical piece of information about a party they suspected of fraud was shifting and contradictory to what Fortis had been informed of previously. Rather than inquiring about the inconsistencies and verifying where the options trades took place, Fortis chose to blind itself to all of the facts suggesting a high probability of fraud at BLMIS. Fortis decided to enter into the Swap Transaction and to hedge its obligations by investing in Broad Market Fund – but not before first obtaining certain special rights and built-in protections that would minimize Defendants' losses if BLMIS were in fact engaging in fraud as discussed in more detail below.

C. Even After Entering into the Swap Transaction, Fortis Exhibited Its Willingness to Be Blind to the Conflicting Story About BLMIS's Options Trades

181. By the fall of 2007, Fortis employees observed in emails that the financial markets were in a state of "turmoil." Fortis Fund Services' Risk Management team had shifted some of

Fortis Fund Bank's \$1 billion Madoff risk exposure to other parties. Accordingly, Fortis sought to negotiate a credit default swap with AIG Financial Products ("AIG").

182. As the potential issuer of the credit default swap, AIG would be acting as insurer of Fortis' exposure to Madoff through Tremont. Accordingly, AIG conducted its own due diligence of Tremont and Madoff to assess the risk of the proposed credit default swap transaction with Fortis.

183. In an email dated September 19, 2007, Fortis Fund USA employees forwarded to various Fortis employees a list of four questions AIG had about Madoff, including a pointed question about where Madoff traded his options:

Understand that Madoff trades only exchange listed equities. In terms of Options trading, however, does Madoff trade only exchange listed or both exchange listed and OTC?

184. Employees at Fortis responded to AIG that "Madoff only trades exchange listed options."

185. Once again, this representation Fortis made to AIG – that Madoff trades options only on an exchange was contradicted by the information Fortis had received from both BLMIS and Tremont since at least 2001 – that Madoff traded options OTC. Fortis' representation to AIG is also at odds with what Fortis reported in the second credit application prepared in early 2007, that Madoff's options trades took place either OTC **or** over an exchange. Fortis was now advising a third party – AIG – of a third story: that BLMIS's options trades took place only on an exchange.

186. This version of facts concerning Madoff's options trades was more likely to satisfy AIG given the market turmoil at that time, and the real risk that existed in late 2007 that large counterparties to OTC options – such as Lehman Brothers – might go bankrupt and default on their

obligations. If BLMIS's options were exclusively "exchange traded," this would eliminate counterparty risk because the exchange itself would guarantee the performance of the options.

187. Fortis' statements to AIG that Madoff traded options only over an exchange was inconsistent with what Tremont was telling others contemporaneously. In a November 2007 email exchange, an HSBC employee wrote to Darren Johnston of Tremont: "is it your understanding that [Madoff's] index options are OTC or exchange traded? I guess we were under the impression that they were OTC but we think we may be wrong." Tremont confirmed that Tremont's "understanding is also that they are OTC."

188. Fortis' representations to AIG that Madoff traded options only over an exchange were also inconsistent with the new options "story" that Madoff himself had made up and was beginning to tell investors and auditors at about the same time. Frank DiPascali (one of Madoff's chief lieutenants at BLMIS), testified at a criminal trial involving BLMIS employees in 2014 and 2015, and said that he and Madoff had a discussion about the economic turmoil in 2008 and the huge increase in counterparty risk. DiPascali testified that Madoff told him that they could no longer take the chance that a feeder fund auditor would be comfortable with Madoff continuing to state that "the opposite side of these option trades are institutional derivative desks all over the world. Back in that day ... if you dropped the term 'institutional derivative desks' of global financial firms, it was impressive. In 2008 it was toxic." Instead, Madoff made up a new story about the options, claiming that the counterparties to the trades were large private individual customers of Madoff's who put up treasuries with Madoff as collateral for their obligations under the options trades.

189. When Fortis entered into the Swap Transaction, it did so knowing that its employees had previously expressed their concern that Madoff was not actually trading and/or did

not have custody of customer assets, and further, that Fortis had a duty to confirm these facts, but ultimately Fortis deliberately chose not to do so. That pre-existing willful blindness was now compounded by Fortis' decision to enter into the Swap Transaction while ignoring the fact that that it also now was aware that previous representations made by both BLMIS and Tremont about a material part of BLMIS's investment trading strategy were being contradicted. This contradiction is a further exhibition of willful blindness regarding the possibility of fraud at BLMIS.

IX. DEFENDANTS PROCEEDED WITH THE SWAP TRANSACTION DESPITE THE HIGH PROBABILITY OF FRAUD AT BLMIS WHERE THEY HAD SPECIAL RIGHTS AND BUILT IN PROTECTIONS TO MINIMIZE FORTIS' RISK OF LOSS

190. By 2006, when Fortis was contemplating the Swap Transaction, Fortis' concerns about the risks of fraud and/or insolvency at BLMIS had caused it to: (i) move the legal jurisdiction for both the Fortis entity serving as administrator and the entire Harley fund from the Bahamas to the Cayman Islands to escape potential liability for possible malfeasance by Madoff as Harley's custodian; (ii) repeatedly discuss Fortis' employees' concerns and objections to continuing involvement with BLMIS-related transactions; and (iii) decide to redeem the entirety of Fortis Multi-Management's investments with Tremont.

191. The high probability of fraud at BLMIS was only further heightened in 2006, when Fortis became aware of the conflicting stories about BLMIS's purported options trades.

192. Defendants and its Fortis affiliates consciously chose to ignore accumulating indicia of fraud, and proceed with the Swap Transaction in May 2007, where it perceived that it could minimize or shift the risk of any loss to Fortis. This time, Fortis sought to protect itself through "Special Rights" and other built-in contractual provisions that other individual Tremont investors did not have.

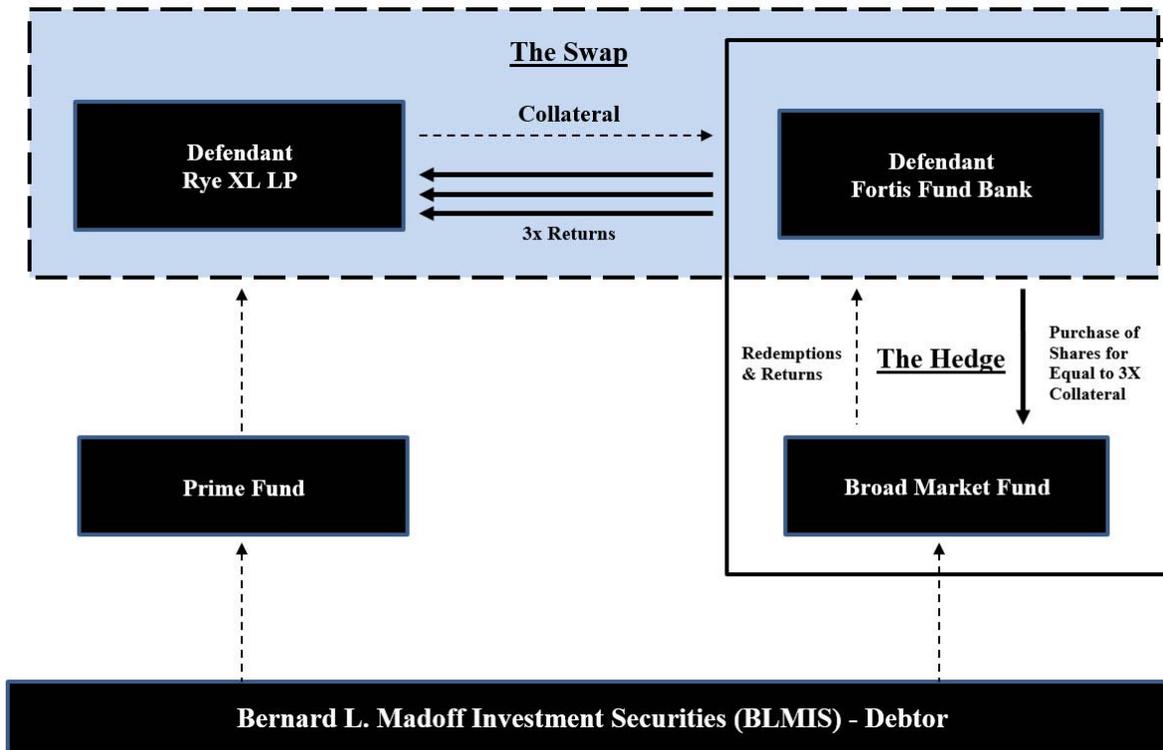
A. Fortis Enters into the Swap Transaction

193. On May 2, 2007, Fortis Fund Bank entered into the Swap Transaction. Under the Swap Transaction, Fortis Fund Bank was obligated to pay Broad Market XL Fund returns generated by Broad Market Fund, based on a hypothetical investment in Broad Market Fund equal to three times the amount of collateral Broad Market XL Fund deposited with Fortis Fund Bank.

194. Under the terms of the Swap Transaction, Rye XL was obligated to pay Fortis Fund Bank various types of fees and interest which included, but was not limited to, the spread on the floating interest rate charged to Broad Market XL Fund based on the collateral deposited with Fortis Fund Bank. At the peak of the Swap Transaction, Defendant Fortis Fund Bank earned millions of dollars in fees on the spread of the floating interest rate alone.

195. Under the Swap Transaction, Fortis Fund Bank was free to generate the returns owed to Broad Market XL Fund as it saw fit. It could have invested the collateral in other hedge funds, bonds, or even its own operations. Fortis made the proprietary and voluntary decision to hedge its risk under the Swap Transaction by investing three times the initial collateral it received from Rye XL Fund in Broad Market Fund (the “**Hedge**”).

196. Below is a chart showing the Swap Transaction and the Hedge:



B. Fortis Obtained “Special Rights” and Built In Protections in the Swap Transactions to Protect Against Potential Fraud and Insolvency at BLMIS

1. The Collateral Provisions Which Protected Fortis

197. The Swap Transaction built in protection for Fortis in the form of provisions that required Broad Market XL Fund to post collateral in the form of cash with Defendant Fortis Fund Bank. On May 2, 2007, Broad Market XL Fund provided Fortis Fund Bank with \$10 million of initial collateral. Upon information and belief, Broad Market XL Fund used BLMIS Customer Property subsequently transferred to it from initial transferees Prime Fund and/or Broad Market Fund to fund this \$10 million of initial collateral.

198. Under the terms of the Swap Transaction, Broad Market XL Fund could increase or “upsized” the value of the swap by providing additional collateral to Fortis up to one third (1/3) of the maximum notional amount of the swap. Broad Market XL Fund did just that in 2007 and

2008 when it transferred additional amounts of collateral to Fortis Fund Bank to increase the Equity Notional Value of the trade. Fortis Fund Bank, in turn, invested that collateral plus two times the value of the collateral, directly into Broad Market Fund as part of the Hedge.

199. The collateral provisions of the Swap Transaction agreements by their very nature gave Fortis Fund Bank a special protection that other Rye XL Fund swap counterparties did not have. The collateral arrangement granted Fortis Fund Bank a “first priority continuing security interest in, lien on and right of Set-off” in the cash transferred to Fortis Fund Bank as collateral in the event Rye XL Fund “fails to pay in full any of its Obligations that are then due.”

200. Thus, one-third of any amount that Fortis invested in Broad Market Fund – and thereby exposed to risk of fraud at BLMIS – would not be Fortis’ own money but in fact was the cash that Rye XL Fund was obligated to give to Fortis as collateral under the terms of the Swap Agreement. While Broad Market Fund’s other individual investors’ entire investments were at risk of fraud at BLMIS, Fortis Fund Bank itself was putting at risk of loss only two-thirds of the amount it would ultimately invest in Broad Market Fund.

2. Fortis Fund Bank Obtained A Broad Indemnification Provision in the Swap Transaction to Protect Itself, All Fortis Affiliates, and All Fortis Employees

201. The Swap Transaction Fortis Fund Bank negotiated had a significant and broad indemnification provision that was designed to require Rye XL to hold Fortis Fund Bank, its affiliates and employees harmless in the event of any action proceeding, or investigation relating to the Swap Transaction.

202. The May 2, 2007 Schedule to the ISDA Master Agreement between Fortis Fund Bank and Rye XL provided:

Indemnification. In the event that [Fortis Fund Bank] or any of its Affiliates becomes involved in any capacity in any action, proceeding or investigation brought by or against any person . . . in

connection with any matter referred to in this Agreement or any Transaction, [Rye XL] shall reimburse [Fortis Fund Bank] or such Affiliate for its reasonable legal and other out-of-pocket expenses (including the cost of any investigation and preparation) incurred in connection therewith within ten (10) days of receipt of notice of such expenses, and shall indemnify and hold [Fortis Fund Bank] or such Affiliate harmless . . . against any out-of-pocket losses, claims, damages or liabilities to which [Fortis Fund Bank] or such Affiliate may become subject in connection with any such action, proceeding or investigation.

203. Notably, when the Swap Transaction was amended in January 2008, the indemnification provision was modified to make it expressly clear that the provision extended to all members, directors, officers, agents, employees and controlling persons of Fortis Fund Bank and all of Fortis' affiliates.

204. The indemnification provision requires Rye XL Fund to protect all Fortis entities and their employees against any potential liability (as well as to reimburse their attorneys' fees and other expenses on ten days' notice) in the event that such Fortis persons became involved in any investigation or proceeding involving BLMIS or Tremont.

3. *Fortis Negotiated Special "Claw-Back" Obligations in the Event of a Bankruptcy*

205. In a prescient manner that demonstrates Fortis' assessment of the high probability of fraud and insolvency at BLMIS, Fortis also negotiated for itself in the trade confirmation executed in connection with the Swap Transaction a very special protection against any potential losses it might incur in connection with any "Claw-back" avoidance actions.

206. Section 12 of the trade confirmation expressly provided that Rye XL Fund understood that Fortis Fund Bank may, but was not required, to hedge its obligations under the swap by investing in Broad Market Fund. Fortis Fund Bank proceeded to so hedge its obligations by investing in Broad Market Fund.

207. Section 13 of that same trade confirmation set forth protections Rye XL Fund owed to Fortis Fund Bank in the event of a “Claw-back” lawsuit:

Claw-back Obligations:

In the event that a Holder of Interests [Fortis Fund Bank] would be required to return all or any portion of any payment received with respect to any investment in the Fund [Broad Market Fund] (whether pursuant to the terms of the investment in the Fund, any insolvency law, regulation, court order or otherwise (“**Claw-back Obligation**”), then notwithstanding anything herein to the contrary, Party B [Rye XL Fund] will, upon demand by Party A [Fortis Fund Bank], pay to Party A [Fortis Fund Bank] an amount in cash equal to such Claw-back Obligation.

208. Both Fortis and Tremont were sophisticated, financial industry professionals who had the assistance of counsel in negotiating the Swap Transaction. This Claw-back Obligation which the parties negotiated demonstrates that they anticipated there was the potential risk that BLMIS or Broad Market Fund could end up in bankruptcy and that Fortis Fund Bank could conceivably be sued in a claw-back action just like this very one to recover funds Defendants received in connection with its investment in Broad Market Fund. Indeed, Fortis employees Buckley and Novo had both discussed steps that should be taken to protect Fortis in the event BLMIS could go bankrupt.

209. The Claw-back Obligation survives the termination of the agreement between Rye XL Fund and Fortis Fund Bank.

210. Notably, other individual Tremont investors do not have the same “Claw-back” protections that Fortis Fund Bank obtained from Tremont.

4. Fortis Fund Bank Obtained Priority Redemption Rights in the Event Madoff Was Investigated for Securities Laws Violations Including Fraud

211. At the same time it entered into the Swap Transaction, Fortis Fund Bank also signed a side letter agreement with Broad Market Fund dated May 2, 2007 that applied to any investments

Fortis Fund Bank made in the fund to hedge its obligations under the Swap Transaction. That side letter agreement contained a “most favored nations” clause that required Broad Market Fund to offer Fortis Fund Bank the most favorable rights of liquidity or redemption from the fund that were afforded to any other investor.

212. The most favored nation provision was triggered at the latest on September 1, 2007, when Tremont entered into an agreement with another leverage provider, ABN AMRO Bank N.V., presently known as the Royal Bank of Scotland (“**ABN/RBS**”). That agreement provided ABN/RBS with a “special redemption event,” and enhanced liquidity rights ahead of all other investors – notably in the specific instance that BLMIS became the subject of an investigation, which would clearly cover the events that transpired around Madoff’s Ponzi scheme. In that event, Tremont had agreed to provide ABN/RBS with the right to redeem half of its investment on five days’ notice – notably which was 31 days faster than all other individual Tremont investors’ right to redemption.

213. Subsequently, Broad Market Fund received this same early redemption right to Fortis Fund Bank in the event BLMIS became subject to an investigation through an amended side letter agreement dated January 30, 2008, under the title “Special Rights:”

Special Rights:

Special Redemption Events

Upon the occurrence of any of the following events (“**Special Redemption Events**”), the Limited Partner may request a withdrawal and/or redemption (as applicable) of its Interest in the Fund on five Business Days prior written notice to the Administrator:

* * *

(g) If the Manager [BLMIS] becomes the subject of a formal investigation by a U.S. court, governmental or regulatory body or agency related to a specific breach of a U.S. securities law or regulation and the effect of such a breach would, as reasonably

determined by the Calculation Agent, have a material adverse effect on the Manager [BLMIS] and its ability to conduct its investment management business, the Limited Partner may reduce its investment by no more than 33%.

214. Fortis's receipt of this Special "Early Redemption" right as the result of a most favored nations clause was in and of itself a red flag of fraud. Upon receiving that, Fortis was on notice that another party anticipated that Madoff would come under investigation by federal regulators for securities fraud or other illegal conduct and had gone to the length of demanding contractual protections from Tremont.

X. FORTIS' SPECIAL CONTRACT RIGHTS AND BUILT IN PROTECTIONS ENABLED DEFENDANTS TO RECOVER PROPORTIONATELY MORE OF THEIR LOSSES THAN OTHER TREMONT INVESTORS

215. Fortis obtained "Special Rights" and built in protections in the Swap Transaction to protect it against losses in the event of fraud at BLMIS — including the likelihood that Madoff was not making the trades he reported to make and BLMIS was not holding the assets it claimed. And when this fraud was confirmed and revealed in December 2008, at least some of the built-in protections worked as anticipated.

216. Based on the collateral provisions set forth in the Swap Transaction documents, Rye XL Fund was required to provide Fortis Fund Bank with 33% of the total dollar amount to be invested in Broad Market by Fortis Fund Bank. Fortis Fund Bank was granted a "first priority continuing security interest in, lien on and right of Set-off against" that cash collateral. Thus, when BLMIS was exposed as a fraud in December 2008, Fortis was already in possession of at least \$231.7 million in collateral from Rye XL Fund (representing 1/3 of the total \$695 million Fortis Fund Bank claimed to have invested in two of Tremont's BLMIS Feeder Funds as of December 2008). By operation of the collateral provision and related termination provisions in the Swap Transaction documents, when BLMIS ultimately collapsed in 2008, Fortis was automatically

repaid 1/3 of its entire investment, and was more than 33% whole on its losses ahead of all other individual investors.

217. Additionally, Defendant Fortis Fund Bank has, according to publicly available documents, received substantial additional recoveries through distributions it received in the Tremont Class Action. On March 18, 2016, class counsel in the Tremont Class Action informed the District Court that they would make an initial distribution to investors of approximately \$757 million on March 30, 2016, that was funded by the Trustee's distribution on Tremont's claim from this liquidation proceeding. Based on the proportional share of losses claimed by Fortis Fund Bank in filings submitted in the Tremont Class Action, the Trustee has calculated that Defendant received an estimated \$129,930,851.03 from that distribution.

218. Thus, based on publicly available settlement information, on information and belief, Fortis to date has recovered more than \$334,930,851.03 of its investments in the Tremont Funds, which represents 51% of its claimed losses. Notably, this does not include any future additional recoveries Fortis may obtain by virtue of ongoing recovery efforts.

219. One "Special Right" that Fortis obtained in the Swap Transaction that may not have operated as was anticipated was the Early Redemption right in the event of an investigation of Madoff for securities law violations. The reason for this was simply because of the sudden and unexpected way in which Madoff turned himself in to the FBI and immediately confessed to running a Ponzi scheme at BLMIS, followed by the SEC's immediate commencement of this liquidation proceeding. Fortis Fund Bank simply did not have sufficient time to submit a five-day notice for this Special Redemption Event. Had there even been one week's additional time, Fortis Fund Bank's Special Redemption Rights could have resulted in the recovery of a substantial percentage of its funds before any individual investors recovered even their first dollar of losses.

XI. AT THE TIME IT ENTERED INTO THE SWAP TRANSACTION, FORTIS WAS IN A FINANCIAL CRISIS, AND HAD A HEIGHTENED RISK TOLERANCE

220. By 2007 when Fortis Fund Bank entered into the Swap Transaction, Fortis was struggling as a global financial institution.

221. In a class action filed against Fortis by shareholders in 2009, the plaintiffs alleged that from 2007 to 2008, Fortis and certain of its executive officers and/or directors misrepresented and failed to disclose material information concerning the bank's worsening financial condition. The shareholder plaintiffs further alleged that prior to its collapse, Fortis sought to mitigate its distress by misrepresenting about the risk of its transactions and investments, with the purpose of falsely bolstering the appearance of profitability.

222. Ultimately, Fortis' financial crisis ended in a government bailout in September 2008, and the subsequent break up and sale of the financial institution's assets. According to Fortis shareholders, when the Dutch government bailed out Fortis in late 2008, investors lost up to 90% of the value of their shares. The claims resulted in extensive criminal investigations and proceedings by authorities in the Netherlands and Belgium. The class actions against Fortis and its executives were reportedly resolved in a global settlement for \$1.3 billion in 2016.

223. These circumstances would create a powerful motivation for Fortis to deliberately avoid examining facts suggesting fraud at BLMIS, in order to enter into the Swap Transaction that would generate what was apparently desperately needed revenue in the short term.

XII. FORTIS' WILLFUL BLINDNESS TO THE HIGH PROBABILITY OF FRAUD AND INSOLVENCY AT BLMIS IS PROPERLY IMPUTED TO DEFENDANTS

A. Fortis Marketed Its Entities as One Institution, Its Employees Acted as One Institution, and the Entities Had One Central Management

224. In 2005, Fortis was a global financial institution with employees, entities and business groups who, from their strategic locations around the world, worked together and acted

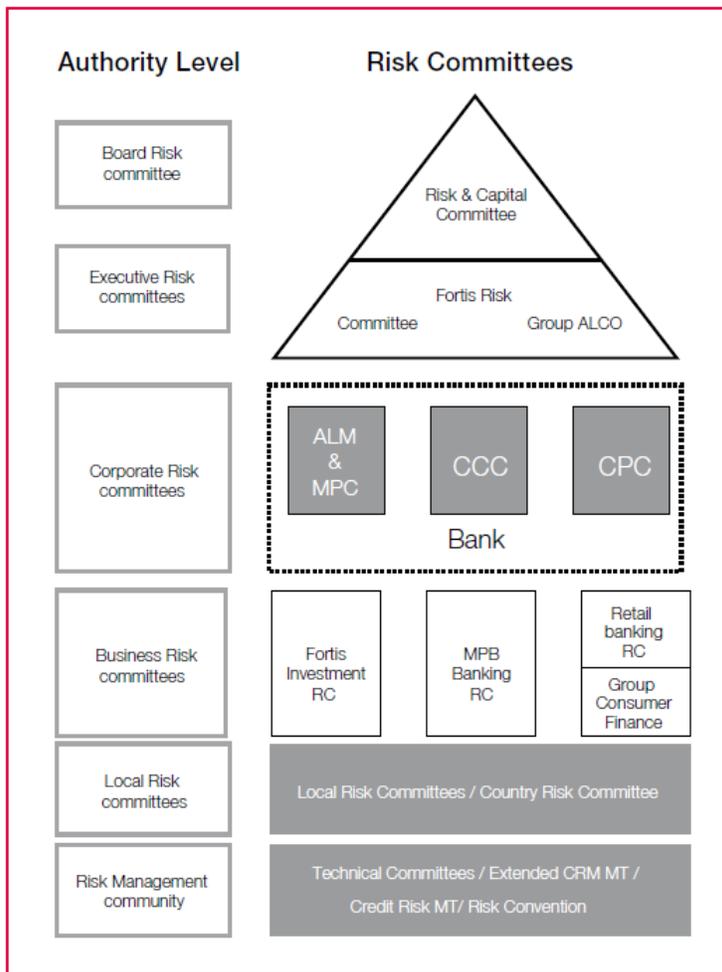
as agents for one another to provide services to Fortis' clients worldwide. In its 2005 public Annual Review, Fortis described this activity as its "'Act as One' philosophy" to "operate as one company with a strong identity." The Fortis entities that "acted as one" with regard to the transactions at issue here included entities across all its divisions: (1) the Retail Banking division, which provided banking and financial services to individuals; (2) the Merchant and Private Bank division, which handled the bank's financial products and services, specializing in fund administration and lending, and (3) the Investment Bank division, called Fortis Investments, which provided wealth management services to high net worth individuals.

225. In 2005, Fortis announced that it had "bundled all Fortis' fund services—both onshore and offshore—to form a single unit" – Fortis Fund Solutions – that offered the fund industry "a combination of administration, custody, banking and financial capabilities." Fortis Fund Solutions was comprised of entities in thirteen jurisdictions all over the globe that were ultimately all subsidiaries of Fortis Bank SA/N.V. Together they carried out Fortis' hedge fund services, namely structuring and managing transactions.

226. Fortis Fund Solutions employees operated their business with complete disregard for formal corporate affiliate lines and referred to themselves and their business as one Fortis entity. Defendant Fortis Fund Bank served as the headquarters of the Prime Fund Solutions family and was central to its decision-making process.

227. Fortis Fund Solutions sat in the Merchant and Private Bank division. MeesPierson, later known as Fortis Multi-Management, was part of Fortis Investments. Fortis Multi-Management itself was a product of crossover, as it was "created through a merger of Fortis Investments' existing business with operations from Fortis group's commercial and private banking arm," according to a press release.

228. Public filings noted that all of Fortis' business activity was carried out under the bank's "global risk management framework" that was designed to "facilitate the communication of risk-related actions throughout Fortis." The framework included "one global risk database" and a hierarchy of credit and risk committees that worked together to evaluate potential transactions. Every Fortis entity and affiliate was subject to this central reporting hierarchy. As demonstrated in the following chart, taken from Fortis' 2005 Annual Review and Financial Statement, all of Fortis' regional risk committees reported to credit committees run by the Investment Bank, Merchant and Private Bank, or Retail Bank. Those committees, in turn, reported to central corporate committees, like the Central Credit Committee, and ultimately to Fortis' board of directors. No matter which division they sat in, all of the bank's entities reported to the same centralized committee.



B. Fortis Employees from Various Affiliates Worked As Agents of Defendants to Set Up and Execute the BLMIS Feeder Fund Related Transactions and Shared Their Knowledge and Concerns About BLMIS

229. Executing the “Act as One” philosophy and using the “global risk management framework,” employees from numerous Fortis affiliates across divisions worked together to carry out all responsibilities for the bank’s BLMIS-related transactions. No BLMIS-related transaction was set up or carried out by employees of a single Fortis entity acting alone.

230. In conducting the Madoff-related transactions at issue, employees, officers and directors from various Fortis affiliates worked on behalf of the unified Fortis within the scope of their authority as Fortis’ agents. They did so by, among other things:

- i. meeting and/or communicating with Madoff and other BLMIS employees and officers in connection with their administrator duties for Harley;
- ii. exercising discretion to knowingly invest funds with BLMIS through the Swap Transaction with Tremont's BLMIS Feeder Funds;
- iii. monitoring the performance of BLMIS;
- iv. conducting due diligence on BLMIS and Tremont;
- v. preparing credit applications, memoranda and background materials required to seek numerous levels of corporate approval for the transactions with Tremont's BLMIS Feeder Funds;
- vi. participating in the necessary credit and approval committees, responsible for determining whether to enter into the transactions with Tremont's BLMIS Feeder Funds;
- vii. negotiating the transactions with Tremont; and
- viii. communicating with Tremont's BLMIS Feeder Funds regarding investments and redemptions.

231. Employees from Defendants and other Fortis entities routinely communicated across entity lines about information and concerns about BLMIS that they had gathered in the course of their various duties on behalf of Fortis.

232. As mandated by Fortis' central risk policies, the Fortis employees' concerns about Madoff made their way up the chain of Fortis' credit committees including local credit committees in the Cayman Islands, Curacao and UK and the Investment Bank Compliance and Central Credit Committees.

1. Employees from Multiple Fortis Affiliates Worked Together To Fulfill Administrator Duties for Harley and Shared Their Concerns About BLMIS

233. The administration of Harley exemplifies the unified manner in which the Fortis business operated. Employees of the Fortis entities operated collectively even before the Bank officially announced the formation of the one "Fortis Prime Fund Solutions."

234. On paper, Fortis Fund Bahamas was the legal administrator to Harley. Fortis' internal documents, however, reveal that a great deal of the work conducted by Fortis employees

as administrator to Harley was performed by employees from various Fortis affiliates, including Defendants, Fortis Bank N.V., Fortis Fund USA, Fortis Fund Cayman, Fortis Prime Fund Solutions (Isle of Man) and Fortis (Isle of Man) Nominees Limited (“Fortis Fund IOM”), and Fortis Fund Services (Curaçao) NV (“Fortis Fund Curacao”).

2. *Employees from Multiple Fortis Affiliates, Including Those Who Previously Expressed Concerns About BLMIS, Worked Together To Negotiate and Approve the Swap Transaction*

235. Many of the same Fortis employees who had in 2003 shared and/or learned of colleagues’ concerns about BLMIS were directly involved in the Swap Transaction.

236. While Fortis Fund Bank was the legal entity that officially entered into the Swap Transaction, like Fortis’ work for Harley, the Swap Transaction was the result of work by employees from multiple Fortis entities including Defendant Fortis Fund Bank, Fortis Fund USA, Fortis Bank NV, Fortis Fund IOM, Fortis Fund Cayman, and Fortis Fund London. For example:

- i. The Swap Transaction was initiated and negotiated by Fortis Fund USA under Headlam, including the initial client and credit applications submitted to Fortis’ credit committees in November 2006;
- ii. Risk advice came from employees from Defendant, Fortis Fund USA, and Fortis Fund Cayman.
- iii. Legal opinions were provided by employees of Fortis Fund Cayman and Fortis Fund IOM.

237. In accordance with Fortis Fund Bank policy, the Swap Transaction crisscrossed the circuit of Fortis credit committees, which were staffed with employees from various entities and business groups across the bank, who acted as agents for the Defendants in connection with the Swap Transaction. Critically, several of the credit committee members who ultimately approved the Swap Transaction were the **very same** Fortis employees who had previously shared their serious concerns and objections about BLMIS. For example, Brenda Buckley was the Chairperson of the Dublin Credit Committee in 2007 and 2008 when the Swap Transaction was negotiated and

signed, the Chairperson of the Fortis Fund Risk Committee, and was also involved when the Swap Transaction proceeded to Fortis' Merchant Banking Credit Committee. When the Swap Transaction proceeded to Fortis' Central Credit Committee, which then contacted Fortis' Executive Board for ultimate approval over liquidity and capital issues, Eldridge corresponded with the Executive Board for final approval.

3. *Fortis Entered Into The Swap Transaction Despite Awareness of Fortis Multi-Management's Interactions With Tremont-Related Entities*

238. When Fortis caused the Defendants to enter into the Swap Transaction in 2007, it was aware of the full history of Fortis' involvement with the BLMIS Feeder Funds, and the concerns about fraud that had developed based on these activities.

239. For example, in 2006, when Defendants and other Fortis employees were conducting diligence with respect to the potential Swap Transaction, Fortis Fund employees in Luxembourg were simultaneously servicing Fortis Multi-Management's investment in Broad Market Fund. At that time, Fortis Luxembourg was a member of Fortis Fund Services and was under the leadership of Defendant Fortis Fund Bank (the head of Fortis Fund Services). Fortis Fund Solutions employees in Luxembourg also corresponded with Tremont and Fortis Multi-Management directly to obtain financial documents.

240. In an August 31, 2006 email, while working on the Swap Transaction, Fortis Fund USA requested that Tremont provide detail about the transaction between Fortis Multi-Management and Tremont because, as it told Tremont, Fortis' compliance and credit committees looked more favorably on investments linked to "[e]xisting relationships." On information and belief, Fortis employees did proceed to reach out to Fortis Multi-Management for information about its investment in Broad Market Fund that would assist in facilitating the preparation of

materials that would be considered by Fortis' compliance and credit committee in evaluating the Swap Transaction.

241. Internal Tremont emails also indicated that Fortis Fund Solutions and MeesPierson/Fortis Multi-Management shared decision-makers, in particular that Fortis Fund Solutions employees had "overlap to the alternative team" which included MeesPierson/Fortis Multi-Management. In 2006, when Fortis Multi-Management began to consider terminating its relationship with Tremont, Tremont employees discussed informing Fortis personnel. A Tremont employee wrote in an email dated September 27, 2006 that the "cost" of Fortis Multi-Management terminating its agreement with Tremont should "be communicated to Mees and ideally find its way to the people at Fortis" which "[s]hould be enough for [MeesPierson] to reconsider the implications of termination."

242. The indemnification protections Fortis negotiated in the ISDA governing the Swap Transaction further demonstrate that Fortis recognized its employees actually functioned as agents for one another. Rye XL Fund agreed to indemnify not only Fortis Fund Bank (the swap counterparty), but also any of its affiliates, and their respective managers, directors, employees and agents. This broad protection underscored Fortis' concern that an employee nominally employed by a different legal entity could be found liable or become involved in litigation related to the Swap Transaction because of the overlapping duties and work flow at Fortis.

XIII. THE TRANSFERS

243. Two Tremont BLMIS Feeder Funds, Prime Fund and Broad Market Fund, received initial transfers of BLMIS Customer Property. As set forth herein, a portion of those initial transfers was subsequently transferred directly or indirectly to the Defendants.

A. The Initial Transfers

1. ***Broad Market Fund Initial Transfers***

244. Broad Market Fund held a direct account with BLMIS that opened in 1994 with account number 1T0027. Substantially all of Broad Market Fund's assets were invested directly or indirectly in BLMIS or with other Tremont BLMIS Feeder Funds that provided returns based upon BLMIS's performance.

245. During the six years preceding the Filing Date, BLMIS made transfers to Broad Market Fund of approximately \$252 million (the "**Broad Market Fund Initial Transfers**"). \$60 million of the Broad Market Fund Initial Transfers was transferred during the two years preceding the Filing Date, \$40 million of which was transferred during the 90 days preceding the Filing Date. (See Exhibits A & B)

246. The Broad Market Initial Transfers were and continue to be Customer Property within the meaning of SIPA § 78lll(4), and are avoidable and recoverable under sections 544, 548, 550, and 551 of the Bankruptcy Code, §§ 273–279 of the N.Y. Debt. & Cred. Law, and applicable provisions of SIPA, particularly SIPA § 78fff-2(c)(3).

2. ***Prime Fund Initial Transfers***

247. Prime Fund held a direct account with BLMIS that opened in 1997 with account number 1C1260. During the time period relevant to this action, substantially all of Prime Fund's assets were invested directly or indirectly in BLMIS or with other of Tremont's BLMIS Feeder Funds that provided returns based upon BLMIS's performance, including, but not limited to, Rye XL Fund.

248. During the six years preceding the Filing Date, BLMIS made transfers to Prime Fund of approximately \$945 million, of which \$495 million was transferred during the two years preceding the Filing Date (the "**Prime Fund Initial Transfers**"). The Prime Fund Initial Transfers

were and continue to be Customer Property within the meaning of SIPA § 78lll(4), and are avoidable and recoverable under sections 544, 548, 550, and 551 of the Bankruptcy Code, sections 237–279 of the N.Y. Debt. & Cred. Law, and applicable provisions of SIPA, particularly, SIPA § 78fff-2(c)(3). (*See* Exhibits C & D)

249. The Trustee’s investigation is ongoing and the Trustee reserves the right to: (i) supplement the information on the Broad Market Initial Transfers, Prime Fund Initial Transfers, and any additional transfers, and (ii) seek recovery of such additional transfers.

B. Rye XL Fund Receives Subsequent Transfers From Both Prime Fund and Broad Market Fund

250. Portions of both the Prime Fund Initial Transfers and the Broad Market Fund Initial Transfers were subsequently transferred to Rye XL Fund, as set forth more fully below.

1. Subsequent Transfers from Broad Market Fund To Rye XL Fund

251. Beginning no later than August 2006, Broad Market Fund began transferring the Broad Market Initial Transfers to Rye XL Fund for purposes of investing in Rye XL Fund.

252. Between August 31, 2006 and November 21, 2008, Broad Market Fund transferred \$48,387,616 of Customer Property to Rye XL Fund as investments in the form of subscription payments, all of which was sourced from the Broad Market Fund Initial Transfers (the “**Broad Market Fund-Rye XL Fund Subsequent Transfers**”). (*See* Exhibit E)

253. The Trustee’s investigation is ongoing and the Trustee reserves the right to: (i) supplement the information on the Broad Market Fund-Rye XL Fund Subsequent Transfers, and any additional transfers, and (ii) seek recovery of such additional transfers.

2. Subsequent Transfers from Prime Fund To Rye XL Fund

254. Beginning no later than July 2007, Prime Fund began transferring portions of the Prime Fund Initial Transfers to Rye XL Fund for purposes of investing in Rye XL Fund.

255. Between July 3, 2007 and November 24, 2008, Prime Fund transferred \$292,472,765 of Customer Property to Rye XL Fund as investments in the form of subscription payments as set forth below (the “**Prime Fund-Rye XL Fund Subsequent Transfers**”). (See Exhibit F)

256. The Trustee’s investigation is ongoing and the Trustee reserves the right to: (i) supplement the information on the Prime Fund-Rye XL Fund Subsequent Transfers, and any additional transfers, and (ii) seek recovery of such additional transfers.

C. Subsequent Transfers Received by Defendants

1. Subsequent Transfer Received by Fortis Fund Bank and/or Fortis Fund Services By Virtue of Redeeming Its Proprietary Hedge

257. As set forth in the Swap Transaction agreements, Defendant Fortis Fund Bank was an investor in Broad Market Fund and was free to redeem its Broad Market Fund shares as it wished. The investments in, and redemptions from, Broad Market Fund made by Fortis Fund Bank and/or Defendant Fortis Fund Services as part of the Hedge were a proprietary trading position and were not required or mandated by the Swap Transaction.

258. As part of the Hedge, Fortis Fund Services entered into a subscription agreement with Broad Market Fund on behalf of Defendant Fortis Fund Bank. Although Fortis Fund Services was the registered subscriber of the Broad Market Fund partnership interests, the actual owner was Fortis Fund Bank. Further, even though the Broad Market Fund partnership interests were held in the name of Fortis Fund Services, all subscription funds were wired from Fortis Fund Bank’s Northern Trust Bank New York account.

259. The Broad Market Fund-Defendants Subsequent Transfer, defined below, represents equity interests (either as shareholders or partners) by Defendants in Broad Market Fund. Because Broad Market Fund invested all or substantially all of its assets into the BLMIS

Ponzi scheme, Broad Market Fund was insolvent when it made the Broad Market Fund-Defendants Subsequent Transfer upon the redemptions of Defendants' interests.

260. On July 1, 2008, Defendant Fortis Fund Bank made the proprietary decision— independent of its Swap Transaction with Rye XL Fund—to redeem \$30 million from Broad Market Fund. Upon information and belief, to fulfill Fortis Fund Bank's redemption request, Broad Market Fund transferred a portion of the Broad Market Initial Transfers, in the amount of \$30 million of BLMIS Customer Property to Fortis Fund Bank and/or Fortis Fund Services, and is recoverable from Defendant Fortis Fund Bank pursuant to § 550 of the Bankruptcy Code and § 278 of the NYDCL. (the "**Broad Market Fund-Defendants Subsequent Transfer**"). (See Exhibit G)

261. The Trustee's investigation is ongoing, and the Trustee reserves the right to: (i) supplement the information on the Broad Market Fund-Defendants Subsequent Transfer, and any additional transfers, and (ii) seek recovery of such additional transfers.

2. *Subsequent Transfers Received By Defendant Fortis Fund Bank By Virtue of Broad Market XL Fund Increasing the Size of the Swap Transaction*

262. Upon information and belief, after entering the Swap Transaction, Rye XL Fund subsequently and independently decided to use the subscription payments and subsequent transfers it received from its investors, including, but not limited to, the BLMIS Customer Property it received from Prime Fund and/or Broad Market Fund, to deposit collateral with Defendant Fortis Fund Bank.

263. Pursuant to the terms of the Swap Transaction, Rye XL Fund could increase or "upsized" the value of the swap transaction by providing Fortis Fund Bank with additional collateral.

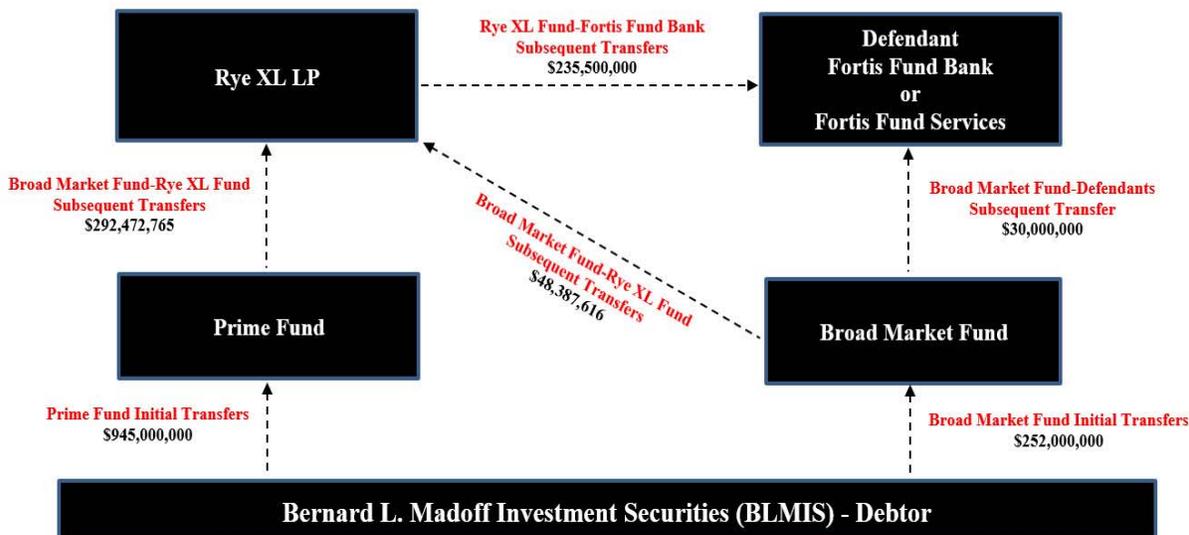
264. Upon information and belief, in 2007 and 2008, Rye XL Fund transferred the BLMIS Customer Property it received from Prime Fund and/or Broad Market Fund, as detailed above, to Defendant Fortis Fund Bank to increase the collateral and, therefore, the overall size of the Swap Transaction.

265. From May 2, 2007 to May 1, 2008, Rye XL Fund increased the Swap Transaction. Based on the Trustee's investigation to date, approximately \$235,500,000 of the Broad Market-Rye XL Subsequent Transfers and/or Prime Fund-Rye XL Subsequent Transfers was transferred by Rye XL Fund to Defendant Fortis Fund Bank, and is recoverable from Defendant Fortis Fund Bank pursuant to § 550 of the Bankruptcy Code and § 278 of the NYDCL. (the "**Rye XL-Fortis Fund Bank Subsequent Transfers**"). (See also Exhibit H)

266. The Trustee's investigation is ongoing, and the Trustee reserves the right to: (i) supplement the information on the Rye XL-Fortis Fund Bank Subsequent Transfers, and any additional transfers, and (ii) seek recovery of such additional transfers.

D. Summary of Transfers

267. Taken all together, the below chart shows the subsequent transfers of BLMIS Customer Property from Tremont's BLMIS Feeder Funds to Broad Market Fund and Prime Fund to Rye XL Fund, and the subsequent transfers of BLMIS Customer Property from Rye XL Fund to the Defendants.



XIV. THE AVOIDANCE OF THE INITIAL TRANSFERS FROM BLMIS TO TREMONT

268. On December 7, 2010, the Trustee filed a complaint commencing an adversary proceeding against, among others, Tremont Group, its management arm, Tremont Partners, Inc. (“Tremont Partners,” and together with Tremont Group, “Tremont”), and several Tremont BLMIS Feeder Funds invested wholly or in part with BLMIS, seeking to avoid and recover \$2.1 billion of initial transfers from BLMIS that constitute customer property under SIPA (the “**Tremont Complaint**”).² The Trustee incorporates by reference the factual allegations in the Tremont Complaint, as supplemented below.

269. In a September 22, 2011 order, this Court approved a settlement between the Trustee and more than a dozen of the Tremont BLMIS Feeder Funds, their affiliates, and a former chief executive (collectively, the “**Tremont Settling Defendants**”) that obligated the Tremont Settling Defendants to pay the Trustee \$1.025 billion for the benefit of the customer property estate

² *Picard v. Tremont Group Holdings, Inc. et al. (In re Bernard L. Madoff Inv. Secs., LLC)*, Adv. Pro. No. 10-05310, ECF No. 1 (Bankr. S.D.N.Y. Dec. 7, 2010).

(the “**Tremont Settlement**”). The Tremont Settlement also permitted the Trustee to pursue the recovery of subsequent transfers until the estate was made whole. The Tremont Settlement also specifically provides that the transfers made to the Tremont BLMIS Feeder Funds were “deemed avoided.”

A. Tremont’s Senior Executives Had a Close Relationship With Madoff

270. Sandra Manzke founded Tremont in the mid-1980s and first met Madoff in 1991. Until her departure in 2004, Manzke served as Tremont’s CEO and then co-CEO, and helped select money managers, including Madoff. Robert Schulman joined Tremont in 1994 and held various high-level positions, including president, co-CEO, and ultimately sole CEO. Manzke and Schulman had regular contact with Madoff, including at least quarterly visits to BLMIS.

271. Schulman had a special relationship with Madoff, which Tremont described as its “competitive edge.” At least once, Madoff even sought Schulman’s advice and counsel on individual hiring decisions at BLMIS. Tremont vice president Chris Cichella told a potential investor in June 2006 that Schulman was “intimately familiar” with Madoff based on “a 10+ year relationship.”

272. Investors took notice of the relationship between Schulman and Madoff. For example, a prospective investor who met with Tremont in May 2007 referenced the “friendly relationship between Bob and Bernie” and noted that, “[f]or Tremont, it goes back to the relationship between Bob Schulman [CEO Tremont] and Bernie. Bob has been there many times and has worked w/ Bernie is [sic] business since the 1980s.”

B. Tremont Saw and Understood Information Evidencing Madoff Was Engaged in a Fraud

1. Tremont Received Repeated, Direct Fraud Warnings About Madoff

273. Tremont received warnings of BLMIS's fraudulent operation from clients as early as April 2001, when an investor in the Broad Market Fund and Prime Fund wrote to Schulman: "I know you are sick of answering this but man is it hot out there with the Bernie fraud rumors." The investor questioned why Madoff "need[ed] to go to cash at year-end every year" and used such a "small" firm as its auditor.

274. On April 25, 2003, sales vice president and Tremont Investment Committee member Jim Mitchell relayed to Schulman a discussion Mitchell had with another concerned investor about "associating Madoff with broker-dealer wrongdoing of late." The following month, Mitchell, Schulman, and the investor visited Madoff. The investor's meeting notes (which he shared with Tremont), characterized BLMIS's operation as "controversial" and expressed numerous concerns that included: (i) Madoff's unwillingness to meet with investors; (ii) that BLMIS charged no management fees; (iii) Madoff's going to cash at every year end; (iv) the absence of a third party custodian; and (vi) BLMIS's "exceptionally stable" returns "with only 7 negative months since 1990."

275. Mitchell, obviously aware of these concerns, retained these notes and years later forwarded them to Tremont vice president and manager responsible for product line management and oversight Darren Johnston, cautioning to keep them secret: "Don't attach this – but it's an interesting set of notes from a meeting years back...."

276. In March 2004, the investor who emailed Schulman in 2001 about the "Bernie fraud rumors" emailed him again, this time to redeem his Tremont Feeder Fund investments, explaining:

My motivation for doing this is not due to some new buzz out there for as you know that is a constant din but rather that I can no longer

ignore my core instincts as an investor in which I have the [sic] battle the fact that I really don't know what is going on, what a [sic] do know is I am in an investment program that no one else in history has been able to make work, return series is flat out too good given how efficient the underlying securities are priced and he doesn't charge a fee all compounded by it seems every stone I turn over is another multi billion \$ [M]adoff feeder. I . . . found that my inability to rationalize & be intellectually honest on why I was invested bothered me more than it has in the past . . .

277. When Madoff's scheme collapsed, the investor sent an email expressing his view that Tremont had information that BLMIS was a fraud, saying, "HOLY SH##!!!!!!!!!!!!!!!!!!!!!! THE WORLD IS NOW RIGHT!!!" and that "Bob Schulman & all the feeder groups could be going to jail over this...." (Emphasis in original.)

278. In May 2004, Cichella emailed senior vice president Rob Rosenbaum that investment advisory firm RogersCasey (where Manzke had been a partner and other Tremont personnel previously worked) was "concerned about Tremont's relationship with Madoff" and would thus recommend that its client not invest with Tremont. Cichella said RogersCasey would not reconsider its position because BLMIS "was prone to a blow-up that would destabilize Tremont" RogersCasey's notes explained,

[a]lthough Tremont claims to receive access to Madoff's positions, the magnitude of the exposure and the truth of Tremont's transparency remain extremely disconcerting. . . . The Madoff exposure is a potential disaster. . . . Tremont's products will still see their reputations vaporized when Madoff rolls over like a big ship.

279. In March 2007, representatives from Tremont's potential client, Agile Group ("Agile"), while conducting due diligence, met with Johnston, product management senior vice president Patrick Kelly, and portfolio manager Brian Marsh. Agile's notes from the meeting (the "Agile Notes") reflect that Agile peppered Tremont with numerous questions regarding operational and trading anomalies indicating fraud at BLMIS or its reporting fictional trades. This included queries about its auditors, the lack of information on options trading, identity of

counterparties to the purported options transactions, BLMIS's assets under management ("AUM"), BLMIS's inexplicable use of paper trade tickets and account statements, the inability to verify BLMIS's assets, and BLMIS's going in and out of the market in large transactions with no overall effect on the market for the securities it purportedly traded.

280. The Agile Notes reflect that Agile and Tremont discussed whether BLMIS was a fraud and whether it could be a Ponzi scheme. Tremont told Agile that it had always been able to redeem large dollar amounts on demand, prompting Agile to write, "[e]ither Madoff owns what he owns or they are fictitious. But if it is a Ponzi scheme, every dollar profit has been realized."

281. A month later, Agile employee Mariah Quish sent Tremont follow-up questions concerning BLMIS. Addressing Agile's request, Tremont chose not to go on record, but instead Johnston instructed internally: "We should give answers by phone rather than email" After speaking with Johnston and Hodges, Quish reported she found Tremont's "level of secrecy combined with a faith-based view on Madoff difficult to understand."

282. As set forth in the Tremont Complaint, beginning in October 2007, another Tremont Feeder Fund investor repeatedly complained to Schulman that there were inexplicable differences between his returns and those of a family member who had a direct account at BLMIS, beyond those attributable to fee differences. The investor forwarded to Schulman an email from that family member that stated, "Makes me concerned about the legitimacy [sic] of the whole Bernie thing."

283. In 2006, Tremont sought an agreement with Citibank (together with its affiliates, "Citi") to create a leveraged Tremont feeder fund. Various Citi representatives informed Johnston (who, in turn, informed Schulman and others at Tremont) that Citi's risk team refused to approve the deal due to "fundamental roadblocks to their sr. risk management people," including "how

Madoff executes his volume of options” and that Madoff, not a third party, had custody of the trading accounts, which as discussed below, was a problem for many would-be Tremont investors.

284. ABN AMRO Bank N.V. sought BLMIS fraud protection in connection with the renegotiation of a 2006 swap agreement under which ABN provided leverage to certain Tremont BLMIS Feeder Funds (the “**ABN Swap**”). Once that agreement was in effect, ABN began to receive copies of BLMIS’s monthly statements and trade confirmations. After analyzing these records, ABN reported to Johnston, Kelly, and head of product management and investment advisory board member Stuart Pologe that ABN had “trust” issues with Madoff, which it termed “a key issue in the transaction.” Because of this, ABN demanded a modification of the ABN Swap to grant it the right to redeem expeditiously its investments if Madoff came under investigation. Johnston wrote to Schulman and others at Tremont that ABN’s proposed (and later accepted) modification was “to cover fraud.”

285. Tremont senior management repeatedly chose to ignore warnings that Madoff’s trading might not be real. As late as October 2008, Tremont sales rep Adrian Gordon reported to Johnston, Marsh, and Mitchell that a prospective institutional investor was “loathe to give his stamp of approval to [Madoff’s] strategy when he has no idea what trades actually take place.” A month later, Gordon emailed the Tremont global sales team that another potential investor believed Madoff was “probably a pyramid structure.”

2. Tremont’s Own Reporting Showed that BLMIS Trades Were Impossible

286. As alleged in the Tremont Complaint and below, despite exempting BLMIS from the due diligence it conducted on other managers, Tremont nevertheless had abundant facts demonstrating that BLMIS reported fictitious trades.

287. Tremont prepared reports regarding the Tremont BLMIS Feeder Funds' performance on a regular basis. Those reports, and the documents on which they were based, facially disclosed impossible trading.

288. Tremont regularly received from BLMIS customer statements, trade tickets, and other information. According to Johnston, Tremont "monitor[s] all trade activity (we receive each trade confirmation), we send position reports to RiskMetrics so we may analyze exposures, and [Schulman] has regular dialogue with Bernie." Tremont executives, such as Johnston, vice president of Investor Services Harry Hodges, and others reviewed BLMIS's statements and other data, and checked the purported trades' prices against the securities' daily highs and lows against third-party sources, including Bloomberg.

289. Tremont's senior management prepared monthly analytic summaries based on these BLMIS documents, which showed that Tremont knew the positions and prices BLMIS reported differed from prices Bloomberg reported. In 2006, Tremont's auditor similarly found and reported to Tremont more than 20 such differences.

290. Tremont also estimated the amount BLMIS had in AUM and calculated whether or not there was sufficient volume in each instrument for Madoff to be able to execute such trades. Given that Tremont knew BLMIS had "well in excess of \$20 billion" in AUM by May 2003, and that it "monitored all trade activity," Tremont must have seen dozens, if not hundreds, of trades in which there was insufficient volume for Madoff to complete the transactions.

291. For example, on June 20, 2003, Madoff purportedly traded stocks for the Tremont Feeder Fund accounts, including American International Group, PepsiCo, and Wal-Mart. By extrapolating these Tremont accounts' value as a percentage of BLMIS's estimated AUM during the prior month, as it said it did, Tremont would have seen that BLMIS's traded volume in these

stocks would have been 161%, 150%, and 148% of the market's reported volumes, respectively. In all, on just one day, Tremont would have seen Madoff purported to trade more than 100% of the reported volume in 18 different stocks, each a glaring impossibility.

C. Tremont Exempted BLMIS From Its High Due Diligence Standards, Prevented Third Parties From Conducting Their Own Due Diligence and Fabricated Stories About BLMIS

1. *Tremont Consistently Excluded Madoff from its Due Diligence Practices*

292. The vast majority of Tremont's business involved placing its clients' assets with third-party managers. With respect to most of them, Tremont implemented due diligence procedures, investigated the quality of the management personnel, assessed key risk factors associated with the investment, and continuously monitored the investment and the managers.

293. As a sophisticated manager with industry-leading due diligence standards, Tremont positioned itself at the forefront of initiatives to improve monitoring of investment managers in light of frauds that preceded Madoff. Tremont claimed that its comprehensive operational risk evaluation served to mitigate any possibility of misrepresentation or fraudulent activity.

294. Despite these claims and fraud warnings, Tremont exempted BLMIS from its due diligence standards. To ensure that Tremont's employees did not conduct any meaningful due diligence on BLMIS and Madoff, Mitchell laid out in an email that three of the most critical questions about Madoff's operations "ya don't ask": (1) BLMIS's AUM, (2) how Madoff generated his returns, and (3) who Madoff's auditors were. Tremont's executives deliberately prevented any transparency into Madoff and BLMIS throughout the Tremont-BLMIS relationship.

295. According to the SEC, Schulman conducted the due diligence on Madoff but on no other managers. The SEC concluded that because "Schulman conducted the due diligence, he would be able to control what areas and information [was] reviewed or not reviewed." This was an "outlier" in Tremont's procedures. In her notes, Agile's Quish wrote this was strange, finding

that it was “as if the friendly relationship between Bob and Bernie is enough to cement” billions in business between Tremont and BLMIS.

296. Tremont also conducted no due diligence on Friehling & Horowitz, in contrast to its written due diligence policies and procedures, in which Tremont reported it would speak with a fund’s auditor. Tremont’s top investment managers knew, as set forth in a 2006 internal memo, that Friehling & Horowitz was a “small firm” that was “not specialized in investment firms [and] broker/dealers.”

297. Johnston told Agile in 2007 that an unnamed Tremont representative had visited Friehling & Horowitz just a few months before, “to make sure they exist,” a pitiful swat at diligence. The SEC found that Tremont’s due diligence materials turned over to the Commission “did not reveal any evidence of conversations with Madoff’s auditors.”

298. In August 2006, Chief Investment Officer Cynthia Nicoll raised the need to conduct “full due diligence” on BLMIS, but research director Thomas Sandlow told her, “We cannot do that for Madoff.”

299. In an unusually candid response to one strategic consulting firm, Tremont’s Pologe admitted that Tremont had “no manager due dili[gence] process for” its BLMIS investments and referred to Tremont’s dealings with BLMIS as “a highly vulnerable, highly profitable business.” Pologe noted: “We make a lot of money off this, though.”

2. *BLMIS Failed Tremont’s Requirements for Third-Party Oversight yet Tremont Made an Exception for Madoff*

300. Tremont’s senior management knew BLMIS deviated from Tremont’s own due diligence requirements and well-established industry practice by acting as investment adviser, prime broker and custodian of its clients’ assets, while also using a virtually unknown auditor in a

Rockland County strip mall, Friehling & Horowitz, and that as a result, BLMIS could be faking its securities holdings, customers statements, and trade tickets.

301. Tremont's due diligence standards considered independent oversight of its outside managers to be critical. For example, in June 2008, Tremont rejected a manager with whom it was considering investing because, as stated in an internal memo, a "key part of any due diligence process is being able to verify the information provided by the Fund with independent parties, in this instance there aren't any independent parties to speak with to verify what the partners of [the fund] are doing."

302. After Madoff's arrest, the SEC investigated Tremont and found Tremont had rejected another outside money manager because of a lack of operational infrastructure and the presence of only one person who was responsible for all operational duties. Yet, the SEC noted, Tremont continued its investment with BLMIS, although "all operational guidelines with respect to trading and execution were controlled by one individual."

303. Tremont knowingly made BLMIS the sole exception to its requirement of third-party oversight of its money managers.

304. Tremont executives, including Johnston, Cichella, and Mitchell were unwilling to respond in writing to investors' questions about third-party asset verification. This included at least one pointed question from an investor who asked Mitchell, because the BLMIS account statements were "generated by Madoff, how do I get comfort that the money is really there?" This investor also stated, "the accounting firm [Friehling & Horowitz] doing the audit being a small firm made me a bit uneasy." Mitchell replied, "What is your telephone number?"

305. Dealing with another investor question about asset verification, Johnston emailed Cichella that this would "lead closer to BLMIS which [Tremont] strictly wants to avoid." Cichella

replied: “Keep in mind, they are looking for independent (of [Tremont] or Madoff) verification of the assets in a tangible form [so] ... it would be great if you could convince them” that the assets existed.

306. On or about October 1, 2008, Tremont senior management met with the managers of competing BLMIS feeder fund Fairfield Sentry Limited concerning a possible investment with BLMIS through Fairfield Sentry. Tremont’s notes acknowledged that Fairfield Sentry also did not satisfy Tremont’s due diligence requirements, including lack of independent oversight at BLMIS, no third-party prime broker, and Friehling & Horowitz’s “material percentage of their annual revenue from Madoff.” Tremont nevertheless determined that an investment would be acceptable, solely because it was a Madoff feeder, stating: “Given the structure of the Madoff relationship, this investment requires an exception approval from the Investment Committee.”

3. Tremont Consistently Shielded Madoff from Third Parties

307. Tremont consistently shielded Madoff from questions by third parties conducting their own due diligence on BLMIS, calling it “Firm policy” not to provide access. On January 24, 2004, Mitchell asked Schulman whether a potential client could visit Madoff. Schulman resounded: “They cannot and WILL NOT VISIT MADOFF please make it clear that this is OFF the table.” (Emphasis in original.) On June 16, 2006, Mitchell, after being informed that an investor had been “relentless on meeting Bernie,” emailed Tremont investment relationship assistant vice president Ray Soares, “[o]ur own analysts don’t get to see Madoff – why should [investors].”

308. In swap agreements with three leverage-provider banks, Tremont included the provision that if a bank contacted Madoff, Tremont had the right to cancel the swap without paying an early termination fee.

309. Tremont even restricted which of its employees could contact BLMIS. In a September 2002 email, the message was relayed internally: “DON’T SEND ANY CORRESPONDENCE TO BERNARD MADOFF. ONLY [Soares], [Schulman] AND [Hammond] ARE ALLOWED TO SEND ANYTHING TO HIM!” (Emphasis in original.)

310. Tremont even refused to allow its administrator to receive the Tremont Feeder Fund customer statements and trade tickets directly from BLMIS, as Tremont arranged with its other managers. Tremont also intervened to limit contact between Madoff and Tremont’s auditor, Ernst & Young (“EY”). In May 2006, internal Tremont emails discussing EY’s request for BLMIS’s “internal control letter” and questioning whether an audit report was prepared for Madoff, revealed that Tremont acted as the go-between “[t]o keep the minimum amount of people contacting Madoff.”

311. This deliberate shielding of Madoff continued when Tremont replaced EY with KPMG and reported to potential clients that “there is no contact” between KPMG and BLMIS.

4. Tremont Avoided Questions and Fabricated Answers about BLMIS’s Purported Options Trading

312. Madoff purportedly purchased put options to hedge equity risk and sold call options to help pay for the put options. Tremont’s senior management knew that the options trades were a central part of the SSC Strategy. In response to evidence on the face of BLMIS’s trade tickets that the options were suspect, Tremont sought to hide the issues and evidence from investors through deflection and fabrication.

5. Divergent Answers on Over-the-Counter/Listed Trading Questions

313. As described in the Tremont Complaint, Tremont knew that Madoff could not be trading options OTC as he represented, in light of (i) the CUSIP numbers on BLMIS’s trade confirmations, which indicated the options were exchange-traded, and (ii) the lack of counterparty

information that should be on all OTC trade confirmations. Tremont also knew that Madoff had not entered into any ISDA agreements with any counterparties—a basic requirement for all OTC option trades. Tremont further knew Madoff could not be trading all of his options on the exchange, in light of the insufficient volume of listed options trades to support BLMIS’s AUM. As explained above, Tremont senior management, including Hodges, reviewed and analyzed the BLMIS trade tickets.

314. Rather than openly acknowledge these impossibilities, Tremont would flip-flop on the question of whether BLMIS traded options OTC or traded them on the Chicago Board Options Exchange.

315. For example, a Prime Fund and Broad Market Fund DDQ from November 2006 stated that “all options [] are executed over the counter.” In contrast, in November 2007, in response to a statement by HSBC Bank that it was under the impression that BLMIS traded options OTC, Johnston wrote, “our understanding is also that they are OTC.” On yet another occasion, Broad Market Fund’s July 2007 DDQ equivocated, stating options “may be either listed or OTC.”

6. *Failure to conduct any diligence on purported options counterparties and covering up the truth with fabrications*

316. Tremont similarly failed to conduct any diligence as to the lack of OTC counterparties on BLMIS’s trade confirmations, knowing there was no legitimate explanation.

317. Tremont senior management stated on certain occasions that Madoff purportedly traded options with the counterparties as agent for the Tremont Feeder Funds. This meant that Tremont Feeder Funds, not BLMIS, bore the risks involved with trading and settling with those purported counterparties. Tremont senior management knew that if one or more counterparties defaulted on an OTC put option that BLMIS attempted to exercise, that default would leave Tremont Feeder Funds directly exposed to loss.

318. Tremont senior management knew it had to conduct counterparty due diligence to insulate against default risk, but Tremont never took the first step of getting the purported counterparties' names.

319. Third parties, including Citi, one of Tremont's leverage providers (and home to one of the world's largest options trading desks) questioned Madoff's purported OTC trading. Tremont acknowledged the lack of counterparty information and anomalies regarding the supposed counterparties was a "critical issue" for Citi. In a March 24, 2006 email, Kelly told Schulman that Citi had "asked around" and could not "find anyone who admit[ted] to being [BLMIS's] counterparty." Schulman replied, "He [Madoff] has not disclosed that to us."

320. Tremont instead covered up for Madoff's fabrications with fabrications of its own, which changed as needed to pacify others. In October 2006, Soares emailed Fortis Bank, relaying information provided by Schulman that Broad Market Fund had 12 counterparties, "which Madoff must use in relation to his put options trades." In March 2007, senior management told Agile that Schulman "has seen the counterparty names – he just does not want to disclose it." In a deposition, Schulman finally admitted that Tremont never tried to identify any purported counterparties.

321. In a June 2007 email, Kelly told JPMorgan Chase ("**JPM**"), which was considering a Tremont Feeder Fund investment, that "we do know the [counterparties'] general characteristics such as number and minimum credit rating." A month later, Mitchell told a different investor, "[o]ption counterparties are typical banks," and named Goldman Sachs and JPM among them, all clear fabrications.

322. In April 2008, Johnston told Albourne Partners, a consulting company conducting diligence on Prime Fund for its clients, that Tremont "has checked with counterparties to make sure they are trading with the Investment Advisor [BLMIS] in the relevant instruments." This was

an obvious lie, given that Tremont had no counterparty names, and as the world now knows, there were no verifiable counterparties to contact.

323. In October 2008, Albourne emailed Johnston twice, asking about Tremont's counterparty exposure to "MS [Morgan Stanley] or GS [Goldman Sachs]." Johnston "confirm[ed] that Tremont had "[a]bsolutely no exposure" to those companies, which were further fabrications.

324. The September 2008 collapse of Lehman Brothers Inc. and its affiliates and subsidiaries (collectively, "Lehman") – one of the largest OTC derivatives counterparties at the time – led to industry and investor panic. Many Tremont clients understandably worried about their Lehman exposure, in light of BLMIS's purported billions of dollars in options holdings.

325. By contrast, Tremont's senior management was seemingly unconcerned from the outset by these monumental events. They knew that if BLMIS's OTC option positions were real, a crash of a major options counterparty would have catastrophic effects on the Tremont BLMIS Feeder Funds. For example, in 2007, Mitchell detailed to an investor how, if a counterparty to an options trade such as Bear, Stearns defaulted, "then the option (otc) is gone." Upon learning of Lehman's demise, however, Tremont never appears to have even asked Madoff about this sudden and potentially business-destroying counterparty exposure.

326. Tremont instead worked to avoid and deceive investors. To one client trying to assess its Lehman exposure and exposure to other potentially precariously positioned counterparties, Johnston simply stated, "We are not responding to this."

327. Mitchell crafted an answer to investors asking whether the Tremont BLMIS Feeder Funds had Lehman risk, stating internally that "the line we should follow is that ... [w]e do not discuss our counterparty arrangements as we are contractually bound not to." In reply, Johnston went a step further, indicating his certainty that the "answer is 'no exposure.'" These statements

were misleading by implying Tremont knew of actual counterparty arrangements and could assure investors that Tremont's counterparties presented no risk.

328. To date, Lehman is the largest bankruptcy in the history of the entire world. It is beyond reason that Tremont would view Lehman's collapse as a non-event vis-à-vis its BLMIS accounts, its investors' inquiries as an annoyance, and a total lack of effect on its investments as legitimate, if Tremont's senior management actually believed its BLMIS options positions were real. The knowledge of Tremont's officers and directors acquired either directly, or through authorizing and adopting the findings of senior management, is imputed to Tremont.

D. Tremont's Executives Had a Powerful Motive to Hide What They Knew About BLMIS and Madoff

329. Tremont's profitability and, as it turned out, its very existence, depended on BLMIS. The Tremont BLMIS Feeder Funds benefitted from BLMIS's incredibly consistent, positive returns, which enhanced their investment track records and ability to attract business partners and clients. This led to the Tremont BLMIS Feeder Funds' AUM increasing rapidly. For example, from its inception in January 1994 to November 2008, Broad Market Fund's AUM increased from \$5.9 million to approximately \$2.4 billion, a 407-fold increase.

330. Tremont's revenues grew along with its AUM; during this period, Tremont received at least \$255 million in fees from its BLMIS-facing products.

331. Chief Financial Officer Lynn Keeshan noted that Tremont was "highly dependent" on Madoff, which accounted for "all of the profits of the firm." Cichella said Prime Fund's "only reason for being is as a \$2b feeder into Madoff." Pologe said BLMIS was Tremont's "crack addiction business." Tremont's parent company concluded that "the economics of Tremont's business [was] Madoff."

332. Tremont did nothing more to earn its fees through its BLMIS Feeder Funds than provide access to BLMIS. Pologe acknowledged Tremont “just sell[s] access [to BLMIS] for 2% management fee We make a lot of money off this.” As Schulman told Mitchell, for some customers, on top of the management fee, Tremont levied “a 50 basis point surcharge for them to access Madoff.”

E. Tremont Co-Managed Kingate Global

333. From the inception of their respective BLMIS investment accounts, Federico Ceretti and Carlo Grosso worked closely with Manzke to create Kingate Global and its manager, Kingate Management Limited (collectively, “**Kingate**”).³ Manzke introduced Ceretti and Grosso to Madoff in 1993 and was a Kingate Global director and manager from 1995 until 2004.

334. The Tremont-Kingate relationship continued through the revelation of Madoff’s fraud. Kingate Management and Tremont affiliate Tremont (Bermuda) Ltd. (“**Tremont Bermuda**”) co-managed Kingate Global and split its management fees, which provided Tremont with a significant portion of its income. From 2002 to 2006, for example, Kingate Global earnings comprised 17% of Tremont’s BLMIS-derived revenues. Between 1998 and 2008, Tremont received over \$40 million in fees for funneling investor assets to Kingate Global.

335. Under several agreements the parties entered together, Tremont Bermuda assisted “Co-Manager Kingate ... in the performance of its duties under the Kingate Co-Manager Agreement and managing the investment and reinvestment of the assets of [Kingate Global]”

336. Tremont Bermuda and Kingate Management were co-agents to Kingate Global through their conduct and the operation of the various agreements entered into by the parties.

³ The factual allegations in the Trustee’s Fourth Amended Complaint against Kingate Global Fund, Ltd. and concerning the role of Kingate Management Limited are incorporated by reference. *Picard v. Ceretti, et al. (In re Bernard L. Madoff Inv. Sec’s)*, 09-01161 (SMB) (Bankr. S.D.N.Y.) (ECF No. 100).

337. Kingate's knowledge that Madoff's BLMIS operation was a fraud, and that many of the entries in the statements and trade confirmations depicted trades that could not have occurred may be imputed to Tremont.

COUNT ONE

**RECOVERY OF SUBSEQUENT TRANSFERS - 11 U.S.C. §§ 105(a) AND 550(a)
FORTIS FUND BANK AND/OR FORTIS FUND SERVICES**

338. The Trustee incorporates by reference the allegations contained in the previous paragraphs of this Complaint as if fully rewritten herein.

339. Each of the Broad Market Fund Initial Transfers is avoidable under sections 544 and 548 of the Bankruptcy code, and applicable provisions of N.Y. Debt. & Cred. Law, particularly §§ 273-279, and of SIPA, particularly § 78fff-2(c)(3).

340. The Broad Market Fund-Defendant Subsequent Transfer was made directly or indirectly to Fortis Fund Bank or Fortis Fund Services.

341. Fortis Fund Bank and/or Fortis Fund Services is the immediate or mediate transferees of the avoidable Broad Market Fund Initial Transfers.

342. The Broad Market Fund-Defendant Subsequent Transfer was received by Fortis Fund Bank and/or Fortis Fund Services at a time when they were willfully blind to circumstances suggesting a high probability of fraud at BLMIS in that it was not trading securities in connection with the IA Business.

343. As a result of the foregoing, pursuant to sections 105(a) and 550(a) of the Bankruptcy Code, and section 78fff-2(c)(3) of SIPA, the Trustee is entitled to a judgment against Fortis Fund Bank and/or Fortis Fund Services (a) recovering the Broad Market-Defendant Subsequent Transfer, or the value thereof, from Fortis Fund Bank and/or Fortis Fund Services for the benefit of the BLMIS estate; (b) directing Fortis Fund Bank and/or Fortis Fund Services to

disgorge to the Trustee all profits, including any and all management fees, incentive fees or other compensation and/or remuneration received by Fortis Fund Bank and/or Fortis Fund Services related to or arising from, or concerning the Broad Market-Defendant Subsequent Transfer; (c) awarding attorneys' fees, costs, prejudgment interest from Fortis Fund Bank and/or Fortis Fund Services; and any other relief the Court deems just and appropriate.

COUNT TWO

RECOVERY OF SUBSEQUENT TRANSFERS - 11 U.S.C. §§ 105(a) AND 550(a) FORTIS FUND BANK

344. The Trustee incorporates by reference the allegations contained in the previous paragraphs of this Complaint as if fully rewritten herein.

345. Each of the Broad Market Fund Initial Transfers and Prime Fund Initial Transfers is avoidable under sections 544 and 548 of the Bankruptcy code, and applicable provisions of N.Y. Debt. & Cred. Law, particularly sections 273–279, and of section 78fff-2(c)(3) of SIPA.

346. Each of the Rye XL Fund-Fortis Fund Bank Subsequent Transfers is recoverable from Fortis Fund Bank under section 550(a) of the Bankruptcy Code and 15 U.S.C. § 78ff-2(c)(3).

347. Each of the Rye XL Fund-Fortis Fund Bank Subsequent Transfers was made directly or indirectly to Defendant Fortis Fund Bank.

348. Defendant Fortis Fund Bank is an immediate or mediate transferee of the Broad Market Fund Initial Transfers and Prime Fund Initial Transfers.

349. Each of the Rye XL Fund-Fortis Fund Bank Subsequent Transfers was received by Fortis Bank and/or at a time when they were willfully blind to circumstances suggesting a high probability of fraud at BLMIS in that it was not trading securities in connection with the IA Business.

350. As a result of the foregoing, pursuant to sections 105(a) and 550(a) of the Bankruptcy Code, and section 78fff-2(c)(3) of SIPA, the Trustee is entitled to a judgment (a) recovering the Rye XL Fund-Fortis Fund Bank Subsequent Transfers, or the value thereof, from Defendant Fortis Bank for the benefit of the BLMIS estate; (b) directing Defendant Fortis Fund Bank, to the extent allowable by law, to disgorge to the Trustee all profits, including any and all management fees, incentive fees or other compensation and/or remuneration received by the Defendants related to or arising from, or concerning the Rye XL Fund-Fortis Fund Bank Subsequent Transfers; (c) composing a constructive trust over the Rye XL Fund-Fortis Fund Bank Subsequent Transfers, or their proceeds, product or offspring, in favor of the Trustee; and (d) awarding attorneys' fees, costs, prejudgment interest and any other relief the Court deems just and appropriate.

WHEREFORE, the Trustee respectfully requests that this Court enter judgment in favor of the Trustee and against Defendants as follows:

(i) On the First Claim for Relief, pursuant to §§ 105(a) and 550(a) of the Bankruptcy Code, and 15 U.S.C. § 78fff-2(c)(3), judgment against the Defendants: (a) recovering the Broad Market Fund Subsequent Transfers, or the value thereof, from the Defendants for the benefit of the BLMIS estate; (b) directing the Defendants, to the extent allowable by law, to disgorge to the Trustee all profits, including any and all management fees, incentive fees or other compensation and/or remuneration, received by the Defendants related to or arising from, or concerning the Broad Market Fund Subsequent Transfers; (c) imposing a constructive trust over the Broad Market Fund Subsequent Transfers, or their proceeds, product or offspring, in favor of the Trustee; and (d) awarding attorneys' fees, costs, prejudgment interest, and any other relief the Court deems just and appropriate;

(ii) On the Second Claim for Relief, pursuant to §§ 105(a) and 550(a) of the Bankruptcy Code, and 15 U.S.C. § 78fff-2(c)(3), judgment against Defendant Fortis Fund Bank: (a) recovering the Rye XL Fund-Fortis Fund Bank Subsequent Transfers, or the value thereof, from Defendant Fortis Bank for the benefit of the BLMIS estate; (b) directing Defendant Fortis Fund Bank, to the extent allowable by law, to disgorge to the Trustee all profits, including any and all management fees, incentive fees or other compensation and/or remuneration received by Defendant Fortis Bank related to or arising from, or concerning the Rye XL Fund-Fortis Fund Bank Subsequent Transfers; (c) imposing a constructive trust over the Rye XL Fund-Fortis Fund Bank Subsequent Transfers, or their proceeds, product or offspring, in favor of the Trustee; and (d) awarding attorneys' fees, costs, prejudgment interest, and any other relief the Court deems just and appropriate.

Dated: New York, New York
_____, 2019

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Substantively Consolidated SIPA Liquidation
of Bernard L. Madoff Investment Securities
LLC and the Chapter 7 Estate of Bernard L.
Madoff*

BLMIS Account Name	BLMIS Account Number
RYE SELECT BROAD MKT FUND LP C/O TREMONT PARTNERS	1T0027

Proposed Second Amended Complaint Pg 99 of 109

BLMIS ACCOUNT NO. 1T0027 - RYE SELECT BROAD MKT FUND LP C/O TREMONT PARTNERS

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11
Date	Transaction Description	<u>Transaction Amount</u> <u>Reported in</u> <u>Customer Statement</u>	<u>Cash</u> <u>Deposits</u>	<u>Cash</u> <u>Withdrawals</u>	<u>Transfers of</u> <u>Principal In</u>	<u>Transfers of</u> <u>Principal Out</u>	<u>Balance of Principal</u>	<u>Preference</u> <u>Period Initial</u> <u>Transfers</u>	<u>Two Year</u> <u>Initial</u> <u>Transfers</u>	<u>Six Year</u> <u>Initial</u> <u>Transfers</u>
1/6/1994	CHECK WIRE	1,200,000	1,200,000	-	-	-	1,200,000	-	-	-
1/6/1994	CHECK WIRE	4,566,000	4,566,000	-	-	-	5,766,000	-	-	-
2/3/1994	CHECK WIRE	900,000	900,000	-	-	-	6,666,000	-	-	-
2/23/1994	CHECK WIRE	250,000	250,000	-	-	-	6,916,000	-	-	-
3/8/1994	CHECK WIRE	500,000	500,000	-	-	-	7,416,000	-	-	-
3/28/1994	CHECK WIRE	250,000	250,000	-	-	-	7,666,000	-	-	-
4/5/1994	CHECK WIRE	1,900,000	1,900,000	-	-	-	9,566,000	-	-	-
5/4/1994	CHECK WIRE	700,000	700,000	-	-	-	10,266,000	-	-	-
5/5/1994	CHECK WIRE	4,000,000	4,000,000	-	-	-	14,266,000	-	-	-
6/15/1994	CHECK WIRE	150,000	150,000	-	-	-	14,416,000	-	-	-
7/1/1994	CHECK WIRE	500,000	500,000	-	-	-	14,916,000	-	-	-
7/14/1994	CHECK WIRE	1,500,000	1,500,000	-	-	-	16,416,000	-	-	-
10/4/1994	CHECK WIRE	3,250,000	3,250,000	-	-	-	19,666,000	-	-	-
12/2/1994	CHECK WIRE	2,000,000	2,000,000	-	-	-	21,666,000	-	-	-
12/5/1994	RETURN CK WIRE 12/2/94	(2,000,000)	(2,000,000)	-	-	-	19,666,000	-	-	-
12/8/1994	CHECK WIRE	2,000,000	2,000,000	-	-	-	21,666,000	-	-	-
1/3/1995	TRANS TO 1T002930 (1T0029)	(9,250,000)	-	-	-	(9,250,000)	12,416,000	-	-	-
1/5/1995	CHECK WIRE	880,000	880,000	-	-	-	13,296,000	-	-	-
1/9/1995	CHECK WIRE	390,000	390,000	-	-	-	13,686,000	-	-	-
1/11/1995	CHECK WIRE	500,000	500,000	-	-	-	14,186,000	-	-	-
2/8/1995	CHECK WIRE	(590,000)	-	(590,000)	-	-	13,596,000	-	-	-
3/3/1995	CHECK WIRE	500,000	500,000	-	-	-	14,096,000	-	-	-
3/7/1995	CHECK WIRE	600,000	600,000	-	-	-	14,696,000	-	-	-
4/3/1995	CHECK WIRE	650,000	650,000	-	-	-	15,346,000	-	-	-
4/4/1995	CHECK WIRE	850,000	850,000	-	-	-	16,196,000	-	-	-
4/10/1995	CHECK WIRE	130,000	130,000	-	-	-	16,326,000	-	-	-
5/3/1995	CHECK WIRE	2,200,000	2,200,000	-	-	-	18,526,000	-	-	-
6/5/1995	CHECK WIRE	747,625	747,625	-	-	-	19,273,625	-	-	-
6/6/1995	CHECK WIRE	1,000,000	1,000,000	-	-	-	20,273,625	-	-	-
6/7/1995	CHECK WIRE	200,000	200,000	-	-	-	20,473,625	-	-	-
6/30/1995	CHECK WIRE	2,000,000	2,000,000	-	-	-	22,473,625	-	-	-
6/30/1995	CHECK WIRE	950,000	950,000	-	-	-	23,423,625	-	-	-
8/3/1995	CHECK WIRE	1,400,000	1,400,000	-	-	-	24,823,625	-	-	-
9/5/1995	CHECK WIRE	4,300,000	4,300,000	-	-	-	29,123,625	-	-	-
10/6/1995	CHECK WIRE	(1,350,000)	-	(1,350,000)	-	-	27,773,625	-	-	-
10/12/1995	CHECK WIRE	300,000	300,000	-	-	-	28,073,625	-	-	-
11/6/1995	CHECK WIRE	1,000,000	1,000,000	-	-	-	29,073,625	-	-	-
12/4/1995	CHECK WIRE	2,644,000	2,644,000	-	-	-	31,717,625	-	-	-
12/4/1995	CHECK WIRE	1,370,000	1,370,000	-	-	-	33,087,625	-	-	-
1/4/1996	CHECK WIRE	1,700,000	1,700,000	-	-	-	34,787,625	-	-	-
1/4/1996	CHECK WIRE	2,000,000	2,000,000	-	-	-	36,787,625	-	-	-
1/8/1996	CHECK WIRE	150,000	150,000	-	-	-	36,937,625	-	-	-
1/12/1996	CHECK WIRE	500,000	500,000	-	-	-	37,437,625	-	-	-
2/2/1996	CHECK WIRE	990,000	990,000	-	-	-	38,427,625	-	-	-
2/6/1996	CHECK WIRE	950,000	950,000	-	-	-	39,377,625	-	-	-
3/7/1996	CHECK WIRE	1,300,000	1,300,000	-	-	-	40,677,625	-	-	-

Proposed Second Amended Complaint Pg 100 of 109

BLMIS ACCOUNT NO. 110027 - RYE SELECT BROAD MKT FUND LP C/O TREMONT PARTNERS

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11
Date	Transaction Description	<u>Transaction Amount</u> <u>Reported in</u> <u>Customer Statement</u>	<u>Cash</u> <u>Deposits</u>	<u>Cash</u> <u>Withdrawals</u>	<u>Transfers of</u> <u>Principal In</u>	<u>Transfers of</u> <u>Principal Out</u>	<u>Balance of Principal</u>	<u>Preference</u> <u>Period Initial</u> <u>Transfers</u>	<u>Two Year</u> <u>Initial</u> <u>Transfers</u>	<u>Six Year</u> <u>Initial</u> <u>Transfers</u>
3/29/1996	CHECK WIRE	(1,000,000)	-	(1,000,000)	-	-	39,677,625	-	-	-
4/1/1996	CHECK WIRE	1,500,000	1,500,000	-	-	-	41,177,625	-	-	-
4/3/1996	CHECK WIRE	500,000	500,000	-	-	-	41,677,625	-	-	-
4/29/1996	CHECK WIRE	(2,200,000)	-	(2,200,000)	-	-	39,477,625	-	-	-
5/2/1996	CHECK WIRE	790,000	790,000	-	-	-	40,267,625	-	-	-
8/2/1996	CHECK WIRE	2,950,000	2,950,000	-	-	-	43,217,625	-	-	-
9/5/1996	CHECK WIRE	1,770,000	1,770,000	-	-	-	44,987,625	-	-	-
9/10/1996	CHECK WIRE	1,600,000	1,600,000	-	-	-	46,587,625	-	-	-
9/10/1996	CHECK WIRE	2,000,000	2,000,000	-	-	-	48,587,625	-	-	-
10/3/1996	CHECK WIRE	2,000,000	2,000,000	-	-	-	50,587,625	-	-	-
10/3/1996	CHECK WIRE	2,000,000	2,000,000	-	-	-	52,587,625	-	-	-
10/3/1996	CHECK WIRE	1,300,000	1,300,000	-	-	-	53,887,625	-	-	-
11/5/1996	CHECK WIRE	3,500,000	3,500,000	-	-	-	57,387,625	-	-	-
11/7/1996	CHECK WIRE	(500,000)	-	(500,000)	-	-	56,887,625	-	-	-
1/8/1997	CHECK WIRE	5,000,000	5,000,000	-	-	-	61,887,625	-	-	-
1/8/1997	CHECK WIRE	4,000,000	4,000,000	-	-	-	65,887,625	-	-	-
1/13/1997	CHECK WIRE	2,500,000	2,500,000	-	-	-	68,387,625	-	-	-
2/4/1997	CHECK WIRE	2,500,000	2,500,000	-	-	-	70,887,625	-	-	-
2/4/1997	CHECK WIRE	2,200,000	2,200,000	-	-	-	73,087,625	-	-	-
2/10/1997	CHECK WIRE	3,700,000	3,700,000	-	-	-	76,787,625	-	-	-
2/11/1997	CHECK WIRE	3,000,000	3,000,000	-	-	-	79,787,625	-	-	-
2/11/1997	CHECK WIRE	3,000,000	3,000,000	-	-	-	82,787,625	-	-	-
3/4/1997	CHECK WIRE	3,000,000	3,000,000	-	-	-	85,787,625	-	-	-
3/31/1997	CHECK WIRE	(3,000,000)	-	(3,000,000)	-	-	82,787,625	-	-	-
4/4/1997	CHECK WIRE	5,000,000	5,000,000	-	-	-	87,787,625	-	-	-
4/4/1997	CHECK WIRE	5,000,000	5,000,000	-	-	-	92,787,625	-	-	-
7/7/1997	CHECK WIRE	4,000,000	4,000,000	-	-	-	96,787,625	-	-	-
7/11/1997	CHECK WIRE	1,000,000	1,000,000	-	-	-	97,787,625	-	-	-
8/4/1997	CHECK WIRE	1,000,000	1,000,000	-	-	-	98,787,625	-	-	-
8/6/1997	CHECK WIRE	1,500,000	1,500,000	-	-	-	100,287,625	-	-	-
9/4/1997	CHECK WIRE	500,000	500,000	-	-	-	100,787,625	-	-	-
10/6/1997	CHECK WIRE	3,900,000	3,900,000	-	-	-	104,687,625	-	-	-
11/5/1997	CHECK WIRE	5,000,000	5,000,000	-	-	-	109,687,625	-	-	-
12/3/1997	CHECK WIRE	5,000,000	5,000,000	-	-	-	114,687,625	-	-	-
12/3/1997	CHECK WIRE	5,000,000	5,000,000	-	-	-	119,687,625	-	-	-
12/31/1997	CHECK WIRE	(15,000,000)	-	(15,000,000)	-	-	104,687,625	-	-	-
1/9/1998	CHECK WIRE	5,000,000	5,000,000	-	-	-	109,687,625	-	-	-
2/3/1998	CHECK WIRE	2,000,000	2,000,000	-	-	-	111,687,625	-	-	-
2/3/1998	CHECK WIRE	5,000,000	5,000,000	-	-	-	116,687,625	-	-	-
3/5/1998	CHECK WIRE	(1,000,000)	-	(1,000,000)	-	-	115,687,625	-	-	-
4/1/1998	CHECK WIRE	(1,500,000)	-	(1,500,000)	-	-	114,187,625	-	-	-
5/5/1998	CHECK WIRE	1,000,000	1,000,000	-	-	-	115,187,625	-	-	-
5/5/1998	CHECK WIRE	5,000,000	5,000,000	-	-	-	120,187,625	-	-	-
5/5/1998	CHECK WIRE	5,000,000	5,000,000	-	-	-	125,187,625	-	-	-
10/2/1998	CHECK WIRE	5,000,000	5,000,000	-	-	-	130,187,625	-	-	-
1/8/1999	CHECK WIRE	5,000,000	5,000,000	-	-	-	135,187,625	-	-	-

Proposed Second Amended Complaint Pg 101 of 109

BLMIS ACCOUNT NO. 110027 - RYE SELECT BROAD MKT FUND LP C/O TREMONT PARTNERS

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11
Date	Transaction Description	<u>Transaction Amount</u> <u>Reported in</u> <u>Customer Statement</u>	<u>Cash</u> <u>Deposits</u>	<u>Cash</u> <u>Withdrawals</u>	<u>Transfers of</u> <u>Principal In</u>	<u>Transfers of</u> <u>Principal Out</u>	<u>Balance of Principal</u>	<u>Preference</u> <u>Period Initial</u> <u>Transfers</u>	<u>Two Year</u> <u>Initial</u> <u>Transfers</u>	<u>Six Year</u> <u>Initial</u> <u>Transfers</u>
1/8/1999	CHECK WIRE	1,000,000	1,000,000	-	-	-	136,187.625	-	-	-
2/2/1999	CHECK WIRE	3,000,000	3,000,000	-	-	-	139,187.625	-	-	-
2/2/1999	CHECK WIRE	5,000,000	5,000,000	-	-	-	144,187.625	-	-	-
3/1/1999	CHECK WIRE	5,000,000	5,000,000	-	-	-	149,187.625	-	-	-
3/1/1999	CHECK WIRE	1,500,000	1,500,000	-	-	-	150,687.625	-	-	-
4/1/1999	CHECK WIRE	1,500,000	1,500,000	-	-	-	152,187.625	-	-	-
5/4/1999	CHECK WIRE	5,000,000	5,000,000	-	-	-	157,187.625	-	-	-
7/8/1999	CHECK WIRE	(3,000,000)	-	(3,000,000)	-	-	154,187.625	-	-	-
8/3/1999	CHECK WIRE	5,000,000	5,000,000	-	-	-	159,187.625	-	-	-
8/3/1999	CHECK WIRE	3,000,000	3,000,000	-	-	-	162,187.625	-	-	-
9/2/1999	CHECK WIRE	4,000,000	4,000,000	-	-	-	166,187.625	-	-	-
10/4/1999	CHECK WIRE	5,000,000	5,000,000	-	-	-	171,187.625	-	-	-
10/4/1999	CHECK WIRE	5,000,000	5,000,000	-	-	-	176,187.625	-	-	-
11/2/1999	CHECK WIRE	5,000,000	5,000,000	-	-	-	181,187.625	-	-	-
11/2/1999	CHECK WIRE	5,000,000	5,000,000	-	-	-	186,187.625	-	-	-
11/2/1999	CHECK WIRE	2,000,000	2,000,000	-	-	-	188,187.625	-	-	-
12/2/1999	CHECK WIRE	2,500,000	2,500,000	-	-	-	190,687.625	-	-	-
2/4/2000	CHECK WIRE	3,000,000	3,000,000	-	-	-	193,687.625	-	-	-
10/2/2000	CHECK WIRE	(32,000,000)	-	(32,000,000)	-	-	161,687.625	-	-	-
11/1/2000	CHECK WIRE	(20,000,000)	-	(20,000,000)	-	-	141,687.625	-	-	-
11/2/2000	CHECK WIRE	4,000,000	4,000,000	-	-	-	145,687.625	-	-	-
12/1/2000	CHECK WIRE	(8,000,000)	-	(8,000,000)	-	-	137,687.625	-	-	-
12/4/2000	CHECK WIRE	1,000,000	1,000,000	-	-	-	138,687.625	-	-	-
12/5/2000	CHECK WIRE	5,000,000	5,000,000	-	-	-	143,687.625	-	-	-
2/2/2001	CHECK WIRE	2,000,000	2,000,000	-	-	-	145,687.625	-	-	-
2/2/2001	CHECK WIRE	5,000,000	5,000,000	-	-	-	150,687.625	-	-	-
3/2/2001	CHECK WIRE	5,000,000	5,000,000	-	-	-	155,687.625	-	-	-
3/2/2001	CHECK WIRE	5,000,000	5,000,000	-	-	-	160,687.625	-	-	-
3/2/2001	CHECK WIRE	5,000,000	5,000,000	-	-	-	165,687.625	-	-	-
3/2/2001	CHECK WIRE	5,000,000	5,000,000	-	-	-	170,687.625	-	-	-
3/2/2001	CHECK WIRE	2,000,000	2,000,000	-	-	-	172,687.625	-	-	-
3/30/2001	CHECK WIRE	(20,000,000)	-	(20,000,000)	-	-	152,687.625	-	-	-
7/2/2001	CHECK WIRE	(3,000,000)	-	(3,000,000)	-	-	149,687.625	-	-	-
7/12/2001	CHECK WIRE	5,000,000	5,000,000	-	-	-	154,687.625	-	-	-
8/3/2001	CHECK WIRE	3,000,000	3,000,000	-	-	-	157,687.625	-	-	-
9/7/2001	CHECK WIRE	4,000,000	4,000,000	-	-	-	161,687.625	-	-	-
10/3/2001	CHECK WIRE	5,000,000	5,000,000	-	-	-	166,687.625	-	-	-
10/3/2001	CHECK WIRE	1,000,000	1,000,000	-	-	-	167,687.625	-	-	-
11/2/2001	CHECK WIRE	5,000,000	5,000,000	-	-	-	172,687.625	-	-	-
12/4/2001	CHECK WIRE	2,000,000	2,000,000	-	-	-	174,687.625	-	-	-
12/4/2001	CHECK WIRE	5,000,000	5,000,000	-	-	-	179,687.625	-	-	-
1/2/2002	CHECK WIRE	(20,000,000)	-	(20,000,000)	-	-	159,687.625	-	-	-
2/1/2002	CHECK WIRE	5,000,000	5,000,000	-	-	-	164,687.625	-	-	-
2/1/2002	CHECK WIRE	5,000,000	5,000,000	-	-	-	169,687.625	-	-	-
6/30/2003	CHECK WIRE	(12,000,000)	-	(12,000,000)	-	-	157,687.625	-	-	(12,000,000)
7/3/2003	CHECK WIRE	2,000,000	2,000,000	-	-	-	159,687.625	-	-	-

Proposed Second Amended Complaint Pg 102 of 109
 BLMIS ACCOUNT NO. 110027 - RYE SELECT BROAD MKT FUND LP C/O TREMONT PARTNERS

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11
Date	Transaction Description	<u>Transaction Amount</u> <u>Reported in</u> <u>Customer Statement</u>	<u>Cash</u> <u>Deposits</u>	<u>Cash</u> <u>Withdrawals</u>	<u>Transfers of</u> <u>Principal In</u>	<u>Transfers of</u> <u>Principal Out</u>	<u>Balance of Principal</u>	<u>Preference</u> <u>Period Initial</u> <u>Transfers</u>	<u>Two Year</u> <u>Initial</u> <u>Transfers</u>	<u>Six Year</u> <u>Initial</u> <u>Transfers</u>
8/6/2003	CHECK WIRE	5,000,000	5,000,000	-	-	-	164,687.625	-	-	-
8/13/2003	TRANS TO 1FR01030 (1FR010)	(2,000,000)	-	-	-	(2,000,000)	162,687.625	-	-	-
1/2/2004	CHECK WIRE	(21,000,000)	-	(21,000,000)	-	-	141,687.625	-	-	(21,000,000)
5/27/2004	CHECK WIRE	(10,000,000)	-	(10,000,000)	-	-	131,687.625	-	-	(10,000,000)
12/31/2004	CHECK WIRE	(36,000,000)	-	(36,000,000)	-	-	95,687.625	-	-	(36,000,000)
3/1/2005	CHECK WIRE	10,000,000	10,000,000	-	-	-	105,687.625	-	-	-
7/29/2005	CHECK WIRE	(25,000,000)	-	(25,000,000)	-	-	80,687.625	-	-	(25,000,000)
9/29/2005	CHECK WIRE	(25,000,000)	-	(25,000,000)	-	-	55,687.625	-	-	(25,000,000)
12/28/2005	CHECK WIRE	(20,000,000)	-	(20,000,000)	-	-	35,687.625	-	-	(20,000,000)
1/30/2006	CHECK WIRE	(28,000,000)	-	(28,000,000)	-	-	7,687.625	-	-	(28,000,000)
5/3/2006	CHECK WIRE	10,000,000	10,000,000	-	-	-	17,687.625	-	-	-
8/28/2006	CHECK WIRE	(15,000,000)	-	(15,000,000)	-	-	2,687.625	-	-	(15,000,000)
9/6/2006	CHECK WIRE	185,000,000	185,000,000	-	-	-	187,687.625	-	-	-
10/4/2006	CHECK WIRE	150,000,000	150,000,000	-	-	-	337,687.625	-	-	-
11/3/2006	CHECK WIRE	50,000,000	50,000,000	-	-	-	387,687.625	-	-	-
1/4/2007	CHECK WIRE	90,000,000	90,000,000	-	-	-	477,687.625	-	-	-
1/30/2007	CHECK WIRE	(20,000,000)	-	(20,000,000)	-	-	457,687.625	-	(20,000,000)	(20,000,000)
3/2/2007	CHECK WIRE	40,000,000	40,000,000	-	-	-	497,687.625	-	-	-
4/3/2007	CHECK WIRE	20,000,000	20,000,000	-	-	-	517,687.625	-	-	-
5/2/2007	CHECK WIRE	40,000,000	40,000,000	-	-	-	557,687.625	-	-	-
6/4/2007	CHECK WIRE	25,000,000	25,000,000	-	-	-	582,687.625	-	-	-
7/3/2007	CHECK WIRE	20,000,000	20,000,000	-	-	-	602,687.625	-	-	-
8/2/2007	CHECK WIRE	40,000,000	40,000,000	-	-	-	642,687.625	-	-	-
9/5/2007	CHECK WIRE	50,000,000	50,000,000	-	-	-	692,687.625	-	-	-
10/1/2007	CHECK WIRE	30,000,000	30,000,000	-	-	-	722,687.625	-	-	-
12/3/2007	CHECK WIRE	10,000,000	10,000,000	-	-	-	732,687.625	-	-	-
1/2/2008	CHECK WIRE	20,000,000	20,000,000	-	-	-	752,687.625	-	-	-
2/1/2008	CHECK WIRE	25,000,000	25,000,000	-	-	-	777,687.625	-	-	-
3/3/2008	CHECK WIRE	15,000,000	15,000,000	-	-	-	792,687.625	-	-	-
3/28/2008	CHECK WIRE	100,000,000	100,000,000	-	-	-	892,687.625	-	-	-
3/28/2008	CHECK WIRE	75,000,000	75,000,000	-	-	-	967,687.625	-	-	-
3/28/2008	CHECK WIRE	100,000,000	100,000,000	-	-	-	1,067,687.625	-	-	-
3/28/2008	CHECK WIRE	100,000,000	100,000,000	-	-	-	1,167,687.625	-	-	-
3/28/2008	CHECK WIRE	100,000,000	100,000,000	-	-	-	1,267,687.625	-	-	-
3/28/2008	CHECK WIRE	100,000,000	100,000,000	-	-	-	1,367,687.625	-	-	-
5/2/2008	CHECK WIRE	55,000,000	55,000,000	-	-	-	1,422,687.625	-	-	-
6/3/2008	CHECK WIRE	65,000,000	65,000,000	-	-	-	1,487,687.625	-	-	-
7/8/2008	CHECK WIRE	75,000,000	75,000,000	-	-	-	1,562,687.625	-	-	-
8/4/2008	CHECK WIRE	75,000,000	75,000,000	-	-	-	1,637,687.625	-	-	-
9/2/2008	CHECK WIRE	40,000,000	40,000,000	-	-	-	1,677,687.625	-	-	-
9/25/2008	CHECK WIRE	(40,000,000)	-	(40,000,000)	-	-	1,637,687.625	(30,000,000)	(40,000,000)	(40,000,000)
11/3/2008	CHECK WIRE	10,000,000	10,000,000	-	-	-	1,647,687.625	-	-	-
Total:		\$ 2,043,077.625	\$ (384,140,000)	\$ -	\$ (11,250,000)	\$ 1,647,687.625	\$ (30,000,000)	\$ (60,000,000)	\$ (252,000,000)	

BLMIS Account Name	BLMIS Account Number
RYE SELECT BROAD MARKET PRIME FUND, LP	1C1260

BLMS ACCOUNT NO. 1C1260 - RYE SELECT BROAD MARKET PRIME FUND, LP

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11
Date	Transaction Description	Transaction Amount Reported in Customer Statement	Cash Deposits	Cash Withdrawals	Transfers of Principal In	Transfers of Principal Out	Balance of Principal	Preference Period Initial Transfers	Two Year Initial Transfers	Six Year Initial Transfers
7/2/1997	CHECK WIRE	21,300,000	21,300,000	-	-	-	21,300,000	-	-	-
8/4/1997	CHECK WIRE	4,800,000	4,800,000	-	-	-	26,100,000	-	-	-
9/4/1997	CHECK WIRE	4,200,000	4,200,000	-	-	-	30,300,000	-	-	-
9/4/1997	CHECK WIRE	2,208,000	2,208,000	-	-	-	32,508,000	-	-	-
10/2/1997	CHECK WIRE	1,655,000	1,655,000	-	-	-	34,163,000	-	-	-
10/6/1997	CHECK WIRE	6,000,000	6,000,000	-	-	-	40,163,000	-	-	-
11/5/1997	CHECK WIRE	18,679,000	18,679,000	-	-	-	58,842,000	-	-	-
12/3/1997	CHECK WIRE	11,875,000	11,875,000	-	-	-	70,717,000	-	-	-
1/6/1998	CHECK WIRE	26,703,000	26,703,000	-	-	-	97,420,000	-	-	-
2/3/1998	CHECK WIRE	11,500,000	11,500,000	-	-	-	108,920,000	-	-	-
2/4/1998	CHECK WIRE	9,000,000	9,000,000	-	-	-	117,920,000	-	-	-
3/5/1998	CHECK WIRE	5,000,000	5,000,000	-	-	-	122,920,000	-	-	-
3/5/1998	CHECK WIRE	14,000,000	14,000,000	-	-	-	136,920,000	-	-	-
4/3/1998	CHECK WIRE	9,000,000	9,000,000	-	-	-	145,920,000	-	-	-
5/5/1998	CHECK WIRE	7,500,000	7,500,000	-	-	-	153,420,000	-	-	-
6/2/1998	CHECK WIRE	13,250,000	13,250,000	-	-	-	166,670,000	-	-	-
6/3/1998	CHECK WIRE	5,050,000	5,050,000	-	-	-	171,720,000	-	-	-
7/6/1998	CHECK WIRE	3,000,000	3,000,000	-	-	-	174,720,000	-	-	-
7/6/1998	CHECK WIRE	12,000,000	12,000,000	-	-	-	186,720,000	-	-	-
8/13/1998	CHECK WIRE	20,350,000	20,350,000	-	-	-	207,070,000	-	-	-
9/30/1998	CHECK WIRE	(17,000,000)	-	(17,000,000)	-	-	190,070,000	-	-	-
10/2/1998	CHECK WIRE	3,000,000	3,000,000	-	-	-	193,070,000	-	-	-
11/3/1998	CHECK WIRE	6,000,000	6,000,000	-	-	-	199,070,000	-	-	-
12/2/1998	CHECK WIRE	5,000,000	5,000,000	-	-	-	204,070,000	-	-	-
12/3/1998	CHECK WIRE	1,000,000	1,000,000	-	-	-	205,070,000	-	-	-
1/5/1999	CHECK WIRE	7,000,000	7,000,000	-	-	-	212,070,000	-	-	-
1/7/1999	CHECK WIRE	2,000,000	2,000,000	-	-	-	214,070,000	-	-	-
2/3/1999	CHECK WIRE	7,000,000	7,000,000	-	-	-	221,070,000	-	-	-
3/2/1999	CHECK WIRE	6,000,000	6,000,000	-	-	-	227,070,000	-	-	-
4/6/1999	CHECK WIRE	5,500,000	5,500,000	-	-	-	232,570,000	-	-	-
5/4/1999	CHECK WIRE	3,000,000	3,000,000	-	-	-	235,570,000	-	-	-
8/4/1999	CHECK WIRE	6,000,000	6,000,000	-	-	-	241,570,000	-	-	-
12/3/1999	CHECK WIRE	2,000,000	2,000,000	-	-	-	243,570,000	-	-	-
1/6/2000	CHECK WIRE	6,000,000	6,000,000	-	-	-	249,570,000	-	-	-
2/2/2000	CHECK WIRE	1,000,000	1,000,000	-	-	-	250,570,000	-	-	-
2/2/2000	CHECK WIRE	9,000,000	9,000,000	-	-	-	259,570,000	-	-	-
3/1/2000	CHECK WIRE	13,225,000	13,225,000	-	-	-	272,795,000	-	-	-
4/11/2000	CHECK WIRE	15,000,000	15,000,000	-	-	-	287,795,000	-	-	-
5/3/2000	CHECK WIRE	12,750,000	12,750,000	-	-	-	300,545,000	-	-	-
6/2/2000	CHECK WIRE	13,500,000	13,500,000	-	-	-	314,045,000	-	-	-
7/5/2000	CHECK WIRE	12,000,000	12,000,000	-	-	-	326,045,000	-	-	-
8/3/2000	CHECK WIRE	2,500,000	2,500,000	-	-	-	328,545,000	-	-	-
9/1/2000	CHECK WIRE	10,000,000	10,000,000	-	-	-	338,545,000	-	-	-
10/3/2000	CHECK WIRE	12,500,000	12,500,000	-	-	-	351,045,000	-	-	-
11/3/2000	CHECK WIRE	12,000,000	12,000,000	-	-	-	363,045,000	-	-	-
1/3/2001	CHECK WIRE	15,000,000	15,000,000	-	-	-	378,045,000	-	-	-
1/8/2001	CHECK WIRE	5,000,000	5,000,000	-	-	-	383,045,000	-	-	-
2/5/2001	CHECK WIRE	42,000,000	42,000,000	-	-	-	425,045,000	-	-	-
3/5/2001	CHECK WIRE	26,000,000	26,000,000	-	-	-	451,045,000	-	-	-

BLMS ACCOUNT NO. 1C1260 - RYE SELECT BROAD MARKET PRIME FUND, LP

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11
<u>Date</u>	<u>Transaction Description</u>	<u>Transaction Amount Reported in Customer Statement</u>	<u>Cash Deposits</u>	<u>Cash Withdrawals</u>	<u>Transfers of Principal In</u>	<u>Transfers of Principal Out</u>	<u>Balance of Principal</u>	<u>Preference Period Initial Transfers</u>	<u>Two Year Initial Transfers</u>	<u>Six Year Initial Transfers</u>
3/30/2001	CHECK WIRE	(22,000,000)	-	(22,000,000)	-	-	429,045,000	-	-	-
5/2/2001	CHECK WIRE	2,000,000	2,000,000	-	-	-	431,045,000	-	-	-
7/2/2001	CHECK WIRE	(18,000,000)	-	(18,000,000)	-	-	413,045,000	-	-	-
7/12/2001	CHECK WIRE	14,000,000	14,000,000	-	-	-	427,045,000	-	-	-
8/3/2001	CHECK WIRE	3,000,000	3,000,000	-	-	-	430,045,000	-	-	-
10/1/2001	CHECK WIRE	12,000,000	12,000,000	-	-	-	442,045,000	-	-	-
11/2/2001	CHECK WIRE	12,000,000	12,000,000	-	-	-	454,045,000	-	-	-
11/5/2001	CHECK WIRE	5,000,000	5,000,000	-	-	-	459,045,000	-	-	-
1/2/2002	CHECK WIRE	(8,000,000)	-	(8,000,000)	-	-	451,045,000	-	-	-
9/23/2002	CHECK WIRE	10,000,000	10,000,000	-	-	-	461,045,000	-	-	-
6/28/2004	CHECK WIRE	(10,000,000)	-	(10,000,000)	-	-	451,045,000	-	-	(10,000,000)
10/1/2004	CHECK WIRE	(110,000,000)	-	(110,000,000)	-	-	341,045,000	-	-	(110,000,000)
3/31/2005	CHECK WIRE	(180,000,000)	-	(180,000,000)	-	-	161,045,000	-	-	(180,000,000)
6/16/2005	CHECK WIRE	20,000,000	20,000,000	-	-	-	181,045,000	-	-	-
6/16/2005	CHECK WIRE	20,000,000	20,000,000	-	-	-	201,045,000	-	-	-
6/16/2005	CHECK WIRE	20,000,000	20,000,000	-	-	-	221,045,000	-	-	-
6/16/2005	CHECK WIRE	20,000,000	20,000,000	-	-	-	241,045,000	-	-	-
6/16/2005	CHECK WIRE	20,000,000	20,000,000	-	-	-	261,045,000	-	-	-
6/16/2005	CHECK WIRE	20,000,000	20,000,000	-	-	-	281,045,000	-	-	-
6/16/2005	CHECK WIRE	20,000,000	20,000,000	-	-	-	301,045,000	-	-	-
6/16/2005	CHECK WIRE	20,000,000	20,000,000	-	-	-	321,045,000	-	-	-
6/16/2005	CHECK WIRE	20,000,000	20,000,000	-	-	-	341,045,000	-	-	-
7/7/2005	CHECK WIRE	20,000,000	20,000,000	-	-	-	361,045,000	-	-	-
12/28/2005	CHECK WIRE	(15,000,000)	-	(15,000,000)	-	-	346,045,000	-	-	(15,000,000)
2/10/2006	CHECK WIRE	35,000,000	35,000,000	-	-	-	381,045,000	-	-	-
3/3/2006	CHECK WIRE	18,000,000	18,000,000	-	-	-	399,045,000	-	-	-
6/30/2006	CHECK WIRE	(30,000,000)	-	(30,000,000)	-	-	369,045,000	-	-	(30,000,000)
8/28/2006	CHECK WIRE	(35,000,000)	-	(35,000,000)	-	-	334,045,000	-	-	(35,000,000)
9/26/2006	CHECK WIRE	(50,000,000)	-	(50,000,000)	-	-	284,045,000	-	-	(50,000,000)
11/8/2006	CHECK WIRE	(20,000,000)	-	(20,000,000)	-	-	264,045,000	-	-	(20,000,000)
12/27/2006	CHECK WIRE	(20,000,000)	-	(20,000,000)	-	-	244,045,000	-	(20,000,000)	(20,000,000)
10/1/2007	CHECK WIRE	10,000,000	10,000,000	-	-	-	254,045,000	-	-	-
12/3/2007	CHECK WIRE	10,000,000	10,000,000	-	-	-	264,045,000	-	-	-
3/25/2008	CHECK WIRE	(475,000,000)	-	(475,000,000)	-	-	(210,955,000)	-	(475,000,000)	(475,000,000)
Total:			\$ 799,045,000	\$ (1,010,000,000)	\$ -	\$ -	\$ (210,955,000)	\$ -	\$ (495,000,000)	\$ (945,000,000)

SUBSEQUENT TRANSFERS FROM BROAD MARKET FUND TO RYE XL FUND

Column 1	Column 2
<u>Date</u>	<u>Amount</u>
8/31/2006	(1,000,000)
7/3/2007	(1,000,000)
7/3/2007	(1,000,000)
8/2/2007	(5,000,000)
9/4/2007	(25,000,000)
1/2/2008	(2,065,535)
4/10/2008	(47,318)
6/17/2008	(2,585,965)
7/2/2008	(6,500,000)
7/11/2008	(1,310,004)
7/11/2008	(478,793)
9/2/2008	(700,000)
11/12/2008	(500,000)
11/21/2008	(1,200,000)
Total:	\$ (48,387,616)

SUBSEQUENT TRANSFERS FROM PRIME FUND TO RYE XL FUND

Column 1	Column 2
<u>Date</u>	<u>Amount</u>
7/3/2007	(1,000,000)
7/3/2007	(350,000)
7/3/2007	(320,000)
7/3/2007	(140,000)
8/1/2007	(9,800,000)
8/1/2007	(6,200,000)
8/1/2007	(2,850,000)
8/1/2007	(300,000)
8/1/2007	(250,000)
8/7/2007	(652,691)
8/7/2007	(130,538)
8/7/2007	(130,538)
1/2/2008	(1,500,000)
1/3/2008	(1,500,000)
2/1/2008	(190,000)
3/3/2008	(200,000)
3/26/2008	(100,000,000)
3/26/2008	(100,000,000)
4/4/2008	(2,363)
4/7/2008	(55,962)
4/7/2008	(4,319)
5/20/2008	(450,329)
6/2/2008	(40,000,000)
6/2/2008	(370,000)
6/17/2008	(490,672)
7/1/2008	(74,000)
7/22/2008	(1,351,888)
7/22/2008	(1,017,835)
7/22/2008	(367,066)
8/1/2008	(10,000,000)
9/2/2008	(150,000)
9/18/2008	(697,456)
10/2/2008	(1,000,000)
10/2/2008	(430,000)
10/23/2008	(3,341,980)
11/3/2008	(2,000,000)
11/4/2008	(2,000,000)
11/24/2008	(2,100,737)
11/24/2008	(1,054,392)
Total:	\$ <u>(292,472,765)</u>

**SUBSEQUENT TRANSFER FROM BROAD MARKET FUND TO
DEFENDANTS FORTIS FUND BANK AND/OR FUND SERVICES**

Column 1	Column 2
<u>Date</u>	<u>Amount</u>
7/1/2008	(30,000,000)
Total:	\$ (30,000,000)

SUBSEQUENT TRANSFERS FROM RYE XL FUND TO DEFENDANT FORTIS FUND BANK

Column 1	Column 2
<u>Date</u>	<u>Amount</u>
5/2/2007	(10,000,000)
6/1/2007	(9,500,000)
7/2/2007	(6,000,000)
8/1/2007	(35,000,000)
8/1/2007	(10,000,000)
9/4/2007	(35,000,000)
3/26/2008	(100,000,000)
3/26/2008	(25,000,000)
5/1/2008	(5,000,000)
Total:	\$ (235,500,000)

Exhibit B

Baker & Hostetler LLP

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

(Substantively Consolidated)

In re:

BERNARD L. MADOFF,

Debtor.

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

Plaintiff,

Adv. Pro. No. _____ (BRL)

v.

TREMONT GROUP HOLDINGS, INC.;
TREMONT PARTNERS, INC.; TREMONT
(BERMUDA) LIMITED; RYE SELECT BROAD
MARKET FUND, L.P.; RYE SELECT BROAD
MARKET PRIME FUND, L.P.; RYE SELECT
BROAD MARKET PORTFOLIO LIMITED; RYE
SELECT BROAD MARKET INSURANCE
PORTFOLIO, LDC; RYE SELECT BROAD
MARKET INSURANCE FUND, L.P.; RYE
SELECT BROAD MARKET XL FUND, L.P.;
RYE SELECT BROAD MARKET XL
PORTFOLIO LIMITED; TREMONT
ARBITRAGE FUND, L.P.; TREMONT
ARBITRAGE FUND IRELAND; TREMONT
EMERGING MARKETS FUND – IRELAND;
TREMONT EQUITY FUND – IRELAND;
TREMONT INTERNATIONAL INSURANCE
FUND, L.P.; TREMONT LONG/SHORT
EQUITY FUND, L.P.; TREMONT MARKET
NEUTRAL FUND, L.P.; TREMONT MARKET
NEUTRAL FUND II, L.P.; TREMONT MARKET
NEUTRAL FUND LIMITED; TREMONT
OPPORTUNITY FUND LIMITED; TREMONT
OPPORTUNITY FUND II, L.P.; TREMONT
OPPORTUNITY FUND III, L.P.; RYE SELECT
EQUITIES FUND; TREMONT MULTI
MANAGER FUND; LIFEINVEST
OPPORTUNITY FUND LDC; OPPENHEIMER
ACQUISITION CORP.; MASSMUTUAL
HOLDING LLC; MASSACHUSETTS MUTUAL
LIFE INSURANCE CO.; SANDRA L. MANZKE
AND ROBERT I. SCHULMAN,

Defendants.

COMPLAINT

FILE UNDER SEAL

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45 Rockefeller Plaza

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Substantively Consolidated SIPA Liquidation of
Bernard L. Madoff Investment Securities LLC
and 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 (BRL)

(Substantively Consolidated)

In re:

BERNARD L. MADOFF,

Debtor.

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

Plaintiff,

Adv. Pro. No. _____ (BRL)

v.

TREMONT GROUP HOLDINGS, INC.;
TREMONT PARTNERS, INC.; TREMONT
(BERMUDA) LIMITED; RYE SELECT BROAD
MARKET FUND, L.P.; RYE SELECT BROAD
MARKET PRIME FUND, L.P.; RYE SELECT
BROAD MARKET PORTFOLIO LIMITED; RYE
SELECT BROAD MARKET INSURANCE
PORTFOLIO, LDC; RYE SELECT BROAD
MARKET INSURANCE FUND, L.P.; RYE
SELECT BROAD MARKET XL FUND, L.P.;
RYE SELECT BROAD MARKET XL
PORTFOLIO LIMITED; TREMONT
ARBITRAGE FUND, L.P.; TREMONT
ARBITRAGE FUND IRELAND; TREMONT
EMERGING MARKETS FUND – IRELAND;
TREMONT EQUITY FUND – IRELAND;
TREMONT INTERNATIONAL INSURANCE
FUND, L.P.; TREMONT LONG/SHORT
EQUITY FUND, L.P.; TREMONT MARKET
NEUTRAL FUND, L.P.; TREMONT MARKET
NEUTRAL FUND II, L.P.; TREMONT MARKET
NEUTRAL FUND LIMITED; TREMONT
OPPORTUNITY FUND LIMITED; TREMONT
OPPORTUNITY FUND II, L.P.; TREMONT
OPPORTUNITY FUND III, L.P.; RYE SELECT
EQUITIES FUND; TREMONT MULTI
MANAGER FUND; LIFEINVEST
OPPORTUNITY FUND LDC; OPPENHEIMER
ACQUISITION CORP.; MASSMUTUAL
HOLDING LLC; MASSACHUSETTS MUTUAL
LIFE INSURANCE CO.; SANDRA L. MANZKE
AND ROBERT I. SCHULMAN,

Defendants.

Irving H. Picard, (the “Trustee”), as 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 individually (“Madoff”), by and through his undersigned counsel, for his Complaint, states as follows:

NATURE OF THE ACTION

1. For fifteen years, many of the Defendants named in this Complaint helped funnel more than \$4 billion into the single largest investor fraud in history. The Defendants substantially aided, enabled and helped to sustain the massive Ponzi scheme orchestrated by Bernard Madoff (“Madoff”), in order to reap financial windfalls from their clients’ investments. Through their headquarters in Rye, New York, they managed the second largest group of feeder funds next to the Fairfield Greenwich group of companies (“Fairfield”), and assisted Madoff in his fraud. In turn, these Defendants collectively received more than \$2.1 billion in avoidable transfers from BLMIS that should be recovered by the Trustee for distribution in accordance with the Trustee’s statutory authority.

2. The Defendants include a number of investment funds and affiliates associated with the multi-billion dollar money management company now known as Tremont Group Holdings, Inc. Defendants include: Tremont Group Holdings, Inc. itself (“Tremont Group”), its management arms Tremont Partners, Inc. (“Tremont Partners”) and Tremont (Bermuda) Limited (“Tremont Bermuda”) (all three entities collectively shall be referred to herein as “Tremont”); Tremont Group’s parent corporation, Oppenheimer Acquisition Corp. (“Oppenheimer”); Oppenheimer’s parent corporations, MassMutual Holding LLC (“MassMutual Holding”) and Massachusetts Mutual Life Insurance Company (“Mass Mutual”) (Oppenheimer, MassMutual Holding and Mass Mutual collectively shall be referred to as “Parents”); Tremont Group’s founder and former CEO, Sandra L. Manzke (“Manzke”); Tremont Group’s former President and CEO, Robert Schulman (“Schulman”); four Tremont-managed funds that were directly invested with BLMIS and received a number of fraudulent conveyances (collectively, and as described more fully later in the Complaint, the “Rye Funds”); another fund, Rye Select Broad

Market Insurance Fund, L.P., which was directly invested with BLMIS that did not receive fraudulent conveyances, but should have its claim against the estate denied and subordinated due to the actions of the Defendants (“Rye Insurance”); and over a dozen Tremont-managed funds that were indirect investors with BLMIS through their investments in the Rye Funds (collectively, and as described more fully later in the Complaint, the “XL Funds” and “Tremont Funds”). All of these Defendants assisted Madoff to greater and lesser degrees in perpetuating the fraud and benefitted from the revenue Madoff generated for them.

3. For years, the Defendants were repeatedly warned and given the opportunity to uncover – through information in their own possession or publicly available – that BLMIS’s success could be the result of fraud. Nonetheless, these Defendants ignored this information and many other obvious warning signs of fraud.

4. If the Defendants were ignorant of the fraud, it was because they failed in their due diligence and investment management obligations. They quite simply did not want to know, remaining willfully ignorant in order to maximize their own profits and serve their own self-interest. The Ponzi scheme was highly profitable for the Defendants until its collapse, as Tremont earned more than \$180 million dollars in fees in the six years preceding the collapse of the scheme – and as much as \$240 million over the life of the Madoff relationship – as well as the caché of being one of the largest and most profitable hedge funds in the world. Yet every cent of the billions they accepted in withdrawals and fees over the course of their relationship with Madoff was money stolen from other BLMIS customers.

Tremont Seeks the “Palm Beach Crowd”

5. Beginning in 1994, Tremont Advisers, Inc., which is now known as Tremont Group, founded The Broad Market Fund, L.P. (which later changed its name to the American

Masters Broad Market Fund, L.P. in 1999, and then to Defendant Rye Select Broad Market Fund, LP. in 2006) (“Broad Market Fund”). The Broad Market Fund became one of the largest and longest running Madoff feeder funds. Like other Madoff feeder funds, this fund was created for the purpose of opening an account in BLMIS’s Investment Advisory business (“IA Business”) and “feeding” investors’ monies to Madoff for investing. In this account, just as for all the other BLMIS accounts opened for Tremont, Madoff had full trading authority and discretion. Due to the success of the Broad Market Fund and the returns it purportedly generated, Tremont increased the investors and investments in the various funds they created over time to invest with BLMIS and greatly profited from the fees generated by those investments. By the time Madoff’s scheme collapsed in December 2008, Tremont had given Madoff at least \$4 billion through their various funds.

6. Despite purporting to be an experienced organization which had a sophisticated plan for conducting due diligence on money managers, Tremont did not perform independent, reasonable, or meaningful quantitative, operational, structural, or risk-management due diligence on Madoff or his purported investment strategy prior to or after investing many billions of dollars. Nor did they fulfill their fiduciary duties to their funds and their investors by performing what they promised to do. Tremont and Parents did not conduct any reasonable analysis as to whether Madoff’s stated returns were even possible based on the strategy he purported to use. They also did not seriously consider the significant operational deficiencies of Madoff’s operations, many of which were highly suspicious and placed Defendants on inquiry notice of fraud. The Defendants wrongly relied on Madoff’s reputation and consciously disregarded many badges of fraud, instead relying on Madoff’s history of steady returns and failing to perform proper and required due diligence.

7. A telling illustration of Tremont's lack of investigation and their preference for investors who did not ask critical questions is an internal email exchange from October 2008. The email exchange is between two Tremont employees discussing the type of detailed information certain institutional investors would require before investing with Madoff. One employee stated: "Unlike the Palm Beach crowd, institutions won't invest on faith. They can't." In other words, Tremont primarily sought out certain non-critical institutional investors and wealthy individuals who were unlikely to perform any of their own diligence, and instead would rely on Tremont's answers and purported analysis. Despite holding themselves out as investment experts which performed exclusive, state-of-the-art due diligence, Tremont failed miserably in their responsibilities and continued to invest with BLMIS despite numerous indicia of fraud.

8. Though Tremont and Parents never performed independent, meaningful, and reasonable due diligence prior to or after creating their first Madoff investment vehicle, the "success" of their early Rye Funds and the profits earned by Tremont and Tremont's management - including Manzke and Schulman - led to the creation of numerous, additional Madoff feeder funds aimed at marketing Madoff and his purported investment strategy to foreign investors, as well as for leveraging Madoff's consistently positive returns. Specifically, subsequent to the creation of the Broad Market Fund, Tremont created additional Madoff investment vehicles: Defendants Rye Select Broad Market Prime Fund, L.P., Rye Select Broad Market Portfolio Fund Limited, Rye Select Broad Market Insurance Portfolio, LDC, and Rye Insurance. These "single-manager funds," as they were known to Tremont, were close to 100% invested with BLMIS. To even further maximize profits, "multi-manager" funds under the Tremont umbrella - *i.e.*, funds of funds that utilized multiple money managers - also invested a

portion of their assets under management with BLMIS, indirectly through one or more of the Rye Funds. In other words, a large percentage of Tremont's business was built upon the fiction created by Madoff's Ponzi scheme.

9. For almost fifteen years, Tremont and Parents were successful in blindly relying on Madoff to drive their funds' returns, and more importantly, their profits. They did whatever it took, and ignored whatever they saw that seemed suspicious, in order to expand the Madoff-related profits. Tremont entered into loans and "swap" agreements in an effort to leverage and increase Madoff's purported returns from his strategy. Independent, reasonable due diligence and fulfilling its fiduciary obligations were replaced by Tremont's financial incentive to remain blissfully, and thus willfully, ignorant.

Lack of "Best Industry Practices" Leads Customer to Question "Legitimacy of the Whole Bernie Thing"

10. Defendants were aware of the numerous questions surrounding Madoff and BLMIS. In reviewing the investments in 2006, Tremont admitted that Madoff's operation "does not represent the best industry practices." Nevertheless, they continued to pour investor monies into what they knew or should have known was a fraud.

11. Even some of Tremont's investors raised questions regarding Madoff. For example, in October 2007, one client could not reconcile why his returns were different from the returns of someone with a direct BLMIS account. In communications with Tremont, the client went as far as to state: "[. . .] Makes me concerned about the legitimacy of the whole Bernie thing."

Oppenheimer and Mass Mutual Acquire Tremont

12. Tremont's success due to investments with BLMIS led to their being acquired by Defendant Oppenheimer, a subsidiary of Defendants MassMutual Holding and Mass Mutual, for

over \$140 million in 2001. Though the Parents had an opportunity to perform their own due diligence of Madoff's purported strategy, Tremont's success blinded the Parents to obvious questions as to the legitimacy of Madoff's profits, as well as the questions and substantial red flags surrounding Madoff and his operations.

13. None of the Parents performed meaningful or reasonable due diligence on Madoff, his operations, his consistent returns, or his purported investment strategy prior to or subsequent to the acquisition. That acquisition was also very profitable to both Manzke and Schulman personally, as they signed lucrative multi-year employment agreements with Oppenheimer's other subsidiary, OppenheimerFunds, Inc. ("OppenheimerFunds"), and had their shares in Tremont purchased at the closing.

Extraordinary Withdrawals and Profits

14. Prior to the collapse, all Defendants, directly and indirectly, via the Rye Funds' withdrawals, received more than \$2.1 billion in transfers from BLMIS, including approximately \$1.9 billion in the six years prior to the SIPA Proceeding, as defined below. These vast amounts invested with BLMIS through the Rye Funds resulted in extraordinary fees of over \$180 million for Tremont, Manzke, and Schulman in the six years prior to the bankruptcy, which in turn benefitted the Parents. All told, the Trustee estimates that Tremont received up to \$240 million in fees during the life of their investments with BLMIS.

15. Defendants knew or should have known that they were profiting from fraud for a multitude of reasons, as alleged herein. Defendants were aware, or at the very least should have been aware, of the following red flags putting them on notice that Madoff was a fraud:

a. Tremont and the Parents never questioned Madoff's returns showing consistent, positive results, even when the stock market suffered serious downturns due to,

among other things, the Russian market crisis in 1998, the 9/11 terrorist attacks, the burst of the tech bubble from 2000-2002, and the 2007-2008 collapse of the financial and housing markets. This is despite the Madoff strategy supposedly being tied, or correlated, to the overall direction of the equity markets;

b. BLMIS's equity trading volumes were an implausibly high percentage of the entire market; its options trading volumes also often exceeded the entire daily volume of reported option trades on listed exchanges;

c. BLMIS's billions of dollars in purported trades never caused any noticeable price displacement in the market;

d. Madoff had the uncanny ability to buy equities at some of their lowest prices for the day and sell them near their highest prices;

e. Confirmations and monthly statements showed that trades purportedly made by BLMIS for the Rye Funds fell outside the reported daily ranges of the high and low prices for these stocks and options;

f. Madoff would not disclose the identities of his options counterparties even though BLMIS was trading these options as agent for the Rye Funds. In addition, the trade confirmations created by BLMIS and received by Tremont had other abnormalities about Madoff's options trading that should have caused Tremont to ask more questions about the mythical counterparties that Madoff refused to disclose;

g. Madoff's lack of transparency and secrecy had analysts wondering how they could replicate Madoff's performance and Tremont's own clients asking questions;

h. BLMIS reported a large number of trades having settlement dates that were clearly wrong. In addition, there were eight instances of trades being made on the weekends;

i. BLMIS's compensation and organizational structure deviated from well-established industry practices and Madoff left millions – if not billions – of dollars on the table that he could have easily charged for his management services. Instead, Madoff allowed “feeders” such as Tremont to receive these fees;

j. BLMIS served as both custodian and executing broker of its customers' funds and securities, which meant that there was no independent third party that could verify either the actual existence of customer assets at BLMIS or that transactions for the Rye and Tremont Funds were actually occurring;

k. BLMIS, which had billions of dollars under management, was purportedly being audited by a small, unknown accounting firm located in a strip mall in Rockland County, New York;

l. Madoff converted all of his equities to Treasury bills on a quarterly and year-end basis in another effort to avoid regulatory filing requirements;

m. BLMIS only mailed paper confirmations days after trades were purportedly executed, which was a significant departure from the industry practice of allowing electronic real-time access to trade information;

n. BLMIS account statements and trade confirmations showed inconsistencies with Madoff's purported trading strategy; and

16. In addition, other professionals and institutions involved with the securities industry were able to analyze Madoff, his trading strategy, and his operations and concluded they were problematic.

17. Through this action, therefore, the Trustee seeks a judgment in the aggregate amount of at least \$2.1 billion against the Defendants, avoiding and recovering the preferential payments, fraudulent transfers, fictitious profits, and subsequent transfers they received, as well as disallowance and equitable subordination of their claims against the estate. The Trustee also seeks additional amounts to prevent any unjust enrichment on the part of Tremont, Oppenheimer, MassMutual Holding, Mass Mutual, Manzke, and Schulman.

JURISDICTION AND VENUE

18. Based upon the Trustee's ongoing investigation, it appears that there were more than 8,000 customer accounts at BLMIS over the life of the scheme. In early December 2008, BLMIS generated account statements for its approximately 4,900 active customer accounts. These statements in the aggregate reflected that BLMIS customers had approximately \$65 billion in capital held by BLMIS in their accounts. In reality, BLMIS had customer assets on hand worth a fraction of that amount. Customer accounts had not accrued any real profits because no investments were ever made for them. When the Ponzi scheme came to light on December 11, 2008, investors had lost approximately \$20 billion in principal.

19. The Trustee brings this adversary proceeding pursuant to his authority under sections 78fff(b) and 78fff-2(c)(3) of SIPA, sections 105(a), 502(d), 510(c), 544, 547, 548(a), 550(a), and 551 of title 11, *et seq.*, United States Code, § 101 (the "Bankruptcy Code"), the New York Fraudulent Conveyance Act (N.Y. Debt. & Cred. § 270) (McKinney 2001), New York Civil Practice Law and Rules 203(g) and 208(13) (McKinney 2001), and other applicable law,

for the avoidance and recovery of fictitious profits, preferences, fraudulent conveyances, disallowance of and/or equitable subordination of the customer claims filed by some of the Defendants. The Trustee seeks, among other things, to set aside and recover all avoidable transfers, collect damages caused by the Defendants, preserve the stolen customer property for the benefit of BLMIS's defrauded customers, and recover all stolen property from the Defendants, in whatever form it may now or in the future exist.

20. This is an adversary proceeding brought in the Court in which the main underlying SIPA proceeding, No. 08-01789 (BRL) (the "SIPA Proceeding"), is pending. The Securities Investor Protection Corporation ("SIPC") originally brought the SIPA Proceeding in the United States District Court for the Southern District of New York as *Securities Exchange Commission v. Bernard L. Madoff Investment Securities LLC et al.*, No. 08 CV 10791 (the "District Court Proceeding"). This Court has jurisdiction over this adversary proceeding under 28 U.S.C. § 1334(b) and SIPA § 78eee(b)(2)(A), (b)(4).

21. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (B), (F), (H) and (O).

22. Venue in this district is proper under 28 U.S.C. § 1409.

23. This Court has personal jurisdiction over all of the Defendants captioned herein under NY CPLR § 301 and § 302 and Bankruptcy Rule 7004.

THE TRUSTEE, HIS POWERS AND STANDING

24. On December 11, 2008 (the "Filing Date"), Madoff was arrested by federal agents for violation of the criminal securities laws, including, *inter alia*, securities fraud, investment adviser fraud, and mail and wire fraud. Contemporaneously with Madoff's arrest on December 11, 2008, the Securities and Exchange Commission ("SEC") filed a complaint in the District

Court against Madoff, which remains pending. The SEC complaint alleges that Madoff and BLMIS engaged in fraud through the investment adviser activities of BLMIS.

25. On December 12, 2008, The Honorable Louis L. Stanton of the District Court entered an order appointing Lee S. Richards, Esq. as receiver for the assets of BLMIS.

26. On December 15, 2008, pursuant to section 78eee(a)(4)(A) of SIPA, the SEC consented to a combination of its own action with an application of SIPC. Thereafter, pursuant to section 78eee(a)(4)(B) 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 protections afforded by SIPA.

27. Also on December 15, 2008, Judge Stanton granted the SIPC application and entered an order pursuant to SIPA (the “Protective Decree”), which, in pertinent part:

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

28. Pursuant to section 78lll(7)(B) of SIPA, the Filing Date is deemed to be the date of the filing of the petition within the meanings of sections 547 and 548 of the Bankruptcy Code and the date of the commencement of the case within the meaning of section 544 of the Bankruptcy Code.

29. By orders, dated December 23, 2008 and February 4, 2009, respectively, the Bankruptcy Court approved the Trustee’s bond and found that the Trustee was a disinterested

person. Accordingly, the Trustee is duly qualified to serve and act on behalf of the estate of BLMIS. The Trustee subsequently was also appointed as trustee of the estate of Bernard L. Madoff personally.

30. By virtue of his appointment under SIPA, the Trustee has the responsibility of recovering and paying out Customer Property to BLMIS's customers, assessing claims, and liquidating any other assets of the firm for the benefit of the estate and its creditors. The Trustee is in the process of marshalling BLMIS's assets, and the liquidation of BLMIS's assets is well underway. However, such assets will not be sufficient to fully reimburse the BLMIS customers for the billions of dollars that they invested with BLMIS. Consequently, the Trustee must use his broad authority under SIPA and the Bankruptcy Code to pursue recovery from BLMIS accountholders who received preferences, non-existent principal, and/or payouts of fictitious profits to the detriment of other defrauded customers whose money was consumed by the Ponzi scheme, and from any entities or individuals to which BLMIS accountholders subsequently transferred those funds. Absent this and other recovery actions, the Trustee will be unable to satisfy the claims described in subparagraphs (A) through (D) section 78fff-2(c)(1) of SIPA .

31. To this end, the Trustee is bringing this action against the Defendants to recover almost \$2 billion in avoidable transfers received by them or on their behalf between December 11, 2002, and December 11, 2008. A large portion of these avoidable transfers consisted of withdrawals taken from BLMIS by the Rye Funds. Many of these withdrawals were for redemptions by their investors or were subsequently transferred to other named Defendants. In addition, over \$180 million of those withdrawals were then transferred to Tremont, Parents, Manzke and Schulman in the form of management, administrative, and other fees, bonuses, profits, compensation, dividends and partnership distributions.

32. Pursuant to section 78fff-1(a) of SIPA, the Trustee has the general powers of a bankruptcy trustee in a case under the Bankruptcy Code in addition to the powers granted by SIPA. Pursuant to section 78fff(b) of SIPA, “Chapters 1, 3, 5 and Subchapters I and II of Chapter 7 [of the Bankruptcy Code]” are applicable to this case “[t]o the extent consistent with [SIPA].”

33. In addition to the powers of a bankruptcy trustee, the Trustee has broader powers granted by SIPA.

34. The Trustee is a real party in interest and has standing to bring these claims pursuant to section 78fff-1 of SIPA and the Bankruptcy Code, including sections 323(b) and 704(a)(1), because, among other reasons:

- a. The Defendants received “Customer Property” as defined by section 78III(4) of SIPA;
- b. BLMIS incurred losses as a result of the claims set forth herein;
- c. BLMIS customers were injured as a result of the conduct detailed herein;
- d. SIPC cannot by statute advance funds to the Trustee to fully reimburse all customers for their losses;
- e. The Trustee will not be able to satisfy all claims;
- f. The Trustee, as bailee of Customer Property, can sue on behalf of the customers-bailors;
- g. As of this date, the Trustee has received multiple, express assignments of certain claims of the applicable accountholders, which they could have asserted. As assignee, the Trustee stands in the shoes of persons who have suffered injury-in-fact, and a

distinct and palpable loss for which the Trustee is entitled to reimbursement in the form of monetary damages;

h. SIPC is the subrogee of claims paid, and to be paid, to customers of BLMIS who have filed claims in the liquidation proceeding (such customers, collectively, “Accountholders”). SIPC has expressly conferred upon the Trustee the power to enforce its rights of subrogation with respect to payments it has made and is making to customers of BLMIS from SIPC funds; and

i. The Trustee has the power and authority to avoid and recover transfers pursuant to sections 544, 547, 548, 550(a), and 551 of the Bankruptcy Code and section 78fff-2(c)(3) of SIPA.

THE DEFENDANTS

A. The Rye Funds

35. Defendant Rye Select Broad Market Fund, L.P. (“Broad Market Fund”) is a Delaware limited partnership organized in May 1994 under its original name of “American Masters Broad Market Fund, LP.” The Broad Market Fund’s principal place of business during the relevant period was located at 555 Theodore Fremd Avenue, Rye, New York 10580.

36. The Broad Market Fund, which had a stated objective of seeking long term capital growth through, *inter alia*, investments primarily in securities through selected investment advisers, had a direct account with BLMIS that opened in 1994, with account number 1T0027. During all relevant times, almost all of the monies invested in the Broad Market Fund were given to Madoff and deposited with BLMIS. For all intents and purposes, upon information and belief, the Broad Market Fund is insolvent, and its assets are insufficient to satisfy any judgment on the claims asserted herein.

37. Defendant Rye Select Broad Market Prime Fund, L.P. (“Prime Fund”) is a Delaware limited partnership organized in May 1997 under its original name of “American Masters Broad Market Prime Fund, LP” (subsequently renamed “American Masters Broad Market Prime Fund, LP” in or around 1999, and then its current name of “Rye Select Broad Market Prime Fund, LP” in or around 2006). Prime Fund’s principal place of business during the relevant period was located at 555 Theodore Fremd Avenue, Rye, New York 10580. The Prime Fund had a stated objective of providing investors with long-term capital growth through, *inter alia*, levered investments managed by selected advisers or managers.

38. Prime Fund had a direct account with BLMIS that opened in 1997, with account number 1C1260. During all times applicable to this action, virtually 100% of the monies invested in the Prime Fund were given to Madoff and invested with BLMIS. In essence, the Prime Fund was a vehicle through which its investors made leveraged investments in BLMIS, which was generally twice the performance of the Broad Market Fund. The Prime Fund accomplished its leverage through various credit facilities and vehicles, including a loan from Citibank. For all intents and purposes, upon information and belief, the Prime Fund is insolvent, and its assets are insufficient to satisfy any judgment on the claims asserted herein.

39. Defendant Rye Select Broad Market Portfolio Limited (“Portfolio Limited Fund”) is an open-ended investment company organized as an exempted company under the laws of the Cayman Islands in 2001 under its original name of “American Masters Broad Market Fund II Limited.” The Portfolio Limited Fund’s registered office during the relevant period was located in the Cayman Islands, c/o Trulaw Corporate Services Ltd., P.O. Box 866, George Town, Grand Cayman. Defendant Tremont (Bermuda) Limited is the investment manager for the Portfolio Limited Fund. Tremont (Bermuda) Limited delegated substantially all of its investment

management duties to Tremont Partners, which served as “sub-advisor.” Tremont Partners was responsible for selecting investment managers, negotiating fee arrangements with those managers, allocating assets among managers, and monitoring the Portfolio Limited Fund’s investments. The Portfolio Limited Fund had a direct account with BLMIS that opened in 2001, with account number 1FR080. During all times applicable to this action, virtually 100% of the monies invested in the Portfolio Limited Fund were given to Madoff and deposited with BLMIS.

40. Defendant Rye Select Broad Market Insurance Portfolio LDC (“Insurance Portfolio LDC Fund”) is an open-ended investment company registered in the Cayman Islands as an exempted limited duration company in 1997 under its original name of “Tremont-Broad Market Fund LDC.” Insurance Portfolio LDC Fund’s principal office during the relevant period was located at Walkers SPV Limited, Walker House, KY1-9002, Mary Street, George Town, Grand Cayman, Cayman Islands. Tremont (Bermuda) Limited is Portfolio Limited Fund’s investment manager. Tremont (Bermuda) Limited delegated substantially all of its investment management duties to Tremont Partners, which served as “sub-advisor.” Tremont Partners was responsible for selecting investment managers, negotiating fee arrangements with those managers, allocating assets among managers, and monitoring the Portfolio Limited Fund’s investments. The Insurance Portfolio LDC Fund had a direct account with BLMIS that opened in 1997, with account number 1FR010. Virtually 100% of the monies invested in the Insurance Portfolio LDC Fund were given to Madoff and deposited with BLMIS. For all intents and purposes, upon information and belief, the Insurance Portfolio LDC Fund is insolvent, and its assets are insufficient to satisfy any judgment on the claims asserted herein. The Insurance Portfolio LDC Fund is now being liquidated in the Cayman Islands.

41. Collectively, the Broad Market Fund, Prime Fund, Portfolio Limited Fund, and Insurance Portfolio LDC Fund shall be referred to herein as the “Rye Funds.” Each of them, which received transfers from BLMIS as outlined in Exhibits A and B, is currently winding down its affairs and its assets have been converted mostly to cash.

42. The Rye Funds, which were managed in and intentionally took advantage of the benefits of conducting transactions in the State of New York, have submitted themselves to the jurisdiction of this Court for purposes of this proceeding.

B. Rye Insurance

43. Defendant Rye Select Broad Market Insurance Fund, L.P. (“Rye Insurance”) is a Delaware limited partnership organized in 2008. Rye Insurance’s principal place of business during the relevant period was located at 555 Theodore Fremd Avenue, Rye, New York 10580.

44. Rye Insurance had a direct account with BLMIS that opened in or around October 2008, with account number 1R0252. Rye Insurance made one deposit to its account at BLMIS of \$40 million in or around October 2008, and did not withdraw any amounts thereafter. Rye Insurance is named as a defendant herein because it has filed a customer claim with the Trustee, which should be denied and subordinated due to the imputed acts of Tremont. For all intents and purposes, upon information and belief, Rye Insurance is insolvent, and its assets are insufficient to satisfy any judgment on the claims asserted herein.

45. Rye Insurance, which was managed in and intentionally took advantage of the benefits of conducting transactions in the State of New York, has submitted itself to the jurisdiction of this Court for purposes of this proceeding.

C. Tremont

46. Tremont Group Holdings, Inc. (“Tremont Group”) is a Delaware corporation with its corporate headquarters during the relevant period located at 555 Theodore Fremd Avenue, Rye, NY 10580. Tremont Group is an investment management firm formed in or around 1987, and since in or about October 2001, has been a wholly-owned subsidiary of Oppenheimer Acquisition Corporation. Originally known as Lynch Asset Management Corporation, the corporation changed its name several times: to Tremont Advisers, Inc. in 1991, to Tremont Capital Management, Inc. in 2003, and to Tremont Group Holdings, Inc. in 2006. Tremont Group held itself out both in writing and orally as an established leader in the investment management of fund of hedge fund products and multi-manager portfolios. According to its web site (prior to the collapse of BLMIS), Tremont Group was “at the forefront in setting the standard in the industry for fund of hedge funds investment management.” Tremont Group claimed to have over \$7.7 billion in assets under management as of September 2008. Since 2001, Tremont Group has had five directors, two from Tremont management, two from Oppenheimer, and one from Mass Mutual.

47. Tremont Partners, Inc. (“Tremont Partners”) is a Connecticut corporation with its headquarters during the relevant period located at 555 Theodore Fremd Avenue, Rye, NY 10580 and is a wholly owned subsidiary of the Tremont Group. Tremont Partners is the General Partner and investment manager of the Broad Market Fund, Prime Fund, Rye Insurance, and the Rye Select Broad Market XL Fund, L.P. (alleged herein below). In addition, Tremont Partners was delegated substantially all of the responsibilities of investment manager for the Portfolio Limited Fund and Insurance Portfolio LDC Fund. Tremont Partners is an investment adviser registered with the SEC under the Investment Advisers Act of 1940 (“Advisers Act”). Tremont

Partners, had as its board members Tremont management, including Defendant Robert Schulman who served on it during the relevant time period until his termination in 2008.

48. Pursuant to sections 15-306(a) and 17-403(b) of Title 6 of the Delaware Code, as General Partner to the Broad Market Fund, Prime Fund, and Rye Insurance – which are all Delaware limited partnerships – Tremont Partners is liable for all obligations incurred by Broad Market Fund, Prime Fund, and Rye Insurance while serving as General Partner.

49. Tremont (Bermuda) Limited (“Tremont Bermuda”) is a Bermuda corporation that, upon information and belief, during the relevant period was located c/o Tremont Partners at 555 Theodore Fremd Avenue, Rye, NY 10580. Tremont Bermuda served as investment manager for the Portfolio Limited Fund and the Insurance Portfolio LDC Fund. These funds paid Tremont Bermuda monthly management fees based on an annual percentage rate of the funds’ net asset value. Tremont Bermuda delegated all or substantially all of its investment manager responsibilities to Tremont Partners.

50. The various divisions and corporate entities under the Tremont umbrella involve the same decision-makers and were controlled by the same individuals and entities.

51. Tremont, which conducted their business in New York and was headquartered in New York, intentionally took advantage of the benefits of conducting transactions in the State of New York, and have submitted themselves to the jurisdiction of this Court for purposes of this proceeding.

D. Oppenheimer, MassMutual Holding and Mass Mutual

52. Oppenheimer Acquisition Corporation (“Oppenheimer”) is a Delaware corporation with its principal offices located at Two World Financial Center New York, New York 10281. Oppenheimer was incorporated in 1990 and is a subsidiary of the Mass Mutual

and the parent company of OppenheimerFunds, which, according to its web site, “is one of the nation's largest and most respected asset management companies.” Upon information and belief, Oppenheimer was created in 1999 to acquire businesses in the financial services industry, including the mutual fund complex of Oppenheimer funds and the Tremont Group. The board, upon information and belief, during the relevant period, consisted of top executives of MassMutual Holding and/or Mass Mutual.

53. Prior to the purchase of Tremont Group, Oppenheimer claimed that it conducted a due diligence review of the operations of Tremont. This due diligence review revealed that Tremont was heavily invested with BLMIS.

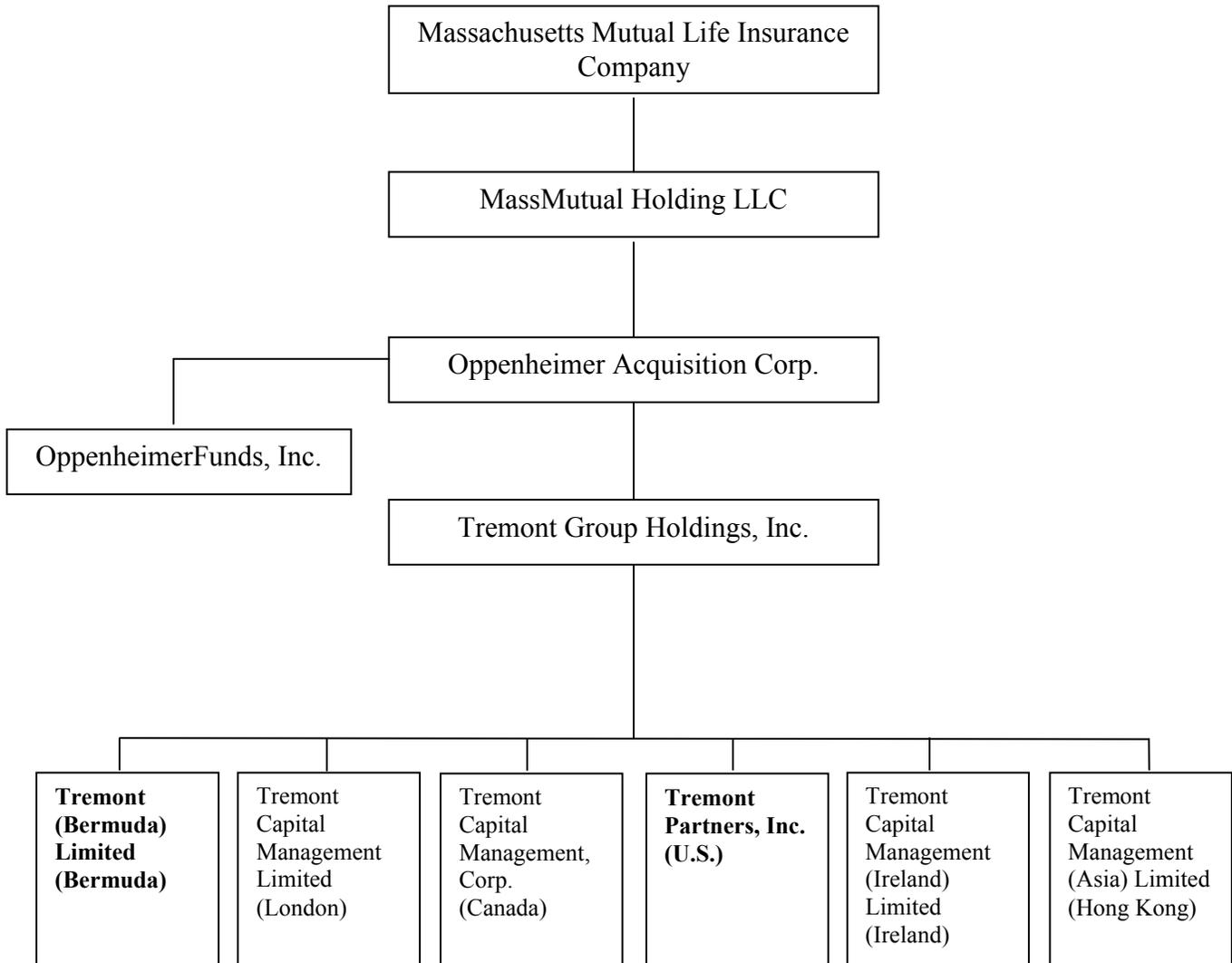
54. Defendant MassMutual Holding LLC ("MassMutual Holding") is the parent company of Oppenheimer and its principal place of business is located at 1295 State Street, Springfield, Massachusetts 01111. The current Chairman (since 2007), former Chief Executive Officer (from June 2005-December 2009) and director (since 2005) of Mass Mutual, Stuart H. Reese (“Reese”), was also the Chairman, Director, President and Chief Executive Officer of MassMutual Holding from 2005-2009. He was also the Chairman (2005-2009) and director (1999-2009) of Oppenheimer.

55. Defendant Massachusetts Mutual Life Insurance Company ("Mass Mutual") is the parent company of MassMutual Holding. Its headquarters are located at 1295 State Street, Springfield, Massachusetts 01111. Mass Mutual is a mutually owned financial protection, accumulation and income management company. According to Mass Mutual’s 2009 Annual Report, “MassMutual provides products and services to help meet the financial needs of individual and business clients, including life insurance, disability income insurance, long term care insurance, annuities, executive benefits, benefit funding vehicles and trust services.” Mass

Mutual refers to itself, including its subsidiaries, such as OppenheimerFunds and Tremont, as the "MassMutual Financial Group." In addition, after Oppenheimer's acquisition of Tremont, Mass Mutual with and through Oppenheimer exercised dominion and control over the business activities of Tremont.

56. Oppenheimer and Mass Mutual both intentionally took advantage of the benefits of conducting transactions in the State of New York, and have submitted themselves to the jurisdiction of this Court for purposes of this proceeding.

57. Below is a diagram of the Tremont and Parents relationship:



E. Manzke and Schulman

58. Sandra L. Manzke, a/k/a Sandra L. Manzke Platt (“Manzke”) is an individual who, upon information and belief, resides at 2279 Ridgewood Circle, Royal Palm Beach, Florida 33441. Manzke founded Tremont Group in 1984 and served as Chief Executive Officer until she left Tremont in 2005. Manzke was responsible for beginning Tremont’s long relationship with Madoff, and personally benefitted from the fees Tremont charged their clients for their Madoff

investments. Manzke also personally benefitted from Oppenheimer's acquisition of Tremont Group in 2001.

59. Robert I. Schulman ("Schulman") is an individual who, upon information and belief, resides at 18 Green Valley Road, Armonk, New York 10504. Schulman joined Tremont in 1994. He served as President, co-CEO, and then sole CEO until he left the organization in July 2008. Schulman also served as Director for Tremont Group, Tremont Partners, and Tremont Bermuda. Significantly, Schulman also headed Tremont Group's Rye Investment Management division, which was responsible for managing single manager funds, including the Rye Funds that invested almost exclusively with BLMIS. Schulman was largely responsible for the Tremont Group's relationship with BLMIS, which steadily grew over time. He generally would meet with Madoff at least once or twice a year. Schulman also personally benefitted greatly from the fees Tremont charged to their clients for their Madoff investments, as well as from Oppenheimer's acquisition of Tremont Group in 2001.

60. Manzke and Schulman, who operated Tremont in and intentionally took advantage of the benefits of conducting transactions in the State of New York, have submitted themselves to the jurisdiction of this Court for purposes of this proceeding.

F. XL Funds

61. The Rye Select Broad Market XL Fund, L.P. ("XL LP") is a Delaware limited partnership formed on July 13, 2006, with its principal place of business during the relevant period located at 555 Theodore Fremd Avenue, Rye, NY 10580. Tremont Partners acted as the General Partner of XL LP and was responsible for its day-to-day operations and investment management. XL LP sought to provide investors with long-term growth and a return linked to a three times levered exposure to the economic performance of the Broad Market Fund. XL LP

sought to obtain this return through synthetic investments in Broad Market Fund provided by swap transactions with financial institutions.

62. Rye Select Broad Market XL Portfolio Limited (“XL Portfolio”) is a Cayman Islands exempted company that was incorporated with limited liability in the Cayman Islands on February 10, 2006. XL Portfolio’s registered office during the relevant period was located at Walkers SPV Limited, Walker House, KY1-9002, Mary Street, George Town, Grand Cayman, Cayman Islands. Tremont Partners acted as the investment manager for XL Portfolio. Similar to the domestic XL LP, XL Portfolio sought to provide investors with capital growth through exposure, on an approximate three times levered basis, to the Portfolio Limited Fund. Also like XL LP, XL Portfolio sought to achieve this return through synthetic investments in Portfolio Limited Fund provided by swap transactions with financial institutions. The XL Funds were managed and overseen by the same individuals at Tremont responsible for the Rye Funds. For all intents and purposes, upon information and belief, the XL Funds are insolvent, and its assets are insufficient to satisfy any judgment on the claims asserted herein.

63. Upon information and belief, Madoff would not allow BLMIS customers to utilize leverage, or margin, directly in their accounts at BLMIS. As a result, the XL Funds entered into total return swaps with other financial institutions such as Lehman Brothers, HSBC, Fortis Bank, Scotia Bank, and ABN Amro, which provided a synthetic investment for XL LP in the Broad Market Fund and for XL Portfolio in the Portfolio Limited Fund. Both Broad Market Fund and Portfolio Limited Fund invested substantially all of their capital with BLMIS.

64. Every transfer made by BLMIS that made its way to XL LP and XL Portfolio is a recoverable subsequent transfer of stolen BLMIS customer property. In addition, upon information and belief, Prime Fund transferred approximately \$285 million to XL LP over the

life of the swap... To the extent the money transferred by Prime Fund to XL LP originated directly or indirectly from BLMIS, it too is a recoverable subsequent transfer of stolen BLMIS customer property.

65. XL LP and XL Portfolio, which were managed in and intentionally took advantage of the benefits of conducting transactions in the State of New York, have submitted themselves to the jurisdiction of this Court for purposes of this proceeding.

G. Tremont Funds

66. Tremont Arbitrage Fund, L.P. (“Arbitrage Fund”), Tremont Arbitrage Fund Ireland (“Arbitrage Ireland”), Tremont Emerging Markets Fund – Ireland (“Emerging Markets – Ireland”), Tremont Equity Fund – Ireland (“Equity Fund – Ireland”), Tremont International Insurance Fund, L.P. (“International Insurance Fund”), Tremont Long/Short Equity Fund, L.P. (“Long/Short Fund”), Tremont Market Neutral Fund, L.P. (“Market Neutral Fund”), Tremont Market Neutral Fund II, L.P. (“Market Neutral II Fund”), Tremont Market Neutral Fund Limited (“Market Neutral Limited”), Tremont Opportunity Fund Limited (“Opportunity Limited”), Tremont Opportunity Fund II, L.P. (“Opportunity II Fund”), Tremont Opportunity Fund III, L.P. (“Opportunity III Fund”), Rye Select Equities Fund (“Equities Fund”), Tremont Multimanager Fund (“Multimanager Fund”), and LifeInvest Opportunity Fund LDC (“LifeInvest”) are all funds of funds managed, advised, and/or overseen by Tremont Partners in Rye, New York, which were invested with BLMIS through the Rye Funds and/or XL Funds and accepted subsequent transfers through the Rye Funds and/or XL Funds.

67. Collectively, the Arbitrage Fund, Arbitrage Ireland, Emerging Markets – Ireland, Equity Fund – Ireland, Long/Short Fund, Market Neutral Fund, Market Neutral II Fund, Market Neutral Limited, Opportunity Limited, Opportunity II Fund, Opportunity III Fund, Equities

Fund, Multimanager Fund, and LifeInvest shall be referred to herein as the “Tremont Funds.” Upon information and belief, many of these funds are in the process of winding down their affairs and attempting to convert their assets to mostly cash.

68. As described more particularly below, the Tremont Funds collectively received millions of dollars of transfers from BLMIS indirectly through redemptions in the Rye Funds, in which the Tremont Funds were invested. These funds received redemptions from the Rye Funds, which were fraudulent transfers of Customer Property. The Tremont Funds are subsequent transferees of stolen Customer Property under the applicable bankruptcy laws.

69. The Tremont Funds, which were managed in and intentionally took advantage of the benefits of conducting transactions in the State of New York, have submitted themselves to the jurisdiction of this Court for purposes of this proceeding.

THE PONZI SCHEME

70. Founded in 1959, BLMIS began operations as a sole proprietorship of Madoff and later, effective January 2001, formed as a limited liability company wholly owned by Madoff. Since approximately 1986, BLMIS operated from its principal place of business at 885 Third Avenue, New York, New York. Madoff, as founder, chairman, and chief executive officer, ran BLMIS together with several family members and a number of additional employees. BLMIS was registered with the SEC as a securities broker-dealer under Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. § 78o(b). By that registration, BLMIS is a member of SIPC. BLMIS had three business units: the IA Business, market making and proprietary trading. The IA Business was the locus of the fraud.

71. Outwardly, Madoff ascribed the IA Business’s consistent investment success to a proprietary investment strategy called the “split-strike conversion” strategy. Pursuant to that strategy, Madoff purported to invest client funds in a basket of common stocks within the S&P

100 Index – a collection of the 100 largest publicly traded companies. Madoff claimed that his basket of stocks would mimic the movement of the S&P 100 Index. He also asserted that he would carefully time purchases and sales to maximize value, and correspondingly, BLMIS customers' funds would, intermittently, be out of the equity markets. While out of the market, those funds were purportedly invested in United States Treasury bills or in mutual funds holding Treasury bills.

72. The second part of the split-strike conversion strategy was the hedge of Madoff's stock purchases with option contracts. Those option contracts functioned as a "collar," limiting both the potential gains and the potential losses. Madoff purported to use proceeds from the sale of one option contract (a call option: the right of a third party to buy stock through BLMIS) to finance the cost of purchasing another (a put option: the right of BLMIS to sell stock to a third party). Madoff told BLMIS customers that when he exited the market he would close out all equity and option positions, and invest all the resulting cash in U.S. Treasuries. Madoff also told IA Business customers, including Tremont, that these "round-trips" into the market would occur between four and ten times each year.

73. BLMIS's IA Business customers received fabricated monthly or quarterly statements showing that securities were held in, or had been traded through, their accounts. The securities purchases and sales shown in such account statements never occurred, and the profits reported were entirely fictitious. Madoff has admitted that he never purchased any of the securities he claimed to have purchased for the IA Business's customer accounts. In fact, there is no record of BLMIS having cleared a single purchase or sale of securities in connection with the split-strike conversion strategy on any trading platform on which BLMIS reasonably could have traded securities. Madoff's split-strike conversion strategy was entirely fictitious.

74. Prior to his arrest, Madoff assured customers and regulators that he purchased and sold the put and call options over-the-counter (“OTC”) rather than through an exchange. Yet, like the underlying securities, the Trustee has yet to uncover any evidence that Madoff ever purchased or sold *any* of the options he purported to buy and sell. There is no evidence that Madoff traded options through any of the options exchanges. The Options Clearing Corporation, which clears all option contracts based upon the stocks of S&P 100 companies, has no record of the IA Business having bought or sold any exchange-listed options on behalf of any of IA Business customers.

75. For all periods relevant hereto, BLMIS was operated as a Ponzi scheme. The money received from investors was not invested in stocks and options. Rather BLMIS used its IA Business customers’ deposits to pay redemptions and to make other avoidable transfers. Madoff also used his customers’ investments to enrich himself, his associates, and his family.

76. The falsified monthly account statements reported that the accounts of IA Business customers had made substantial gains, but, in reality, due to the siphoning and diversion of new investments to pay requests for payments or redemptions from other BLMIS accountholders, BLMIS did not have the funds to pay investors on account of their new investments. BLMIS was only able to survive for as long as it did by using the stolen principal invested by subsequent customers to pay earlier customers.

77. The payments to investors constituted an intentional misrepresentation of fact regarding the underlying accounts and were an integral and essential part of the fraud. The payments were necessary to validate the false account statements, and were made to avoid detection of the fraud, to retain existing investors and to lure other investors into the Ponzi scheme.

78. Madoff's scheme continued until December 2008, when the requests for redemptions overwhelmed the flow of new investments and caused the inevitable collapse of the Ponzi scheme.

79. At his Plea Hearing on March 12, 2009, in the case captioned *United States v. Madoff*, Case No. 09-CR-213(DC), Madoff pled guilty to an eleven-count criminal information filed against him by the United States Attorney's Office for the Southern District of New York. At the Plea Hearing, Madoff admitted that he "operated a Ponzi scheme through the investment advisory side of [BLMIS]." Plea Allocution of Bernard L. Madoff at 23, *United States v. Madoff*, No. 09-CR-213 (DC) (S.D.N.Y. March 12, 2009) (Docket No. 50) ("Madoff Plea Allocution"). Additionally, Madoff asserted "[a]s I engaged in my fraud, I knew what I was doing [was] wrong, indeed criminal." *Id.* Madoff was sentenced on June 29, 2009 to 150 years in prison.

80. On August 11, 2009, a former BLMIS employee, Frank DiPascali, pled guilty to participating in and conspiring to perpetuate the Ponzi scheme. At a Plea Hearing on August 11, 2009 in the case entitled *United States v. DiPascali*, Case No. 09-CR-764 (RJS), DiPascali pled guilty to a ten-count criminal information. Among other things, DiPascali admitted that the Ponzi scheme had begun at BLMIS since at least the 1980's. Plea Allocution of Frank DiPascali at 46, *United States v. DiPascali*, No. 09-CR-764 (RJS) (S.D.N.Y. Aug. 11, 2009) (Docket No. 11).

81. Thus, at all times relevant hereto, the liabilities of BLMIS were billions of dollars greater than its assets. BLMIS was insolvent in that: (i) its assets were worth less than the value of its liabilities; (ii) it could not meet its obligations as they came due; and (iii) at the time of the transfers, BLMIS was left with insufficient capital.

82. As alleged more fully below, Tremont provided Madoff with more investors and much needed capital, as it ramped up operations and eventually invested more than \$4 billion into the scheme over time, earning tens of millions in fees annually for providing Madoff with fresh money.

HISTORY OF TREMONT AND THEIR RELATIONSHIP WITH BLMIS

A. Manzke, Schulman, and the Beginnings of the Rye Funds

83. Manzke is one of the founders and a former CEO of Tremont Group. Upon information and belief, in 1984 Manzke founded Lynch Asset Management Corporation, the initial predecessor to what is now the Tremont Group. Manzke was initially CEO and later co-CEO beginning in 2000 with Schulman.

84. Tremont Group's initial focus was on consulting for pension funds and traditional asset management, and Manzke grew the company steadily over time. Upon information and belief, Tremont Group – known at the time as Tremont Advisers, Inc. – went public in 1992 and was traded on the NASDAQ exchange until approximately October 2001, when it was acquired by Oppenheimer. At the time of the acquisition, upon information and belief, Tremont Group had approximately 65 employees, advised on more than \$8 billion in alternative investments, and managed more than \$1.5 billion of client assets in its proprietary Rye and Tremont Funds.

85. Manzke learned about Madoff in 1991 through Leon Meyers, the former Chairman of Tremont Group, who already had his own personal account with BLMIS. Tremont's first investment with BLMIS came in the form of a proprietary product called "Tremont Advisers L.P." However, Meyers left Tremont Group in 1992, taking that fund with him and renaming it the "Mosaic Fund LP." Manzke continued her relationship with Madoff, however, and in 1994 Tremont founded what became one of the largest and longest running

Madoff feeder funds – American Masters Broad Market Fund, L.P. Despite Manzke’s years of experience, Tremont failed to conduct independent or meaningful due diligence on Madoff, his operations, and his purported investment strategy. Prior to investing and thereafter, Tremont did not reasonably investigate whether Madoff’s reported returns were plausible based on the strategy he claimed to use. Neither did Tremont reasonably address the serious deficiencies and risks of fraud evidenced by Madoff’s operations. Instead of performing basic due diligence as the industry leader they held themselves out to be and touted in their marketing materials, Tremont wrongly relied on Madoff’s reputation and their own appetite for consistent returns.

86. Defendant Schulman joined Tremont as President and Chief Operating Officer of what became Tremont Group in 1994 – the year the Broad Market Fund was established. In 2000 he became co-CEO with Manzke, and then sole CEO in 2005, after Manzke’s departure. In addition, Schulman served as President of Rye Investment Management, the division of the Tremont Group that was responsible for supervising the single manager funds, which invested with Madoff. Schulman’s involvement with Tremont’s investments with BLMIS was direct and consistent throughout his tenure there until July 2008.

87. Manzke left Tremont in 2005 before the conclusion of her five year employment agreement with OppenheimerFunds and founded another investment adviser, Maxam Capital Management LLC, a competing Madoff feeder fund. Upon information and belief, Manzke received \$3.5 million in severance payments from Tremont in the two years following her termination. Tremont, however, through Schulman and others, continued their relationship with Madoff and continued to exploit Madoff’s consistent returns even after Manzke’s departure.

B. Acceptance of Madoff's Strategy and Terms to Fuel Expansion of Rye Funds

88. During his long tenure at Tremont, Schulman developed a close business relationship with Madoff, having regular meetings and discussions with both Madoff and his top lieutenant, Frank DiPascali. Upon information and belief, Schulman met with Madoff approximately four or five times per year on average between 1995 and 2000. Upon information and belief, Schulman, as well as other Tremont officers and personnel, also had numerous meetings with Madoff thereafter.

89. Tremont's investments with BLMIS, including the Rye Funds' accounts, grew exponentially with Schulman at the helm. Despite his close business relationship with BLMIS and Madoff, Schulman was provided only vague or inconsistent descriptions by Madoff of the split-strike conversion strategy. For example, Madoff gave Schulman vague and murky stories regarding his supposed trading counterparties, and refused to explain why and when he would enter and exit the market.

90. Schulman shielded Madoff from investor inquiries and enforced Tremont's policy prohibiting investors from meeting Madoff. For instance, when one potential investor seeking to invest \$30-40 million inquired about the "possibility of meeting Bernie," Tremont Group's Chief Operating Officer (and later President), Barry Colvin ("Colvin"), told Schulman in a November 2001 email that he told the investor "no one gets in to see Bernie." Schulman responded in kind: "Never meets Bernie – may get in over time if there is more to the relationship – commit [sic] to nothing." Even when exceptions were made to this general policy, Schulman and Tremont carefully orchestrated meetings. Schulman or one of the Tremont officers would always be present, making sure that the types of questions asked would not offend or be too probing of Madoff. Madoff was known to throw customers and potential customers out of his office if the

questions became too controversial. Upon information and belief, Tremont, including Schulman, made sure not to ruffle Madoff's feathers.

91. In order to keep capitalizing on the ostensible success of the Broad Market Fund, Tremont established the Portfolio Limited Fund and the Insurance Portfolio LDC for foreign investors. In addition, the Prime Fund was established for domestic investors who sought to leverage investments with Madoff. To accomplish this leverage, the Prime Fund opened a \$300 million credit facility from Citibank that began in 2005, which was terminated in or around March 2008. The investments made with BLMIS were so successful that Tremont kept expanding their exposure to BLMIS. By September 2008, BLMIS was managing more than \$4 billion of assets fed to it by the Rye Funds. This amount comprised approximately 60% of Tremont Group's *total* assets under management. In addition, at the time of the Ponzi scheme's collapse, Tremont had no less than twenty separate funds that at least partially relied on BLMIS for their growth and performance.

92. Throughout this expansion, Schulman, Manzke and the other Tremont and Parents Defendants chose to blindly accept Madoff's representations about the purported strategy. They also willfully accepted Madoff's oft-repeated claim – to avoid reasonable due diligence – that everything being done was pursuant to a proprietary, confidential “black box” strategy. Schulman and these other Defendants willfully elected not to jeopardize their millions of dollars in fees for the billions invested by the Rye Funds.

C. The XL Funds and Tremont Funds

93. Due to the success of the leveraged Prime Fund, Tremont established two “extra-leveraged” funds: the domestic XL LP and the off-shore XL Portfolio. These funds sought to

provide investors with an investment that would triple the normal Madoff performance through total return swaps.

94. A swap is a bilateral financial transaction where one counterparty “swaps” the cash flows of a single asset or basket of assets in exchange for cash flows from the other counterparty. As a result, a swap allows the party receiving the total return to gain exposure and the upside return from a reference asset without actually having to own it. A key feature of a swap is that the parties do not need to transfer actual ownership of the underlying reference assets. This allows greater flexibility and reduced up-front capital to execute a valuable trade.

95. In connection with a swap, in order to hedge its exposure to pay the promised return to the other party, a financial institution may use cash collateral from the swap counterparty plus its own funds to purchase the underlying asset – in this case, the Rye Fund interests. In exchange for promising to provide the total return based on the feeder fund interests, the financing institution often charges the swap counterparty a higher “borrowing” rate than if it had simply lent money to the investor.

96. The swap market is mostly institutional and OTC. Market participants often include, among others, investment banks, commercial banks, mutual funds, hedge funds, funds of funds, private equity funds and pension funds. Swaps are popular with some hedge funds because they get the benefit of a large exposure with the potential for significant upside gain with reduced cash outlay.

97. Under the XL Funds’ swap agreements, the swap counterparties – consisting of financial institutions such as Lehman Brothers, HSBC, Fortis Bank, Scotia Bank, and ABN Amro – generally agreed to pay the XL Funds, on a three times leveraged basis, an amount equal to the increase in the net asset value of the Broad Market Fund or Portfolio Fund. The XL LP’s

swaps were based on the performance of the Broad Market Fund, while the XL Portfolio's swaps were based on the performance of the Portfolio Fund, less fees and other charges. In exchange, the XL Funds paid the swap counterparties financing charges.

98. The financial institution swap counterparties, although not legally obligated to do so, generally invested in the Broad Market Fund or Portfolio Limited Fund to hedge their exposure to the XL Funds under the swaps. Under these swaps, which were evidenced by confirmations, the XL Funds themselves did not invest in the Rye Funds, but rather transferred cash collateral to the financial institutions under the swaps in order to receive the leveraged performance of those funds. The financial institutions used the cash collateral and their own cash to make direct investments in the Broad Market and Portfolio Limited Funds.

99. Although the financial institution swap counterparties were the direct investors in the Broad Market Fund and Portfolio Limited Fund, the purpose of these transactions was clear: to permit Tremont to leverage their investments with BLMIS, which, in turn, would generate more fees and profits and great Madoff returns.

100. All transfers made from BLMIS to the Rye Funds which were subsequently transferred to the XL Funds are recoverable subsequent transfers of stolen BLMIS customer property.

101. Beyond the single-manager Rye Funds and XL Funds that invested almost all of their capital with BLMIS, Tremont managed a number of multi-manager funds of funds. The Tremont Funds were not invested directly with BLMIS, but rather had indirect investments with BLMIS through the Rye Funds, as well as the XL Funds. Even with their multi-manager funds, a large percentage of Tremont's business consisted of handing off investor capital to Madoff,

watching the accounts steadily and consistently grow on paper, and collecting fees based on these fake returns.

102. All transfers made from BLMIS to Rye Funds or XL Funds which were subsequently transferred to the Tremont Funds are recoverable subsequent transfers of stolen BLMIS customer property.

D. Tremont Makes Two Hundred Forty Million Dollars from BLMIS's Fraud

103. Despite the lack of independent, meaningful, or reasonable due diligence or active oversight, Tremont made tens of millions of dollars in fees annually based on little more than their ability to take investor money and hand it over to Madoff. These fees made continuing business with Madoff very lucrative, providing millions of reasons to look the other way from Madoff's fraud.

104. Specifically, the Broad Market Fund paid Tremont Partners a monthly management fee based on the net asset value of the fund at the annual rate of 1.0%. Between 2003 and 2007, Tremont made approximately \$28.5 million in management fees and \$10.3 million in additional administrative fees for managing the Broad Market Fund. In addition, it is estimated that Tremont received more than \$20 million in management and administration fees from their management of the Broad Market Fund in 2008 prior to the BLMIS collapse.

105. The Prime Fund paid a monthly management fee at the annual rate of 1.5% of each investor's capital account. Between 2003 and 2007, Tremont made approximately \$49.4 million in management fees and \$9.7 million in additional administrative fees for managing the Prime Fund. In addition, it is estimated that Tremont received more than \$10 million in management and administration fees from their management of the Prime Fund in 2008 prior to the BLMIS collapse.

106. The Portfolio Limited Fund paid a monthly management fee calculated at annual rates of 1.5%, 1.75%, and 2.25% of month-end net asset value, depending on the class of shares being held. Between 2003 and 2007, Tremont made approximately \$40 million in management fees and more than \$2.75 million in additional administrative fees for managing the Portfolio Limited Fund. In addition, it is estimated that Tremont received more than \$13 million in management and administration fees from their management of the Portfolio Limited Fund in 2008 prior to the BLMIS collapse.

107. The Insurance Portfolio LDC Fund paid monthly management fees of either 1.50% or 1.75% of month-end net asset value of the fund, depending on when the investor was admitted into the fund. Tremont also took monthly administrative fees based on annual rates of between .20% and .50%. Between 2003 and 2007, Tremont made more than \$6.77 million in management fees and almost \$1 million in additional administrative fees for managing the Insurance Portfolio LDC Fund. In addition, it is estimated that Tremont received more than \$3 million in management and administrative fees from their management of the Insurance Portfolio LDC Fund in 2008 prior to the BLMIS collapse.

108. In total, the Trustee estimates that Tremont received more than \$180 million in management and administration fees between 2003 and the collapse of the scheme in 2008. The Trustee also estimates that throughout the life of the Madoff relationship, Tremont collected a total close to \$240 million in management and administrative fees from the Rye Funds beyond that six year period.

109. Tremont also took fees from the Tremont Funds and the XL Funds, which made the Madoff investments even more profitable. In fact, due to the way in which Tremont managed several funds that invested in BLMIS indirectly through the Rye Funds, it appears that

Tremont charged multiple fees for the same Madoff investments. In an email from September 2004, a Tremont officer noted his disagreement with charging basis points, *i.e.*, fees twice, explaining that “[t]he main issue is that Tremont charges on the Bernie fund an admin fee of 150 bp and on the offshore an additional 190bp’s so in effect charging twice over on the same assets.” The email, however, also explained the justification for the double dipping: “Barry [Colvin] feels strongly that there are enough reasons why we can charge this fee twice to get access to Bernie *i.e.*, funds closed so limited capacity, track record etc.” This email correspondence makes clear that Tremont was exploiting their relationship with, and limited access to Madoff, in order to reap as much profit as possible, rationalizing that their access to Madoff was worth the fees charged.

110. Tremont’s Madoff investments were the most profitable part of their business, and those investments dwarfed all of their non-Madoff investments. According to a Tremont financial report from September 2008, Tremont Group Holdings had total revenues of \$109.5 million in fiscal year 2007. From those revenues, Tremont made more than \$54 million from their Rye Investment Management division. Additionally, from the total of \$78 million Tremont received in management fees, over \$52 million came from Rye Investment Management. Out of close to \$12 million earned in administrative fees, more than \$9.7 million came from Rye Investment Management. For 2007, Tremont reported investments with Madoff of over \$1.2 billion. These Madoff-related investments were almost 60% of Tremont’s total capital raised in 2007.

CONTROL OF TREMONT BY OPPENHEIMER AND MASS MUTUAL

A. The Acquisition

111. Tremont Group (then known as “Tremont Advisers, Inc.”) was acquired in 2001 for approximately \$145 million by Oppenheimer, the parent of OppenheimerFunds and a part of the Mass Mutual family. Upon information and belief, Oppenheimer entered into this transaction because it was looking to expand into the lucrative hedge fund business to provide clients with alternative investments. As Oppenheimer focused on traditional investments such as mutual funds, Tremont Group provided access to the highly lucrative fund of hedge fund business.

112. Prior to and after the acquisition, both Oppenheimer and Mass Mutual had multiple and recurring opportunities to perform independent, meaningful and reasonable due diligence on BLMIS. Oppenheimer received and reviewed Tremont Group’s information package, including many documents provided by Tremont Group’s representative in the transaction, Putnam Lovell. For example, Oppenheimer would have had access to any agreement between Tremont or their funds and Madoff, as well as financial information related to the BLMIS-related investments.

113. Instead of focusing on Madoff’s strategy, which in turn drove Tremont’s profits, Oppenheimer focused mostly on the numbers associated with the deal and the synergies of offering Tremont’s funds to their clients. Oppenheimer was seemingly blinded by the potential of millions of dollars in fees that it could extract from Tremont’s investors, the goodwill created by offering additional investment choices to its customers, and the increase in value Tremont Group would bring to Oppenheimer and its ultimate parent, Mass Mutual, over time.

Oppenheimer continually ignored many red flags raised by Madoff's operations and purported performance.

114. Upon information and belief, Oppenheimer spent a few months conducting due diligence into Tremont Group prior to July 2001. According to a Proxy Statement filed by Tremont Group with the SEC on August 20, 2001, Oppenheimer was given access to a "data room" that contained a number of materials relevant to the transaction, including legal contracts, corporate documents, regulatory filings, and financial statements.

115. In Putnam Lovell's fairness opinion, which was delivered at the time the merger agreement was executed and incorporated in the filed Proxy Statement, Tremont's reliance on a single investment manager was clearly and specifically addressed. Oppenheimer and Mass Mutual were fully aware of the major role Madoff played in the business they were buying.

116. Oppenheimer also had numerous meetings with Schulman, Manzke, and Tremont's representatives at Putnam Lovell. Oppenheimer had access to material information as early as 2001, when it analyzed Madoff and the purported investment strategy, and was on actual and/or inquiry notice regarding serious red flags relating to among other things (as alleged in further detail herein): Madoff's suspiciously consistent rates of return for an S&P 100 strategy; impossible trading volumes; the lack of identifiable counterparties; Madoff's "strip mall" auditor; inexplicable trading anomalies; Madoff's suspicious ability to almost always buy low and sell high when he went into and exited the market; and, the fact that Madoff left hundreds of millions annually in fees for Tremont (and other feeder funds) that reasonably were his to receive as the real investment manager and strategist.

117. Oppenheimer executives, including Kurt Wolfgruber ("Wolfgruber"), the Director of Domestic Equities at OppenheimerFunds at the time (and later Chief Investment Officer and

President), had the opportunity to meet with Madoff and review the BLMIS facilities for about one hour. Upon information and belief, Oppenheimer chose to blindly accept Madoff's vague explanations of his lucrative split-strike strategy without pressing him for more specificity. Oppenheimer was content with the consistency of the returns Madoff produced for Tremont and did not seek or want to upset that lucrative relationship.

118. Oppenheimer's comfort with Madoff was in spite of two industry reports that were published during the time Oppenheimer was supposedly conducting its due diligence for the acquisition. These industry reports included a May 2001 article in *Barron's* entitled *Don't Ask, Don't Tell: Bernie Madoff is so secretive, he even asks investors to keep mum*, as well as a May 2001 article in *MAR/Hedge*, a widely read industry newsletter, entitled *Madoff Tops Charts; Skeptics Ask How*. These articles raised questions about Madoff's legitimacy, the secrecy surrounding Madoff, and how he was able to achieve the consistent returns claimed based upon the investment strategy Madoff employed.

119. Tremont knew of these reports, and the Parents should have been aware of them as well. On May 7, 2001, Colvin sent an internal email to a long list of Tremont employees alerting them to "a few press articles regarding Bernie Madoff" in recent news. The email instructs employees to direct any questions from outside the firm about the article to Tremont Group's management and to decline any comment. Like Tremont, neither Oppenheimer nor Mass Mutual conducted any inquiry into the suspicions raised by the articles. They did not speak with the authors or otherwise perform any independent, reasonable, or meaningful due diligence in direct response.

120. On July 10, 2001, Oppenheimer and Tremont Group entered into a merger agreement pursuant to which Oppenheimer acquired Tremont Group for \$145.3 million.

Oppenheimer financed the transaction using cash on hand and, if necessary, capital contributions by Oppenheimer's ultimate parent, Mass Mutual.

121. Upon information and belief, Mass Mutual and Oppenheimer both viewed the acquisition of Tremont as an opportunity to integrate and combine key segments of their respective businesses. John V. Murphy ("Murphy"), a former Mass Mutual executive who was Chairman and CEO of OppenheimerFunds at the time of the deal, upon information and belief, personally advised Oppenheimer and negotiated and closed the Tremont Group acquisition without the assistance of a Wall Street financial adviser.

122. Upon information and belief, Murphy was also an executive vice president and director of MassMutual Holding from 2000-2008. Upon information and belief, he was also a director, along with Reese and Howard Gunton, at Oppenheimer from 2001-2005.

123. The *Financial Times* reported on July 11, 2001, after the acquisition was announced, that Murphy said, "It's a win-win deal It provides us with retail product, it provides us with institutional product and provides the insurance wrap that MassMutual needs for its offshore product." According to the *Wall Street Journal* that same day, Murphy also stated that Tremont would help expand Oppenheimer's relatively small institutional business, as well as provide investment strategies for Mass Mutual's large pools of investment money. Wolfgruber was quoted in the *New York Times* on July 11, 2001, as exclaiming that "Tremont fits perfectly with our goal of extending both our product line and our client base." The *American Banker* reported on July 12, 2001, that Schulman welcomed the acquisition by the Mass Mutual family because "[i]nsurance companies, family offices, and brokerages are our most robust channels."

124. Schulman and Manzke personally benefited from Oppenheimer's acquisition of Tremont Group, as they entered into five year multi-million dollar employment agreements with OppenheimerFunds as part of the acquisition, whereby they would both retain their position for five years after the merger. Manzke and Schulman were to receive salaries of \$500,000 each and would be eligible for discretionary bonuses of up to 150% of their base salaries. Oppenheimer could not risk losing Manzke or Schulman, which would have meant losing the lucrative relationship with BLMIS – which is what they were ultimately purchasing. Upon information and belief, Manzke received up to \$16 million and Schulman received more than \$8 million from the sale of their Tremont shares and options as part of the acquisition.

B. Oppenheimer and Mass Mutual's Direction and Control of Tremont Group

125. Upon information and belief, after the 2001 acquisition, Tremont's operations, including the marketing and investment activities of the Rye Funds, were brought under the direction and control of Oppenheimer, and ultimately Mass Mutual. As alleged herein, Tremont's leaders became employees of OppenheimerFunds, Tremont Group's officers reported to officers of Oppenheimer, and Oppenheimer executives sat on Tremont Group's Board of Directors. In addition, Tremont Group had offices at OppenheimerFunds, marketed itself as an "Oppenheimer Funds Company," and Tremont and OppenheimerFunds together marketed and managed funds named "Oppenheimer Tremont." Those entities were under the ultimate control of Mass Mutual, which also invested in funds managed by Tremont that were indirectly invested with BLMIS.

126. When Oppenheimer's acquisition of the Tremont Group was completed in or around October 2001, Tremont Group posted a press release on its website at that time noting that the acquisition "brings together Tremont, a leader in providing advisory services,

information and investment products to the global alternative investment industry, with OAC's subsidiary OppenheimerFunds, Inc., one of the country's largest and most respected asset management firms.”

127. Murphy stated in the press release: “The combination of [Tremont’s] unique product offerings with our vast distribution network will open up the world of alternative investing to a new segment of investors.” Murphy also said that Tremont’s fund of funds approach would be “especially appealing to our high net-worth shareholders.”

128. After the acquisition, upon information and belief, Oppenheimer and its officers directly controlled and/or dominated many aspects of Tremont’s decision-making process.

129. Manzke and Schulman were hired as executives of OppenheimerFunds and enjoyed similar benefits as other OppenheimerFunds executives. Oppenheimer, MassMutual Holding, and Mass Mutual controlled the Tremont Group Board of Directors. Murphy served on Tremont’s Board of Directors, along with Wolfgruber and Mass Mutual Executive Vice President Gunton. After Gunton left the Board, Michael T. Rollings (“Rollings”) replaced him in 2006 as the Mass Mutual representative. Tremont Group at all times after the acquisition held itself out as an “OppenheimerFunds Company” and was required to keep offices at OppenheimerFunds headquarters.

130. Tremont Group advertised themselves as “an OppenheimerFunds Company” and made payments to Parents of at least \$10 million in the form of dividends from Tremont’s management fees. Upon information and belief, this dividend was directly or indirectly made from the Rye Funds, which received withdrawals from BLMIS. This makes Oppenheimer a subsequent transferee of Customer Property.

131. Schulman, Manzke, and other Tremont Group officers had regular meetings with Oppenheimer and OppenheimerFunds. Upon information and belief, Manzke, Schulman, and other officers of Tremont Group reported to and took direction from the Parents.

132. As another part of this high degree of integration between the businesses, OppenheimerFunds employees also served in management positions with Tremont. Lynn Keeshan, who had served as Vice President at OppenheimerFunds, served as Tremont Partners' Chief Financial Officer and Senior Vice President. Margaret Weaver, another OppenheimerFunds employee, also assumed a high level management role, becoming Senior Vice President and Director of Human Resources of Tremont Partners. Jessica Campbell, an OppenheimerFunds officer, upon information and belief, became a principal financial and operational officer responsible for SEC reporting at Tremont.

133. The pervasiveness of Oppenheimer's influence over Tremont and their operations is further demonstrated by the listing of Oppenheimer, OppenheimerFunds, and Mass Mutual as "control persons" on Tremont Partners' Uniform Application for Investment Advisers Registration filed with the SEC. In addition, Oppenheimer and Tremont jointly launched funds with names reflecting Oppenheimer's ownership and integration with Tremont Group, such as the "Oppenheimer Tremont Market Neutral Fund," "Oppenheimer Tremont Opportunity Fund," "OFI Low Correlation Hedge Fund," and "OFI Tremont Core Strategies Hedge Fund." The OFI Tremont Core Strategies Hedge Fund illustrates the intentional integration and commingling of business functions that Murphy, Wolfgruber, Manzke, and Schulman quickly achieved: Tremont managed its portfolio, Murphy served as trustee, Mass Mutual acted as registered agent for service of process and Oppenheimer furnished the principal place of business and headquarters.

134. Oppenheimer plainly and clearly advertised its control, as well as that of Mass Mutual, over Tremont in registration statements filed with the SEC. For instance, in a filing on behalf of OFI Tremont Core Strategies Hedge Fund on February 7, 2007, Oppenheimer stated that Tremont's portfolio manager was responsible for day-to-day management of the funds, Oppenheimer was controlled by Mass Mutual, and that Tremont was controlled by both Oppenheimer and Mass Mutual.

135. Tremont also emphasized their inter-connection to OppenheimerFunds, as well as Mass Mutual, in their marketing materials provided to investors. For example, in describing its privacy policy in its private placement memoranda for various funds, Tremont Group stated:

Tremont is made up of certain entities, including its investment advisory and broker-dealer subsidiaries, and, in turn, is part of a larger corporate affiliation owned by the OppenheimerFunds group and Massachusetts Mutual Life Insurance Company. The Tremont entities and, in some cases, its ownership affiliates often work together to provide the financial products and services offered to Tremont Clients. By sharing information about Tremont's Clients among these companies and affiliates, Tremont can serve Clients more efficiently. Tremont is permitted to share information concerning Client account history and experiences within and among the companies that comprise Tremont and its subsidiaries and affiliates.

136. Based on Oppenheimer's domination and control of Tremont and the Rye Funds, after the 2001 acquisition, Tremont and the Rye Funds became mere instrumentalities of Oppenheimer. Despite this domination and control, however, Oppenheimer did nothing but encourage Tremont and the Rye Funds to continue feeding investor funds to BLMIS. Oppenheimer should have directed and required Tremont and the Rye Funds to conduct reasonable, independent, and meaningful due diligence. Instead, upon information and belief, it encouraged further investments with BLMIS despite being on notice of fraud.

C. The Role of Mass Mutual

137. Mass Mutual, through its control of Oppenheimer and MassMutual Holding, controlled Tremont. Mass Mutual's 2009 Annual Report notes that Tremont Group is a wholly-owned subsidiary of Oppenheimer, and an indirect subsidiary of Mass Mutual.

138. Mass Mutual appointed its own representatives on both the boards of directors of Oppenheimer and Tremont Group, as well as key employees who controlled Tremont Group. For instance, Gunton was a director of Tremont Group from in or about 2001 to 2005. Rollings, who served as Vice President of Mass Mutual in 2005 and Executive Vice President and Chief Financial Officer of Mass Mutual from 2006 through 2009, became a director of Tremont Group in 2005. Rollings was also an executive vice president and director of MassMutual Holding since 2003. Murphy, who was a director of Tremont Group from 2001 to 2009, was not only an OppenheimerFunds executive from 2001 through 2009, but also was an Executive Vice President of Mass Mutual for the same period.

139. Mass Mutual's majority stock ownership of MassMutual Holding, which owned Oppenheimer, and its installation of its own officers in high level executive positions at Oppenheimer, enabled Mass Mutual to dominate, direct, and control all aspects of Oppenheimer and Oppenheimer's subsidiaries, including OppenheimerFunds and Tremont Group.

140. This substantial overlap between business entities, as well as Mass Mutual's dominion and control, is consistent with Mass Mutual's operation and marketing of itself as a single, integrated financial services company comprised of its life insurance business and its investment subsidiaries, such as OppenheimerFunds and Tremont Group. Indeed, Mass Mutual had investments in the Tremont Funds, including Opportunity Fund Limited (through its

subsidiary MassMutual Mercuries Life Insurance Co. Ltd.), the Opportunity Fund III, and the International Insurance Fund.

141. In addition, through OppenheimerFunds, Tremont was directed not to sell insurance products. As insurance products were the main products of Mass Mutual's business, it is only logical to conclude that such a direction came from Mass Mutual itself.

142. Mass Mutual's interest in Tremont Group began even prior to the acquisition. According to an article in the Boston Globe published on May 5, 2009, Mass Mutual executive Ann Melissa Dowling sought the opinion of a consultant, Lee Hennessee of the Hennessee Group, regarding Tremont Group prior to the 2001 acquisition. According to the article, Hennessee noted that Tremont Group was heavily concentrated in Madoff investments.

143. Mass Mutual was far more than a simple parent corporation allowing its subsidiary to operate independently. Mass Mutual was involved in the acquisition and then dominated and controlled Oppenheimer, which in turn dominated and controlled the Tremont Group thereafter. Upon information and belief, Oppenheimer and Tremont Group became mere instrumentalities for Mass Mutual's expansion into alternative investments, including BLMIS.

144. Illustrative of this domination and control wielded by Oppenheimer and Mass Mutual, as well as the inter-connectedness of the various entities, is a lawsuit brought in Delaware Chancery Court (No. 4791-VCL) by Mass Mutual, MassMutual Holding, Tremont, the Rye Funds, and XL LP for equitable apportionment, breach of contract, and ancillary declaratory relief against primary and excess directors' and officers' ("D&O") liability insurers that sold Mass Mutual D&O insurance. That lawsuit seeks coverage for insurance policies covering all of the named insureds – which include Mass Mutual, MassMutual Holding, Tremont, the Rye Funds, and XL LP – for lawsuits brought against them by investors related to their management

of the funds invested with BLMIS. In other words, Mass Mutual purchased insurance policies on behalf of its subsidiaries and funds that are a part of the Mass Mutual family – including Tremont, the Rye Funds, XL LP, and Oppenheimer – and the Mass Mutual family is suing together in one lawsuit to enforce that coverage for all of the entities affected by the BLMIS investments.

145. For all of the foregoing reasons, the corporate veils should be pierced and liabilities of Tremont, the Rye Funds, the XL Funds, and the Tremont Funds, should be the liabilities of Oppenheimer, MassMutual Holding and Mass Mutual, jointly and severally.

TREMONT’S DUE DILIGENCE REPRESENTATIONS TO INVESTORS WENT UNFULFILLED

146. Tremont Group marketed itself as an experienced manager of funds of hedge funds. On its website, Tremont Group claimed it had years of experience in the financial industry and was “one of the ‘old timers’ in the hedge fund arena.” Tremont Group’s web site also described itself as having an intensive due diligence and selection process for its managers.

Tremont selects managers for our funds of hedge funds from the pool of available managers that have passed through our exhaustive multi-stage due diligence process. In order to screen through and organize the sizable universe of hedge funds, our Investment Management analysts utilize our Tremont Investment Management System (TIMS), a comprehensive, proprietary database enabling us to capture both qualitative and performance-based quantitative information on hedge fund managers and to compare managers to their peer groups using underlying TASS [Trading Advisors Selection System] data.

147. Tremont Group’s web site at one time also touted the TASS system as part of “The Tremont Advantage”:

The integration of TASS makes Tremont the most comprehensive source of hedge fund data and market intelligence, distinguished by two key qualities: exhaustive data gathering and attention to detail. For each hedge fund manager, the TASS Database tracks

over 150 fields of information and it is one of the only sources for assets under management since inception. Since 1990, TASS has made it a practice to interview managers personally, incorporating strategy information into its database, with regular reviews and updates. TASS does not rely solely on the managers as the source of performance data. Our data team checks every submission for logic and **consistency**, with monthly follow-ups to ensure timely reporting. (Emphasis added).

148. A Tremont Partners “Investment Advisor Compliance Manual and Supervisory Procedures,” dated October 5, 2004 (“Compliance Manual”), discussed due diligence procedures. The Manual states:

Prior to Managers being included in client portfolios they must undergo a level of review and examination by manager research personnel from the investment management staff. Those individuals are also responsible for continuing to monitor those Managers included in those portfolios in a manner reasonably consistent with the steps taken in the initial investigation.

The Manual also discusses the steps Tremont Partners would take in selecting a new manager for a fund investment: creating a due diligence questionnaire, interviewing the manager, and having a formal meeting of Tremont’s Investment Committee for final determination. At that time, the Investment Committee had seven members, including Schulman, Colvin, and Cynthia Nicoll (identified below).

149. In addition, the Compliance Manual discussed ongoing monitoring:

In terms of ongoing due diligence and monitoring, manager research personnel are expected to be in regular contact with Managers regarding their performance, market exposure and outlook. In addition to performance monitoring, such personnel are expected to perform operational monitoring which may include examining and analyzing changes made to Managers’ staffs, policies, and internal controls.

150. The Private Placement Memorandum for the Broad Market Fund set forth a summary of the responsibilities of Tremont Partners, the general partner. Tremont Partners was

“responsible for the day-to-day administration and operation” of the Broad Market Fund. Tremont Partners “had the primary responsibility for monitoring the ongoing activities of the Investment Advisor or Investment Advisors.”

151. Tremont’s literature referred to a four-step investment process. Step 1 was Manager Sourcing Selection and Monitoring. According to the materials, this approach required both a qualitative interview process, a quantitative research process, and an operational and business risk interview process. Part of Step 1 also included “[i]nsist[ing] on operational and business **best practices to eliminate the ‘fraud or mismanagement put’** and “monitor[ing] with ongoing qualitative and quantitative research to understand linear and non-linear beta, and alpha.” (Emphasis added). This first step was an important precursor to the next three steps Tremont noted: Asset Allocation, Portfolio Construction, and Performance and Risk Attribution.

152. Cynthia Nicoll (“Nicoll”), Tremont’s Chief Investment Officer from on or about October 2005 through May 2008, stated in a 2006 meeting with Oppenheimer that Tremont did not permit investment with managers who were unable to demonstrate how they captured returns. This was untrue as to Madoff, because Tremont had very little understanding as to how Madoff was able to capture the extraordinarily consistent returns from a traditionally low rate of return performance, pedestrian investment strategy. Schulman stated during that same meeting that Tremont aimed to differentiate itself from competitors by touting their comprehensive investment process, managing to clients’ risk level, and avoiding public mistakes.

153. On information and belief, none of investments made by Tremont with BLMIS ever underwent any “exhaustive multi-stage” due diligence process. Tremont did not, on information and belief, independently, meaningfully, or reasonably analyze or test any qualitative or performance based information on Madoff. When it came to investments with

Madoff, Tremont did not exhibit minimal, let alone the industry standard, “attention to detail” that it touted as a reason to invest with them. On information and belief, Tremont did not reasonably or independently “track over 150 fields of information,” and did not adequately check submissions from BLMIS for “logic and consistency.” They also knew that BLMIS’s IA Business at BLMIS did not exhibit “best practices” for a manager.

154. On information and belief, when it came to Madoff, Tremont willfully disregarded their fiduciary duties to their investors and their own due diligence processes. They abandoned their systematic approach to investments and the monitoring of their hedge fund managers. Tremont did *not* insist on operational and business best practices designed to eliminate fraud and mismanagement. Tremont, as well as the other Defendants, essentially looked the other way when it came to Madoff.

155. Tremont also failed to monitor the Madoff-related investments. If they had, Tremont should and/or would have noticed a number of peculiarities and inconsistencies that would put them on notice that Madoff was committing fraud.

156. Instead, Tremont created funds for investment with Madoff without regard to due diligence, and continued growing those investments based on little more than Madoff’s performance and blind trust based on Tremont’s long personal relationship with him. When it came to Madoff, Tremont did not comply with their own policies and procedures, made exceptions to accommodate Madoff for their own self interest, ignored best practices, and otherwise disregarded or failed to fully perform their claimed due diligence and monitoring in connection with a quantitative research process, operational risk analysis, fraud and mismanagement.

157. Defendants Parents, Rye Funds, XL Funds, and Tremont Funds, through the imputation of Tremont's knowledge and activities to them as a matter of law, buried their collective heads in the proverbial sand and refused to reasonably inquire into many red flags well known to them and many others throughout the financial and hedge fund industries.

TREMONT IGNORES NUMEROUS RED FLAGS

158. Tremont and their management were aware of many of the troubling questions surrounding Madoff well before Madoff's fraud was revealed. For example, an email from a foreign client of Tremont describing a May 2003 meeting with Madoff attended by Schulman, Nicoll, and Senior Vice President, Jim Mitchell ("Mitchell"), set forth a number of suspicious facts concerning Madoff. These included: (1) the fact that Madoff left all investor relations "to the likes of Tremont and Fairfield [Greenwich Group] and hardly grants direct meetings with end investors; (2) Madoff did not earn a fee apart from small commissions on trades; (3) annual reports will show only treasury bills at the end of each year – "zero transparency"; (4) Madoff was self-clearing and had custody of the securities; and (5) the returns were "exceptionally stable with only 7 negative months since 1990."

159. The above red flags, as well as a number of others enumerated below, put the Defendants on inquiry notice that Madoff was committing fraud.

A. Madoff's Unrealistic Consistency

160. The Defendants' understanding of Madoff's purported investment strategy was that Madoff was undertaking a split-strike conversion strategy. This strategy involved the purchase of a basket stocks in the S&P 100 index, while simultaneously purchasing S&P 100 put options to protect investors from a decline in the market. Madoff also purportedly sold out-of-the money S&P 100 index call options in an effort to finance the costs of the purchase of the put

options, which in turn was supposed to limit the upside potential of the portfolio. Madoff's consistency of performance was so improbable that Tremont should have known that it was simply impossible.

161. Although ostensibly employing a strategy involving the purchase and sale of S&P 100 equities, Madoff's returns bore virtually no correlation with the S&P 100. Attached to the Complaint as Exhibit D is a graph depicting the value of investments in two Madoff feeder funds (Rye Select and Fairfield Sentry), compared to an investment in the S&P 100 Index between 1995 and 2007. As the graph shows and as one would expect, the Madoff feeder funds are highly correlated to each other. In contrast, both funds' returns bear little to no relationship to the S&P 100 Index, with a correlation of approximately 0.33, with 1.0 being a perfect correlation and 0.0 being no correlation. Given that the stocks purportedly bought were all part of the S&P 100, there should have been a much higher correlation.

162. Madoff's reported profits also were remarkably consistent even during periods of severe downturns in the equities market. Exhibit E shows two-month returns for the Broad Market Fund, S&P 100 Index, and 10-Year U.S. Treasuries for all two-month periods in which the S&P declined by more than 10% from 1995 to 2007. During these market downturns, the Broad Market Fund produced positive returns similar to risk-free Treasuries; completely opposite from the performance of the equity markets. The Broad Market Fund achieved these returns despite holding S&P equities during these downturns. Instead of conducting independent due diligence of this facially suspicious record on returns during severe market downturns, Tremont and Parents turned a blind eye and relied solely on Madoff's explanations for something which made no sense.

163. The Broad Market Fund performance further evidences this continuously waving red flag. Between 1996 and 2008, the Broad Market Fund's returns consistently ranged between 9.5% and 18.3%, regardless of how the S&P 100 was performing. For example, in 2000, the S&P 100 was down 13.4%, but the Broad Market Fund had a positive return of 14.9%. In 2001, the S&P 100 was down by 14.9%, but the Broad Market Fund was up 13.1%. In 2002, the S&P 100 was down by 23.9%, but the Broad Market Fund was up by 12.2%. While world financial markets were collapsing in 2008 and the S&P 100 plummeted nearly 37% through November 2008, the Broad Market Fund was up by 9.5%. These funds, dependent upon Madoff's success, outperformed the S&P 100 in years where the S&P 100 was double-digit negative by an outstanding 28% to 46%, despite being an equity strategy that was purportedly correlated and based upon the S&P 100.

164. Nor did Tremont quantitatively analyze Madoff's performance against commonly recognized metrics used in the industry in evaluating the performance and risks associated with hedge fund managers. Such financial tools include Sharpe ratio, volatility, percent positive months, average negative rate of return, and maximum drawdown. Had Tremont employed any of these kinds of metrics, they would have determined that Madoff's uncanny consistency with little risk was likely a fraud. Even without employing them, common sense dictated that Madoff's steady, consistent returns over such a long time period were simply impossible.

B. Improbable Equities Trading Volume

165. The Rye Funds' several account statements from BLMIS regularly indicated that BLMIS's trades in a particular stock alone accounted for a large percentage of that stock's trading volume on the listed markets. This meant that BLMIS's trades for all of its IA Business customers often approached the entire volume of equity trades on the listed markets. Manzke and Schulman understood that during the last six years before the scheme's collapse, Madoff was

supposedly managing \$12-\$15 billion for BLMIS customers and generally traded them at the same time. Analyzing the Rye Funds' statements should have caused sophisticated hedge fund managers and advisers like Tremont and Parents to question how the Madoff customers' transactions could have exceeded the total volume listed as traded on a particular day.

166. Each time Madoff supposedly entered the market, he purportedly purchased between 35-50 of the stocks comprising the S&P 100 for the Rye Funds' accounts. Between 1998 and 2008, there were 29 occasions where the stocks Madoff purchased for the Rye Funds alone accounted for more than 10% of the trading volume for those stocks on the entire composite volume for those stocks traded. In addition, over that same period of time, there were over 500 occasions where the stocks Madoff allegedly purchased accounted for 6-10% of the entire volume of the entire composite volume. In light of Tremont's knowledge that Madoff claimed to enter and exit the market for all the IA Business customers at the same time, and their awareness that he managed collectively around \$15 billion, a sophisticated manager such as Tremont should have questioned how Madoff's alleged trades could account for such a high percentage of the total volume traded on the exchanges of a particular stock.

167. There also were instances where the purported purchase or sale of securities at the prices BLMIS claimed was improbable given the trades recorded on that day. Attached as Exhibit F are a number of graphs showing a random sampling of instances of such improbable transactions. For instance, as illustrated in Exhibit F, a falsified trade confirmation reported the purchase by BLMIS of 125,550 shares of Bristol Myers Squibb Co. on March 5, 1999, at the price of \$63.71 per share on behalf of the Rye Funds. However, only 600 shares of Bristol Myers Squibb traded on that date at or below \$63.71.

168. The same anomalies are apparent in looking at purported sales of stock by BLMIS on behalf of the Rye Funds. As also illustrated in Exhibit F, Madoff purported to sell 155,509 shares of American Express on behalf of the Rye Funds at a price of \$51.64 per share on June 22, 2004. However, only 1,200 *total* shares of American Express were sold at or above the price of \$51.64 on June 22, 2004.

169. Tremont, as the pioneer and purported industry leader in due diligence, investment monitoring, and best practices, knew or should have known that such glaring irregularities concerning such improbable trades and implausible trading volumes were indicia of fraud. With the billions Tremont understood Madoff to be trading on behalf of customers like themselves, Tremont was on notice that they needed to conduct further inquiry. Tremont did not conduct any such reasonable inquiry.

C. Impossible Options Volumes

170. Defendants were also on inquiry notice that the volume of Madoff's purported options trading for the Rye Funds was impossible. S&P 100 Index options, such as those used in Madoff's split-strike conversion strategy, must be traded on the Chicago Board Options Exchange ("CBOE") under the symbol OEX. Further, these options and the associated trade confirmations from BLMIS had CUSIP numbers, which are unique security identification numbers that identify the company or issuer and the type of security, which corresponded to the S&P 100 Index options that were traded on the CBOE.

171. When comparing the volume of OEX options that BLMIS was purportedly trading on behalf of the Rye Funds with the CBOE volume, BLMIS traded more OEX option contracts than the **entire** volume of the CBOE for those contracts on a number of occasions. Upon information and belief, for the period from 1998 to 2008, out of a total of 846 options

transactions, 711 of them – over 84% – were greater than the total volume traded that day on the CBOE for that particular option contract.

172. A graph demonstrating the comparison between the volume of OEX put options BLMIS purported traded on behalf of the Rye Funds and the volume of those same put options traded on the entire exchange between 2001 and 2008 is striking. As shown in Exhibit G, the volume of OEX100 put options completely dwarfs the volume of OEX put options traded on the entire CBOE

173. In addition, as shown in Exhibit H, the volume of OEX100 call options BLMIS purportedly traded on behalf of the Rye Funds in relation to the volume of those same call options traded on the entire exchange, was a huge red flag signaling likely fraudulent trading activity. There was rarely a time when BLMIS claimed it traded fewer OEX100 call options for the Rye Funds, alone, than were traded on the entire CBOE.

174. An analysis of the purported options trading volume against the CBOE volume – which easily could have and should have been performed by Tremont – confirms that they did not perform independent and reasonable due diligence, or any follow-up, concerning the Madoff trading activities. Even if it was to be believed that Madoff executed some or all of the reported options trades on the OTC market, it still would be virtually impossible for a single counterparty on an OTC trade to engage in a transaction exceeding the entire volume of the CBOE. Had the Defendants conducted independent and reasonable due diligence, they would have confirmed that the options trading reflected on their account statements, as well as the strategy, were all a sham.

D. Lack of Strategy Footprint

175. A reasonable quantitative review like the one consistently marketed by Tremont would have also focused on how Madoff could have traded billions of dollars without ever affecting any market. Madoff's strategy involved moving billions of dollars into the market over the course of one or more days, and then selling all of those securities over a similar time span. It was the Defendants' understanding that by the mid 2000s, Madoff moved \$12-\$15 billion into and then out of the equities and options markets a number of different times per year. The Defendants never independently investigated how these trades could be accomplished without any impact on the price of the securities bought and sold, without any market footprint, and without anyone "on the Street" knowing or even hearing about Madoff's alleged trading activity.

176. The purchase and sale of \$12-\$15 billion of stocks in a short period of time would have, under normal market conditions, resulted in adverse stock price movements, cutting into the alleged profits from the transactions. Upon information and belief, Tremont did not conduct independent or reasonable due diligence into whether the prices Madoff obtained for these large transactions were in fact at depressed, medium, or high daily prices for the stock transactions in question.

177. Upon information and belief, the Defendants did not inquire as to why Madoff's purported trades never caused even a small ripple in the market. Such displacement was never observed, of course, because the trading did not occur. Based on the lack of any observable market reaction, the Defendants were on inquiry notice that Madoff's alleged trades were not happening.

178. When Madoff purportedly exited the market, he claimed to have placed his customers' assets in Treasuries or mutual funds invested in Treasuries. The movement of

billions of dollars in and out of the market also should have materially affected the price of Treasuries. This was another piece of a basic reasonable quantitative review that Tremont chose not to perform.

E. Madoff's Uncanny Ability to Buy Low and Sell High

179. Madoff account information reveals that, upon information and belief, he bought equities below the daily price midpoint nearly 78% of the time and sold those same equities above the daily price midpoint over 71% of the time. In short, Madoff demonstrated an almost supernatural ability to consistently buy low and sell high. Tremont purportedly reviewed their statements regularly, yet did not bother to inquire as to how Madoff was able to accomplish this statistical improbability.

180. An example of this red flag is depicted on the chart attached as Exhibit I. As this exhibit shows, relative to the range of possible intraday market prices in March 2003, Madoff purchased equities at low prices on March 12th, 13th, and 14th of 2003, and then sold them at prices close to their highs on March 19th, 20th, and 21st. This red flag would have and should have put a reasonable money manager on inquiry notice that Madoff may be illegitimately backdating trades, front-running, or capitalizing on inside information.

F. Trading Outside of Daily Price Ranges

181. The Rye Funds received trade confirmations from BLMIS reflecting securities transactions that could not have occurred, because they took place outside of the range of stock and options prices for such securities traded in the market on the days in question.

182. There were, upon information and belief, 560 instances from 1998 to 2008 where the purported equities purchased for the Rye Funds' accounts were completely outside the range of the high and low for the stock on the days purportedly purchased. Similarly, there were, upon

information and belief, 64 instances of purported options transactions that were completely outside the high and low daily ranges.

183. Upon information and belief, there were over 600 instances of highly questionable and impossible information on purported trades that Tremont missed or failed to question as part of their highly touted due diligence procedures.

G. Options Trading with Mythical Counterparties

184. There were multiple irregularities with the options trading executed by BLMIS, apart from the volume impossibilities alleged above. Another glaring red flag was Madoff's secrecy regarding the identity of the counterparties on the options transactions. Madoff would not disclose the identities of these counterparties, and Tremont simply accepted Madoff's vague descriptions of the counterparties without seeking further information.

185. The Rye Funds, as BLMIS customers, each executed an agreement entitled "Terms and Conditions for Option Hedging Transactions." This agreement describes the relationship between BLMIS and the Rye Funds: "The following instructions establishes the terms and conditions under which Bernard L. Madoff Investment Securities LLC (BLMIS) will effect, *as agent*, the client's transactions". (Emphasis added). However, in spite of the fact that BLMIS was choosing the counterparty on behalf of the Rye Funds principal accounts, it was the understanding of the Rye Funds that the counterparty risk was borne by the Rye Funds themselves rather than the broker-dealer BLMIS. Curiously, Tremont had no specific understanding of the counterparties to these transactions. Upon information and belief, at no time did Tremont seek out or have any discussions with any purported counterparties. Nor did Tremont review any documentation concerning these counterparty relationships or transactions. This is despite the fact that Rye Funds being the "principals on the transactions and thereby

having full financial exposure on the trades, not BLMIS as the “agent.” By this failure, Tremont allowed its Rye Funds and their investors to be exposed to billions of dollars of potential losses were the counterparties to fail or break the trades.

186. Schulman and Manzke willingly accepted Madoff’s refusal to disclose the names of the counterparties even though the Rye Funds bore significant financial risk. Moreover, if BLMIS was simply acting as the Rye Funds’ agent, there would be no legitimate reason to withhold such vital information from the Rye Funds’ fiduciary risk management responsibilities.

187. The Rye Funds’ options trade confirmations contained other significant anomalies that contradicted Madoff’s representations. First, Madoff claimed to Schulman that the options trades were done OTC and not through the CBOE. In the OTC market, unlike CBOE trades, the counterparty is generally listed and identified on the confirmation. None of BLMIS’s options trade confirmations sent to, received, and reviewed by Tremont ever identified the counterparty, which is contrary to the representation that these option transactions were done OTC. In addition, options traded on the CBOE have an identifier number known as a CUSIP number. The CUSIP number allows traders to quickly access electronic information regarding particular options by simply inputting the CUSIP number in commonly used data terminals. By contrast, OTC options are private transactions that are not readily assigned any CUSIP number, especially not options contracts with marked similarities to those options trading on the CBOE. Despite this fundamental difference, the trade confirmations BLMIS sent to Tremont for review were clear errors that went unheeded. They included CUSIP numbers, similar to those identifying options on the CBOE, even though the ostensible trades were represented to be private, OTC transactions.

188. Additionally, even though BLMIS was to act as the Rye Funds' agent, many trade confirmations received by Tremont were coded as "principal" transactions - meaning that BLMIS, as opposed to the Rye Funds, was the party on the other side of the equities transactions. This was glaringly inconsistent with the terms of the relationship between BLMIS and the Rye Funds as outlined in the terms and conditions of BLMIS's trading. This is yet one more instance of Tremont ignoring Madoff's inconsistencies.

189. Despite these abnormalities, Madoff refused to disclose the names of the counterparties to the options trades. This was despite Rule 10b-10 of the Securities Exchange Act, which requires the disclosure of counterparties on agency transactions upon request. According to Schulman, Madoff told him that the options counterparties were major financial institutions in Europe. Such non-specific information required independent due diligence, including contacting these counterparties for verification of identities and activities.

190. Not only did Tremont fail to confirm any of this information or independently question why they were not being provided with their counterparties, but Tremont and their officers - including Schulman - at times also falsely led others to believe they knew the counterparties. For example, in their aggressive quest to leverage hundreds of millions of dollars for Madoff in 2007, Tremont advised a representative of J.P. Morgan Chase ("Chase") that "we know the general characteristics and minimum credit rating" of the counterparties and that the counterparties "frequently post collateral" with BLMIS. Obviously this "knowledge" was fiction, as Tremont never saw evidence of collateral or credit ratings. This "knowledge" was merely a recitation of the unverified information provided to them by Madoff himself.

H. Madoff's Lack of Transparency and Secrecy

191. Madoff's lack of transparency on all aspects of the strategy, his unwillingness to allow genuine due diligence, and his unprecedented levels of secrecy were all well known to the Defendants. Instead of independently questioning why Madoff was so secretive, Defendants were willingly complicit in advancing this lack of transparency in direct contrast to their own best practices. Defendants indulged Madoff's "don't ask, don't tell" policies.

192. In an interview with the PBS television program, "Frontline," which aired in 2009, Manzke admitted that even though she regularly advocated for more openness and transparency in the hedge fund industry, Defendants didn't apply those standards when it came to Madoff:

MARTIN SMITH: [voice-over] Manzke says everyone operated by Madoff's secrecy rules.

[on camera] Did Madoff say to you, "Don't put me in your prospectus"?

SANDRA MANZKE: Yes. He did.

MARTIN SMITH: Do you think that's right? Do you think that's appropriate?

SANDRA MANZKE: I don't know. Every one of my clients knew that this was a Madoff feeder fund, and-

MARTIN SMITH: So why not put it in a prospectus, then?

SANDRA MANZKE: That was one of, always, Bernie's conditions of getting an account.

MARTIN SMITH: But you've publicly called for transparency. That's transparency.

SANDRA MANZKE: Yes. But many funds and investors were very secretive. They didn't mention that they had money with Madoff. It was something you didn't talk about.

(Transcript from *Frontline* program on “The Madoff Affair,” available online at <http://www.pbs.org/wgbh/pages/frontline/madoff/etc/script.html>.)

193. Manzke’s broadcast interview confirmed that Defendants ignored issues of lack of transparency to accommodate Madoff’s “conditions” to investing. Manzke’s interview is also consistent with other internal documentation demonstrating Defendants’ compliance with Madoff’s demand for secrecy. In one email from December 2000, a Tremont employee responded to a number of questions from a current or potential investor in Germany. According to the email, Madoff indicated that Tremont should not use his name, “as he was managing money only for family and friends.” Upon information and belief, Tremont knew that statement was false as they understood then that Madoff was managing billions for dozens of feeder funds worldwide. These foreign feeder funds with scores of institutional, European and other sophisticated investors were not “friends and family.”

194. Clients and potential clients of Tremont voiced their concerns about Madoff’s lack of transparency. For instance, in May 2004, according to an internal Tremont email, a potential investor “was still concerned about Tremont’s relationship with Madoff, saying that there was no transparency there and that it was prone to a blow-up that would destabilize Tremont. . . .” Tremont scoffed at the suggestion that Madoff lacked transparency, even though they knew or should have known better. A Tremont employee noted in response: “Some misconceptions never die, it seems.”

195. Yet another potential investor brought up the same transparency issues in a February 2005 email. The potential investor noted that it had been an investor in “Fairfield” (likely Fairfield Sentry) a few years earlier, “but didn’t get transparency, and feel that they were not seeing the operation.” Instead of actually trying to get transparency from Madoff, however,

Tremont's focus was on the money. The response was that if they could "address some of their transparency questions that might mean a lot of money for Bernie." Once again, the Defendants' main concern was feeding "a lot of money" to Madoff, as opposed to actually understanding what Madoff really was doing with that money.

196. On or around May 31, 2006, Mitchell, who worked in Tremont's London office and served on Tremont's Investment Committee at the time, met with the CEO of a client. In an email describing the meeting, Mitchell noted that "[o]ne issue came very clear": that this client was "nervous" after meeting with Tremont regarding Madoff, to whom they refused to grant access. "They have \$70m with Madoff, and we derive over \$1m in fees from this." Despite being an investor for four years, however, "they have a new team of players that have questions and get spooked easily." Instead of actually questioning Madoff's strategy or performing reasonable and independent due diligence into why clients, investors, and potential investors were concerned, Tremont simply looked to deflect these concerns.

197. In October 2007, one client whose father-in-law had a direct account with BLMIS, posed questions regarding the returns generated by his father-in-law's account and the client's investment with the Rye Funds. The client was unable to reconcile his returns with the significantly different returns of his father-in-law's direct BLMIS account, when they both supposedly were traded the same way and at the same time by Madoff. The client wondered: "*Makes me concerned about the legitimacy of the whole Bernie thing.*" (Emphasis added.) Schulman and Darren Johnston ("Johnston"), who spent much of his time marketing and promoting the Rye Funds as Vice President and Manager of Rye Investment Management, tried to explain away the discrepancies. But the client was unconvinced and remained troubled by his analysis and, upon information and belief, redeemed his investments shortly thereafter. The

Defendants, however, continued blindly investing with Madoff, failing to conduct any reasonable or independent due diligence into Madoff's legitimacy.

198. As the inevitable collapse of the Ponzi scheme drew closer, questions about Madoff continued. In March 2008, Citibank sought for the first time indemnification for manager fraud – i.e., fraud on the part of Madoff – as a condition for extending a credit line to the Prime Fund. Until that time, Citibank had been providing financing for Prime Fund for approximately three years. Instead of admitting to themselves that this was a major red flag, Tremont sought out another bank that would continue providing leverage to exploit Madoff's returns.

199. Defendants were on inquiry notice that Madoff was being deceptive and going to extraordinary lengths to remain cloaked in secrecy. Defendants did not legitimately investigate in response, and continued to facilitate Madoff's deceptive practices in exchange for tens of millions of dollars in fees annually.

I. Settlement and Trade Anomalies

200. Apart from options trades that exceeded the daily trade volumes of the same contracts on the CBOE and equity trades executed outside the daily price range of the composite tape, there were other abnormalities easily discoverable on the monthly statements and confirmations that Tremont received for the Rye Funds. There were numerous instances of purported settlement dates for options and equities transactions that were inconsistent with the standard market convention.

201. Specifically, upon information and belief, there were 941 instances where the purported settlement date for an options transaction was indicated to settle three days after the trade. Any person with a modicum of understanding of the options markets knows that

settlement of options transactions is one day after the trade, not three. These clearly inappropriate settlement periods occurred in over 25% of all the options transactions in the Rye Funds from 1998 to 2008.

202. Similarly, upon information and belief, there were 1,096 instances in the Rye Funds' trade confirmations sent by BLMIS to Tremont that reflected settlement dates in equities that were outside of the standard market convention. While an equity transaction settles three days after a trade occurs, Tremont was given documents in these instances reflecting equities settlements four days after the trade.

203. In addition, upon information and belief, there were eight instances where options were supposedly settled on weekend days. Had Tremont been properly monitoring the Rye Funds, they should have questioned even **one** trade that supposedly settled on a weekend. Yet, upon information and belief, Tremont ignored all eight such instances.

J. BLMIS's Odd Organizational and Compensation Structures

204. In a deviation from well-established structure and remuneration practices in the hedge fund industry, Madoff ran the IA Business as a division of his broker-dealer business, BLMIS. Many other managers employing a specific investment strategy utilized a stand-alone hedge fund structure. This, in and of itself, was highly unusual.

205. In addition, Madoff and BLMIS charged no management or successful performance fees for his services, like almost all hedge fund managers. Madoff provided BLMIS feeder fund managers such as Tremont, Ezra Merkin ("Merkin") and Fairfield – which also did little more than market and funnel billions to BLMIS – a large windfall allowing them to collect hundreds of millions in fees. The compensation structure itself was a red flag that there was fraud and used as an inducement for funds to keep feeding Madoff billions.

206. The only revenue claimed to be generated for the services conducted by the IA Business was a four-cent per share “brokerage commission” for each purported equity trade made in the IA Business customer accounts, and a \$1 per option contract executed. In contrast, other hedge fund managers routinely charge fees equal to 1% to 2% of assets under management, along with performance fees equal to 10% to 20% of profits generated for the fund. The compensation arrangement between Madoff and feeder funds run by Tremont,. Fairfield, and J. Ezra Merkin had Madoff leaving hundreds of millions, if not billions, of dollars on the proverbial table, and allowed the feeder funds to reap extraordinary and suspiciously high rewards for little investment strategy contribution.

207. The difference in compensation is huge. For example, the total amount of Tremont’s assets under management with BLMIS is believed to have ranged from approximately \$1.9 billion to \$3.5 billion between December 2005 and December 2007. Madoff, as a hedge fund manager, could have charged between approximately \$110 million and \$220 million in total fees, depending on whether he charged 1% of assets under management plus a 10% performance fee (“1 and 10”), or 2% of assets under management plus a 20% performance fee (“2 and 20”), for his profitable services.

208. Either a “1 and 10” or “2 and 20” compensation arrangement would have been customary in the hedge fund industry during the relevant time period. In contrast, charging four cents per share commissions on the purported equity trades and \$1 per contract on the fictitious options transactions, Madoff received approximately \$44 million in total compensation in the form of commissions. In other words, Madoff left anywhere from around \$66 million to almost \$176 million on the table just in Tremont-related compensation during the two-year period December 31, 2005 to December 31, 2007.

209. When expanded to include the entirety of BLMIS's IA Business customers, it is clear that this compensation arrangement forfeited hundreds of millions – if not *billions* – of dollars that Madoff easily could have charged for his management services. Defendants' willful acceptance of this atypical and highly suspicious organizational and commission structure was motivated by Tremont and Parents own self interest, which led them to perform no independent, meaningful, or reasonable due diligence. The "explanations" that Madoff would give for this – that he did not want to do paperwork or "run a hedge fund" – lacked any degree of credibility. Instead of keeping this money for himself, Madoff allowed his "feeders" to receive these fees, relying on their avarice and greed to induce their assistance and complacency in perpetuating the scheme.

K. No Independent Custodian

210. BLMIS functioned as investment adviser, executing broker and custodian of securities. This cozy arrangement eliminated another frequently utilized risk control in investment management, where the adviser is usually independent from the custodian. This separates the customer assets that the adviser is trading from the actual custody and possession of the cash and securities in the customers' accounts, which are the responsibilities of the custodian.

211. Tremont and Parents were well aware that this requirement by Madoff to allow BLMIS to act in all three capacities was both irregular and highly suspicious. Yet, they consciously chose to do nothing in response. The Defendants accepted this unusual practice and never verified that the securities purportedly purchased for the Rye Funds actually existed.

212. Additionally, Madoff forced all IA Business customers to custody all of their managed assets at BLMIS. It is the forcing of the customer to use BLMIS as both custodian and

executing broker that should have raised a red flag. Typically, institutional customers, including hedge funds, maintain separate relationships with a custodian and an executing broker.

L. BLMIS's Strip Mall Auditors

213. BLMIS, which reputedly ran one of the world's largest money management firms, was purportedly audited by Friehling & Horowitz ("F&H"), a tiny three-person operation located in a strip mall in Rockland County, New York. In fact, it was a one-man shop consisting of David Friehling, a Certified Public Accountant. The other two employees were an assistant and a semi-retired accountant living in Florida. Defendants were on inquiry notice that this small firm did not have the bona fides, and was otherwise not even minimally equipped, capable, or competent to conduct legitimate domestic and international audits for an entity such as BLMIS. On November 3, 2009, David Friehling pled guilty to seven counts of securities fraud, investment adviser fraud, obstructing or impeding the administration of Internal Revenue laws, and making false filings with the SEC in connection with his involvement in Madoff's scheme.

214. F&H had been reporting to the American Institute of Certified Public Accountants ("AICPA") for fifteen years prior to the collapse of Madoff's scheme that it did *not* conduct audits. AICPA, which has more than 350,000 individual members, monitors most firms that audit private companies, such as BLMIS. Some 33,000 firms enroll in the AICPA's peer review program, in which experienced auditors assess each firm's audit quality each year. F&H was enrolled in the program but had not submitted to a review since 1993 because the firm had been informing AICPA - every year, for fifteen years - that it in fact did not perform audits. Meanwhile, F&H claimed to do just that for BLMIS.

215. The Defendants were specifically aware and suspicious of the problems associated with BLMIS's auditors. Tremont's internal documentation shows that concerns were

raised about F&H by investors and potential investors, who wanted to know specifically what other clients were audited by F&H. Internal documents further reveal that Tremont themselves questioned the use of this auditor.

216. Manzke admitted during the Frontline interview that these auditors were suspicious:

MARTIN SMITH: And as for due diligence, no one seemed to question the fact that Madoff's accountant was a one-man operation in this strip mall an hour's drive north of New York.

[on camera] Did you ask him why he had such a small accounting firm?

SANDRA MANZKE, Founder, Tremont Capital, 1984-'05: Yeah. I mean, that was his- it was his family, you know, business, that it was an accounting firm that his father-in-law had used for years and he continued to use it.

MARTIN SMITH: And it didn't bother you that it was this small thing.

SANDRA MANZKE: *Of course, it bothered you. I mean, every- you know, those are the kind of things that it would bother you.* But that was one of the conditions of doing business, that you accepted that ...

(Transcript from *Frontline* program on "The Madoff Affair," available online at <http://www.pbs.org/wgbh/pages/frontline/madoff/etc/script.html>) (Emphasis added.)

Manzke's comments indicate that Tremont and Parents accepted "conditions" imposed by Madoff they knew to be troubling and indicative of potential fraud in exchange for the chance to do business with him and generate millions in fees.

M. Madoff Evaded SEC Filing Requirements

217. After registering with the SEC as an investment adviser in 2006, BLMIS was required to file a Form 13F at the end of each quarter disclosing the securities it held on behalf of its IA Business customers. From that point forward, at the end of each quarter, Madoff purported to convert the entire portfolio of the IA Business to Treasury bills to avoid this

reporting requirement. This artificially forced liquidation of his equity and option positions at the end of calendar quarters was inconsistent with his strategy, and should have caused the Defendants be suspicious and inquire as to why the liquidations were necessary. There was no legitimate market timing reason designed to maximize returns for Madoff to go to cash at every quarter or year. The conversion to Treasuries was anticipated to be done only when necessary to avoid a downturn in the market, and not on a quarterly basis to avoid a regulatory reporting requirement.

218. Had Tremont and Parents properly questioned this incongruous activity, it would have been apparent that Madoff exited the equity and option markets in order to avoid BLMIS having to report the equities on required 13F filings.

N. Old Fashioned Paper Trade Tickets and Statements

219. Madoff was known as technologically savvy, and was a trading pioneer for his use of technology in electronic trading platforms. Yet, BLMIS never sent a single electronic trade confirmation to any IA Business account holder, including the Rye Funds. Nor did BLMIS allow customers online access to their accounts electronically. Rather, Madoff's firm provided only paper monthly statements and confirmations which it sent by standard postal mail.

220. Instead of providing electronic access to their trade information, the Rye Funds waited several days for their paper trade confirmations to arrive. Upon information and belief, although Tremont did ask BLMIS at least once for electronic trade tickets, that request was ignored and Tremont never pressed the issue. Once again, the Defendants ignored a striking incongruity.

O. Account Statement Inconsistencies with Madoff's Purported Strategy

221. On a number of separate occasions, account statements received by Tremont from BLMIS purported to show gains on behalf of the various Rye Funds resulting from transactions inconsistent with Madoff's supposed split-strike conversion strategy. Certain of these transactions involved short term option trading that resulted in substantial gains for the Rye Funds.

222. For example, in 2002, the Portfolio Limited Fund participated in one of these trades generating more than \$6.4 million in gains. This transaction represented approximately 30% of the total return earned for that fund in 2002. Such short term gains were achieved by speculating in the options market, a strategy which contradicts the nature of the split-strike conversion strategy, subjected the clients to increased risk in excess of that implied in the split-strike conversion strategy, and should have raised a red flag for a sophisticated money manager such as Tremont. From 1996 to 2008, upon information and belief, the Rye Funds benefitted in excess of \$130 million in gains from these transactions.

DEFENDANTS IGNORED RED FLAGS DISCUSSED IN 2006
TREMONT DUE DILIGENCE EFFORTS

223. In mid-2006, more than ten years since first giving investor funds to Madoff for investment, Tremont conducted additional due diligence on Madoff and created a more comprehensive Due Diligence Questionnaire. This due diligence was, upon information and belief, a façade to give themselves cover and BLMIS a clean bill of health. Tremont's own documentation reveals that their due diligence efforts were in fact outcome determinative.

224. In a May 2006 email, Nicoll and Thomas Sandlow ("Sandlow"), Tremont Group's Senior Vice President and Director of Manager Research, discussed whether they had a Due Diligence Questionnaire for BLMIS and realized none had ever been created. Sandlow

responded: “I think we should do one. Isn’t it our biggest investment?” Incredibly, although Tremont had been feeding their Rye Funds’ investor monies to BLMIS since 1994, making Madoff the company’s largest manager in terms of assets under management, it was not until May 2006 that Tremont identified this deficiency and performed any meaningful due diligence on Madoff. In another May 2006 email chain, Nicoll noted that she would not suggest a Madoff investment for an investor because Tremont did “not have a full ddq.”

225. A few months later, in August 2006, Nicoll and Sandlow exchanged additional emails regarding BLMIS due diligence. When Nicoll directed that Due Diligence Questionnaires be created for a client on four separate funds, including the Broad Market Fund, Sandlow curiously responded that “[w]e cannot do that for Madoff.” Nicoll responded that they “do need a ddq on Madoff. . . Come sit with me and I will write down your issues and I will get them into the ddq properly and sign off on it myself.”

226. When Tremont finally began preparing these Due Diligence Questionnaires, those questionnaires themselves raised numerous red flags. Specifically, a combined Due Diligence Questionnaire for multiple Rye Funds and Tremont Funds from 2006 noted “an inherent risk in having the Investment Advisor to the Fund also being a broker dealer.” The questionnaire also noted that all trades are executed through the investment advisor and that all positions are custodied with the same investment advisor.

227. A questionnaire for the Broad Market Fund states that the “biggest drawback” is the “lack of transparency regarding the signals used by the investment advisor.” This questionnaire further states that there is no true prime broker, as all trades are executed at Madoff’s own desk and his IA Business keeps custody of them.

228. As part of these efforts, Nicoll had Tremont's head of operational risk, Michael Lynch ("Lynch"), prepare an Operational Due Diligence Review report. Lynch was responsible for reviewing operations for new managers, as well as existing managers. At Nicoll's behest, Lynch investigated the operations of BLMIS in 2006 and prepared a report.

229. Lynch's 2006 Operational Due Diligence Review, noted a number of issues and concerns that again put Tremont on notice that Madoff's operations were fraudulent. For example, the report opined in its Summary that the Rye Funds'

relationship with Madoff, while identical to other Madoff relationships, **does not represent the best industry practices**. In particular, the Fund maintains accounts at Madoff Securities and Madoff in turn trades the funds at those accounts for the benefit of the fund. Effectively, this is akin to investing in a hedge fund and having that hedge fund be its own prime broker.

The report also noted that Madoff's brother, Peter, was head of compliance. This was problematic as an internal control for the obvious lack of independence as a blood relative.

230. Lynch's Due Diligence Review also noted the following additional abnormalities and/or recommendations:

- **Counterparty Risk:** The counterparties to Madoff's option trades are not listed on the trade ticket. "Madoff has communicated that they utilize 12-20 different counterparties for options transactions depending on how they are invested" and each counterparty has a minimum rating of A1. Moreover, the information regarding counterparties "is not documented by Madoff Securities but this is information that has been provided to us by Bernard Madoff." Lynch also noted that BLMIS did not enter into ISDA agreements with the counterparties.
- **Auditors:** Friehling & Horowitz as the auditors: "Friehling and Horowitz are not well known in the hedge fund industry and they are a small local firm in the New York area that does not specialize in investment firms."
- **Paper Trade Tickets:** Tremont and its administrators should receive "an electronic feed of information and monthly statements in electronic format." This would allow Tremont and its administrator to track individual positions and for automation of the monthly reconciliation

process. **“Currently, Tremont will spot-check a handful of the positions in the portfolio monthly.** If an electronic delivery of trade information was in place, this would be a very easy procedure to implement utilizing the BB interface for pricing.” Madoff’s only excuse for not providing electronic information was that he was “not comfortable sending out information prior to fully entering into a position” (emphasis added.)

231. Despite these waving flags, Lynch sought to mitigate these issues by noting Tremont’s longstanding relationship with Madoff and the fact that “the IA has been registered with the NASD since 1960 and has had no significant regulatory issues.” Lynch cited the NASD registration as a reason to dismiss the possibility of fraud: “Given that the NASD is regularly verifying that the trades that Madoff is placing on Tremont’s behalf are valid gives us assurances that Madoff is not falsifying any activity for our portfolios.” However, blind reliance on regulatory organizations such as the NASD, or FINRA as it is now known, or the SEC, does not substitute for the basic, independent due diligence Tremont promised and marketed to their investors.

232. Tremont also never confirmed that the NASD or SEC was regularly verifying the trades that were being made for the IA Business. Upon information and belief, they did not ask to review any of the many FINRA or SEC exit examination reports often given to broker-dealers upon completion of the regulatory examination. These reports typically identify potential areas of concern to the regulators, weak internal controls and compliance or supervision, possible rule and securities laws violations, and the scope of the examinations. After these reports identify issues, it is typical for the regulator to have the broker-dealer correct or “clean up” the sources of concern and activities. The fact that Tremont never insisted upon seeing any of them shows their ineptitude or submissiveness. Tremont substituted blind reliance on assured strict regulatory oversight, which was unreasonable and in fact never existed.

233. Moreover, the records that BLMIS filed with the NASD and the SEC for many years made no mention of this separate IA Business. Even when the SEC required BLMIS in 2006 to separately register the IA Business, BLMIS continued its lies by understating both the amount of advisory customers and the assets under management in the IA Business. A review of BLMIS's Form ADV filings should have caused Tremont to seriously question Madoff's reporting of the size of his customer base, feeder funds and assets under management based on their relationship with Madoff. They were in a unique position to obtain information concerning BLMIS's operations and question the information he provided to the SEC. Nevertheless, Tremont failed to conduct an adequate investigation, or made no investigation at all, choosing instead to remain willfully ignorant.

234. An internal email exchange from October 2008 between a Tremont employee and Mitchell illustrates the utter lack of due diligence when it came to Madoff. The email states that Tremont needed to improve the quality of Madoff information they provided to their clients: "Unlike the Palm Beach crowd, institutions won't invest on faith. They can't." Even after investing billions of dollars of their investors' monies over the previous fourteen years, Tremont still had many unanswered questions regarding Madoff to the point where they did not believe savvy investors would invest in BLMIS. This email indicates that only those who performed little or no independent diligence and invested on "faith" would hand their money over to Tremont to invest with Madoff.

235. Numerous indicia of fraud concerning BLMIS gave Defendants actual and/or constructive knowledge of BLMIS's fraud. These indicia of fraud, and Defendants' willful and deliberate decision to continue investing with BLMIS despite them, demonstrates a motive and opportunity to commit fraud, and/or conscious misbehavior or recklessness amounting to

fraudulent intent. Given the Defendants' actual or constructive knowledge of these indicia of fraud, the Defendants were neither innocent nor good faith investors

SECURITIES INDUSTRY PARTICIPANTS HEED THE RED FLAGS

236. Other managers in the financial industry saw BLMIS for what it was. Many financial institutions, managers, and industry advisers that conducted reasonable due diligence flatly refused to deal with BLMIS and Madoff because they had serious concerns that the IA Business operations were not legitimate.

237. For example, as early as 2002, Cambridge Associates LLC ("Cambridge") consistently recommended that clients stay away from Madoff and Madoff-related feeder funds due to lack of transparency, a fear of front-running the market, and a general inability to understand how the strategy could produce cash-like, bond-like consistency of returns, in an equity strategy. In one document, Cambridge stated that "it felt illegal and that Madoff was not transparent", while also suggesting that "[i]t might be interesting to compile some historic hedge fund fraud/scams for them to mull over."

238. In 2003, a team from Société Générale's investment bank performed due diligence on BLMIS and found that the numbers did not add up. Société Générale then forbade its investment bank from doing business with BLMIS. In contrast, Defendants, who had more visibility into the reported trading activity on their account statements and through meetings with Madoff, continued to do lucrative business with BLMIS until Madoff was arrested.

239. In mid-2003, Acorn Partners LP ("Acorn") – a fund of funds and investment adviser for high net worth individuals – conducted due diligence of Madoff and found it likely that BLMIS's account statements were generated as part of a fraudulent scheme, and "that fraudulent activity was highly likely." Shortly after Madoff was arrested, in a letter to investors,

Acorn described the indicia of fraud that led it to conclude years prior that Madoff was a fraud. Many of the reasons given were the red flags alleged above. Acorn saw these indicia of fraud as “not merely warning lights, but a smoking gun.”

240. Well-known investor Jim Simons, and his investment fund, Renaissance Technologies Corp. (“Renaissance”), also determined that Madoff was possibly a fraud in 2003. Although Renaissance had invested with BLMIS, when they analyzed the options trading, they concluded that the volume purportedly being traded and the lack of known counterparties did not jibe. They calculated that if Madoff did his options trading in one day, he would have been doing 100% of the options trading. Even assuming Madoff spread the options trading over three days, Madoff still could not have traded the volume of options he claimed. According to one Renaissance employee, “[n]one of it seems to add up.”

241. Renaissance also spoke with several market makers in OTC equity options, none of whom claimed to see any significant volume being traded on the days when Madoff claimed to be executing his options strategy. In other words, Madoff never left a “footprint.” Renaissance also determined that whichever counter party would have been willing to trade the basket of options Madoff purportedly was trading, it would have had to do so at unfavorable prices. To Renaissance, this options trading did not make any sense because it was difficult to understand which financial institution would want to continually enter into unfavorable trading positions.

242. Beyond the options issues, in November 2003, a Renaissance employee noted that “Madoff allows an outside group [Fairfield Greenwich] to make \$100 million per year in fees for doing absolutely nothing.” The employee went on: “The point is that as we don’t know why he does what he does we have no idea if there are conflicts in his business that could come to some

regulator's attention. Throw in that his brother-in-law is his auditor and his son is also high up in the organization . . . and you have the risk of some nasty allegations, the freezing of accounts, etc., etc." The employee proposed that "unless we can figure out a way to get comfortable with the regulatory tail risk in a hurry, we get out." Indeed, Renaissance made a decision in November 2003 to cash out all of its BLMIS investments.

243. Aksia, LLC ("Aksia"), an independent hedge fund research and advisory firm, recommended to its clients in 2007 not to invest with BLMIS, Madoff, or any of his feeder funds because of certain red flags. Simon Fludgate, head of operational due diligence at Aksia, concluded that the stock holdings reported in the quarterly statements BLMIS filed with the SEC appeared too small to support the size of the assets BLMIS claimed to be managing. In September 2007, Aksia prepared an Investment Review of Madoff feeder fund Fairfield Sentry. In that report, Aksia concluded that the fund's description of how returns were generated was implausible. In fact, Aksia's review of Fairfield Sentry led to the conclusion that either (a) Madoff's IA Business was used to supply capital to Madoff's wholesale market making business, *or* (b) that "[t]he Feeder Funds are part of a financial game and the approximately 1.1 billion per year of gross excess returns . . . do not really exist."

244. In reaching this conclusion, Aksia found, among other things, that (1) the return stream of Fairfield Sentry did not appear to be possible under the split strike strategy; (2) Fairfield Sentry's quarterly 13F filings uncovered \$0 equity holdings every quarter except for one, even though Aksia was told that Madoff's strategy sometimes lasts for as long as eight months; (3) the use of the United States mail instead of electronic means to provide position and trading execution information was suspicious; (4) based on the amount under management for feeder funds, "the required trade sizes are huge and inconsistent with the size of the S&P100

options market;” (5) Madoff chose “to earn a small 4 cents a share” when he could have earned hundreds of millions more by managing a hedge fund himself; and (6) Madoff chose “to earn a paltry 4 cents a share” when he could have funded the strategy as a proprietary trading position and earned over one billion dollars.

245. Albourne Partners Limited (“Albourne”), an independent consultant on hedge funds and alternative investments, advised clients for a decade that they should steer clear of Madoff. In a December 15, 2008, commentary released just days after Madoff’s scheme was revealed, Albourne noted that its view on Madoff “never wavered.” To Albourne, although it was not clear Madoff was a fraud, “we concluded that, where a client had a holding, it should redeem.” Albourne noted that it believed Madoff’s returns were “too good to be true” in that Albourne could not “think of a group of funds trading easily marked-to-market assets which appeared to have weathered so many different types of storms with such apparently consistent risk-adjusted returns.” In addition, according to the Albourne report, Madoff’s operations were “built around obsessive secrecy” to the extent that one of BLMIS’s former employees had no idea how Madoff made his money.

246. Albourne also noted that over time, “it became clear that there were multiple Madoff feeders and that in total their AUM [assets under management] exceeded the publicly assumed scale of the firm.” According to Albourne, it was extremely unusual for a fund manager to significantly understate its assets under management. The Albourne report also explained that Madoff’s purported strategy involved not only equities trading, but options. “Given the supposed size of the assets under management, it would have been difficult to execute the strategy due to the risk of market impact.”

247. Albourne's post-arrest report is consistent with other Albourne reports prior to the revelation of the fraud. Earlier in 2008, Albourne specifically reviewed the Prime Fund for a particular Albourne client. The April 11, 2008, report lists only two positives of this fund, while listing many more negatives. In addition to the issues alleged above, Albourne mentioned that Albourne had monitored many volatility arbitrage managers, so it would expect Madoff's "simple strategy" to be replicated by others. Of course, it was not.

248. Albourne also found "strange" the fact that BLMIS prided itself for being "at the forefront of computerized trading," yet the Prime Fund's management was content with receiving paper trade confirmations by mail a few days after the purported trade dates. It noted that the investment advisory agreement prohibited the Prime Fund's management from disclosing the identity of the Investment Manager. Further, Albourne questioned why all trades were exited at year-end to facilitate easy auditing. "It cannot be but suboptimal for a manager to put the audit process ahead of the investment strategy, i.e., potentially missing a trading opportunity."

249. Cambridge, Société Générale, Acorn, Renaissance, Aksia and Albourne all determined that something was simply not right in Denmark, and either pulled their investments or refused to recommend investments to others with BLMIS. These money managers and investors, who were similarly situated to Defendants, may not have specifically known of Madoff's fraud, but they determined through basic, ordinary due diligence then utilized in the industry that Madoff's performance was inconsistent with his purported strategy and the way markets behave generally.

250. These entities had even less information than Schulman, Manzke, Tremont and Parents, which had far greater access to Madoff and information about his operations. The

difference between these entities and the Defendants, however, was that they did not rely on Madoff for their profits. Instead of willfully ignoring the red flags showing Madoff to be a fraud, these entities saw Madoff through objective eyes – and the number of unanswered questions caused them to run the other direction.

**EMERGING INDUSTRY STANDARDS AND THE *BAYOU PONZI* SHOULD HAVE
PUT TREMONT ON HIGH ALERT**

251. Tremont’s tepid efforts to analyze and monitor investments with Madoff were contrary to industry standards at the time. The hedge fund industry, and Tremont and Parents in particular, should have determined by early in the new millennium that BLMIS was fraudulent. By then, Rye Funds had a half dozen years of BLMIS performance and statistics upon which it could perform the type of quantitative analysis alleged above. Tremont and Parents should have been on heightened alert of manager fraud after the collapse of the Bayou Group Fund several years later.

252. In the early 2000s the Bayou Group Fund (“Bayou”), headed by Samuel Israel, appeared to be one of the highly successful hedge funds riding the rise in the stock market following the tech bubble collapse. It was discovered in 2005, however, that Bayou was a \$400 million Ponzi scheme. This fraud attracted much media attention and almost everyone in the hedge fund industry knew about it. The Bayou fraud forewarned the financial industry that a lack of adequate due diligence could result in financial disaster for investors.

253. Bayou had a number of obvious variables and indicia of fraud in common with BLMIS. Despite purporting to have 9 to 10 figures of assets under management, neither Bayou nor BLMIS was audited by a large, well-known accounting firm; Bayou had an in-house accountant and BLMIS had F&H. Both Bayou and BLMIS provided their customers extraordinarily and consistently positive, but not necessarily spectacular, returns, with no

volatility. The reported returns were so consistent, that they were effectively impossible. Neither investment manager charged a performance fee, which is how many hedge fund managers earn their remuneration.

254. Tremont and Parents were well aware of Bayou, which should have put them on high alert. The Bayou fraud caused many hedge funds to reconsider the adequacy of their due diligence and set in place heightened or additional mechanisms for uncovering or preventing fraud. In the winter of 2006, the Greenwich Roundtable presented its *Best Practices in Hedge Fund Investing: Due Diligence for Global Macro and Managed Futures Strategies*. That publication noted in its Introduction that the Bayou fraud transpired shortly after the organization's initial publication, *Best Practices in Hedge Fund Investment*, and that the Bayou fraud "offers a valuable context in which to evaluate both the substance and purpose of our *Best Practices* series."

255. The initial *Best Practices* publication provided a checklist that identified lines of inquiry for hedge fund managers.

Ironically, one of the lessons of Bayou was not just the need for alertness to the possibility of fraud but how many experienced investors believed their judgment and experience were sufficient to dispense with mundane checklists. By my count, a casual reader of our *Best Practices* document would have had between eight and ten points where they should have been alarmed enough to stop and intensively scrutinize what they were investigating or been comfortable stopping the due diligence process outright. As explained, the document contained a checklist and clear patterns of inquiry on the key subjects. However, it had an important subtext too. Be careful. Be focused and diligent. Exercise particular caution in areas where you are less familiar or uncertain. Do your own homework. Don't be rushed or shortchange your work for any reason. Let your investment conviction be built in calibrated work steps but always trust your gut in the end. These are the lessons of the Bayou debacle but they were also the "lessons" of the *Best Practices* publication which preceded it.

(The Greenwich Roundtable Presents: *Best Practices in Hedge Fund Investing: Due Diligence for Global Macro and Managed Futures Strategies* (Winter 2006), at 6 (Introduction by Spencer Boggess).)

256. The remainder of the *Best Practices* guide includes chapters on the following topics: (1) Strategy, Investment Process and Market Opportunity; (2) Team and Organization; (3) Fee Structure and Terms; (4) Risk Management; (5) Management Company, Fund Structure and Asset Base; (6) Quantitative Review; (7) Operations and Transparency; (8) Third Parties (including subsections on auditors, prime broker/futures clearing merchant, administrator, and marketing relationships); and (9) Intuition, Judgment and Experience.

257. The lessons of Bayou and the practices promoted by the Greenwich Roundtable are also the lessons of Madoff. Yet those lessons were not heeded by Tremont or Parents. Ironically, the Roundtable materials guide names Nancy Solnik of Tremont as one of its authors. Solnik's name also appears in the publication as a Best Practices Subcommittee Member.

258. Upon information and belief, Solnik was employed by Tremont beginning in or around 2002. According to Tremont biographical information, Solnik was a member of Tremont's Investment Management Department and held the titles of Vice President and Senior Analyst with her responsibilities including "identifying and evaluating new managers, conducting due diligence of prospective funds, including analyzing investment philosophy and historical performance, monitoring the investment style of approved managers and recommending specific funds for inclusion into Tremont portfolios." She also was a portfolio manager for funds that were not invested with Madoff.

259. Had Tremont implemented years earlier the *Best Practices* recommended by the Greenwich Roundtable – which Tremont personnel actively participated in drafting – they surely

would have conducted meaningful due diligence and like many others alleged herein been suspicious of fraud. Tremont failed to follow the industry standards that their own personnel played a role in developing, choosing greed over caution and allowing Bayou-type history to repeat itself.

VOIDABLE TRANSFERS FROM BLMIS

A. Initial Transfers to the Rye Funds

260. During the relevant period, and as set forth in Exhibit A, the Broad Market Fund, Prime Fund, Portfolio Limited Fund, and Insurance Portfolio LDC Fund (collectively, “Rye Funds”) held accounts at BLMIS and its IA Business. Upon information and belief, for each Rye Fund Account, Tremont executed a Customer Agreement, an Option Agreement, and/or a Trading Authorization Limited to Purchases and Sales of Securities and Options, (collectively, the “Account Agreements”), and delivered such documents to BLMIS at its principal place of business at 885 Third Avenue, New York, New York.

261. The Account Agreements were to be performed in New York, New York through securities trading activities that would take place in New York, New York. The Accounts were held in New York, New York, and Tremont consistently wired funds to BLMIS’s account at JPMorgan Chase & Co., Account #XXXXXX1703 (the “BLMIS Bank Account”) in New York, New York, for application to the Accounts and the conducting of trading activities on behalf of the Rye Funds.

262. Between the time that the Broad Market Fund opened its first account with BLMIS in or around 1994 and the Filing Date, Tremont directed deposits to BLMIS on behalf of the Rye Funds through multiple checks and wire transfers into the BLMIS Bank Account.

263. The Rye Funds are initial transferees of BLMIS. In addition, based on its position as general partner of the Rye Funds, Tremont Partners is also an initial transferee from accounts held by the Rye Funds. Moreover, due to their domination and control of the Rye Funds and Tremont Partners, the bad faith and knowledge of the Rye Funds and Tremont Partners should be imputed to Tremont Group, Oppenheimer, MassMutual Holding, and Mass Mutual.

The Transfers

264. Since 1994, BLMIS transferred at least \$2.1 billion to, or for the benefit of, the Rye Funds in the form of withdrawals from their BLMIS accounts (the “Transfers”) as set forth in Exhibits A and B. Under the circumstances set forth above, the Rye Funds, Tremont Partners, Tremont Group, and the Parents knew or should have known of fraudulent activity in their own accounts, and/or that the Transfers were made for a fraudulent purpose.

265. More specifically, of these Transfers, upon information and belief, BLMIS made transfers totaling approximately \$1.01 billion to, or for the benefit of, the Prime Fund; approximately \$628.2 million to, or for the benefit of, the Portfolio Limited Fund; approximately \$384.1 million to, or for the benefit of, the Broad Market Fund; and approximately \$130.1 million to, or for the benefit of, the Insurance Portfolio LDC Fund. See Exhibits A and B.

266. The Transfers are avoidable and recoverable under sections 544, 547, 548, 550(a) and 551 of the Bankruptcy Code, applicable provisions of SIPA, particularly 78fff-2(c)(3), and applicable provisions of DCL sections 273 – 279 and NY CPLR 203(g) and 213(8). The Transfers were directly or indirectly made to, or for the benefit of, the Rye Funds and include, but are not limited to, the Transfers listed in Exhibits A and B.

Two Year Transfers

267. During the two years prior to the Filing Date, BLMIS transferred a total of approximately \$959.6 million to or for the benefit of the Rye Funds (“Two Year Transfers”). The Two Year Transfers are set forth more fully in Exhibits A and B. Under the circumstances set forth above, the Rye Funds, Tremont Partners, Tremont Group, and the Parents knew or should have known of fraudulent activity in their own accounts, and/or that the Two Year Transfers were made for a fraudulent purpose.

268. More specifically, of the Two Year Transfers, upon information and belief, BLMIS made transfers totaling approximately \$495 million to, or for the benefit of, the Prime Fund; approximately \$354.5 million to, or for the benefit of, the Portfolio Limited Fund; approximately \$60 million to, or for the benefit of, the Broad Market Fund; and approximately \$50 million to, or for the benefit of, the Insurance Portfolio LDC Fund. See Exhibits A and B.

269. The Two Year Transfers are avoidable and recoverable under sections 548, 550(a) and 551 of the Bankruptcy Code and applicable provisions of SIPA, particularly section 78fff-2(c)(3). The Two Year Transfers were directly or indirectly made to, or for the benefit of, the Rye Funds and include, but are not limited to, the Two Year Transfers listed in Exhibit B.

Six Year Transfers

270. During the six years prior to the Filing Date, BLMIS made payments to, or for the benefit of, the Rye Funds of more than \$1.9 billion (the “Six Year Transfers”). See Exhibits A and B. Under the circumstances set forth above, the Rye Funds, Tremont Partners, Tremont Group, and the Parents knew or should have known of fraudulent activity in their own accounts, and/or that the Six Year Transfers were made for a fraudulent purpose.

271. More specifically, of the Six Year Transfers, BLMIS made transfers totaling approximately \$945 million to, or for the benefit of, the Prime Fund; approximately \$617.9 million to, or for the benefit of, the Portfolio Limited Fund; approximately \$252 million to, or for the benefit of, the Broad Market Fund; and approximately \$93.9 million to, or for the benefit of, the Insurance Portfolio LDC Fund. See Exhibits A and B.

272. The Six Year Transfers are avoidable and recoverable under sections 544, 550(a) and 551 of the Bankruptcy Code, applicable provisions of SIPA, particularly 78fff-2(c)(3), and applicable provisions of DCL sections 273 – 279. The Six Year Transfers were directly or indirectly made to, or for the benefit of, the Defendants and include, but are not limited to, the Six Year Transfers listed in Exhibit B.

Preference Period Transfers

273. During the 90-day period prior to the Filing Date—the preference period—the Portfolio Limited Fund, the Broad Market Fund, and Insurance Portfolio LDC Fund received transfers from BLMIS constituting the return of principal in an amount totaling approximately \$324.6 million (the “Preference Period Transfers”). See Exhibits A and B. More specifically, of the Preference Period Transfers, upon information and belief, BLMIS transferred approximately \$275.7 million to, or for the benefit of, the Portfolio Limited Fund; approximately \$40 million to, or for the benefit of, the Broad Market Fund; and approximately \$8.9 million to, or for the benefit of, the Insurance Portfolio LDC Fund. The Preference Period Transfers were directly or indirectly made to, or for the benefit of, the Portfolio Limited Fund, Broad Market Fund, and Insurance Portfolio LDC Fund, and include, but are not limited to, the Preference Period Transfers listed in Exhibit B.

274. The Preference Period Transfers are avoidable and recoverable under sections 547, 550(a) and 551 of the Bankruptcy Code and applicable provisions of SIPA, particularly SIPA § 78fff-2(c)(3).

B. Subsequent Transfers

275. Throughout the entire history of the Rye Funds since 1994, upon information and belief, some portion of the Transfers made by BLMIS to the various Rye Funds were then subsequently transferred (“Subsequent Transfers”) to various entities, including but not limited to, the XL Funds, Tremont Funds, Tremont, Parents, Manzke, and/or Schulman. Upon information and belief, a portion of the Subsequent Transfers were made within 90 days of the Filing Date (“Preference Period Subsequent Transfers”).

276. Tremont’s actual or constructive knowledge of the fraudulent nature of these subsequent transfers is imputed to the XL Funds, Tremont Funds, Manzke, Schulman, and Parents. The Subsequent Transfers are discussed with more particularity below.

Subsequent Transfers: XL Funds

277. Of the Subsequent Transfers, upon information and belief, XL LP received transfers from the Prime Fund in the amount of approximately \$285.3 million, including a transfer of approximately \$203 million from the Prime Fund, in or around March 2008. Those amounts, upon information and belief, were initially transferred from BLMIS to the Prime Fund, which had received initial transfers from BLMIS as set forth in Exhibits A and B.

278. Of the Subsequent Transfers, upon information and belief, XL LP also received transfers in the amount of approximately \$46.7 million from the Broad Market Fund, including a subsequent transfer of approximately \$32 million in the third quarter of 2007. Those amounts,

upon information and belief, were initially transferred from BLMIS to the Broad Market Fund, which had received initial transfers from BLMIS as set forth in Exhibits A and B.

279. Of the Subsequent Transfers, upon information and belief, XL LP and XL Portfolio received transfers based on synthetic investments in the Broad Market and Portfolio Limited Funds provided through various total return swap transactions by the swap counterparty. To the extent the swap counterparty used funds received from, or made available for use directly or indirectly from BLMIS, to transfer funds to XL LP and XL Portfolio, the monies received by XL LP and XL Portfolio are recoverable Subsequent Transfers.

Subsequent Transfers: Tremont Funds

280. Upon information and belief, Opportunity III Fund was indirectly invested with BLMIS through the Prime Fund and the Broad Market Fund. Of the Subsequent Transfers, upon information and belief, Opportunity III Fund received transfers from the Broad Market Fund totaling approximately \$130 million, as well as transfers from the Prime Fund totaling approximately \$88.3 million. The Broad Market Fund and Prime Fund received initial transfers from BLMIS as set forth in Exhibits A and B.

281. Upon information and belief, Opportunity Limited was indirectly invested with BLMIS through the Portfolio Fund and XL Portfolio. Of the Subsequent Transfers, upon information and belief, Opportunity Limited received transfers totaling approximately \$76.3 million from the Portfolio Limited Fund, which received initial transfers from BLMIS as set forth in Exhibits A and B.

282. In addition, upon information and belief, as part of the Subsequent Transfers, Opportunity Limited received transfers totaling approximately \$9.1 million from XL Portfolio, which, upon information and belief, received transfers from the Portfolio Limited Fund and/or

swap counterparties. The swap counterparties, upon information and belief, received the subsequent transfers from the Portfolio Limited Fund, which received initial transfers from BLMIS as set forth in Exhibits A and B.

283. Upon information and belief, Opportunity II Fund was indirectly invested with BLMIS through the Prime Fund, the Broad Market Fund, and XL LP. Of the Subsequent Transfers, upon information and belief, Opportunity II Fund received transfers from the Prime Fund totaling approximately \$13.6 million, as well as transfers from the Broad Market Fund totaling approximately \$13.4 million. The Prime Fund and Broad Market Fund received initial transfers from BLMIS as set forth in Exhibits A and B.

284. In addition, upon information and belief, as part of the Subsequent Transfers, Opportunity II Fund received transfers totaling approximately \$2.4 million from XL LP, which, upon information and belief, received transfers from the Broad Market Fund and/or swap counterparties. The swap counterparties, upon information and belief, received the subsequent transfers from the Broad Market Fund, which received initial transfers from BLMIS as set forth in Exhibits A and B.

285. Upon information and belief, Market Neutral Limited was indirectly invested with BLMIS through the Portfolio Limited Fund, as well as XL Portfolio. Of the Subsequent Transfers, upon information and belief, Market Neutral Limited received transfers totaling approximately \$91.8 million from the Portfolio Limited Fund, which received initial transfers from BLMIS as set forth in Exhibits A and B.

286. In addition, upon information and belief, as part of the Subsequent Transfers, Market Neutral Limited received transfers totaling approximately \$10 million from XL Portfolio, which, upon information and belief, received transfers from the Portfolio Limited Fund and/or

swap counterparties. The swap counterparties, upon information and belief, received the subsequent transfers from the Portfolio Limited Fund, which received initial transfers from BLMIS as set forth in Exhibits A and B.

287. Upon information and belief, Market Neutral Fund was indirectly invested with BLMIS through the Prime Fund and the Broad Market Fund. Of the Subsequent Transfers, upon information and belief, Market Neutral Fund received transfers from the Broad Market Fund totaling approximately \$39.5 million, as well as transfers from the Prime Fund totaling approximately \$8 million. The Broad Market Fund and Prime Fund received initial transfers from BLMIS as set forth in Exhibits A and B.

288. Upon information and belief, LifeInvest was indirectly invested with BLMIS through the Insurance Portfolio LDC Fund. Of the Subsequent Transfers, upon information and belief, LifeInvest received transfers totaling approximately \$20.3 million from the Portfolio Limited Fund, which received initial transfers from BLMIS as set forth in Exhibits A and B.

289. Upon information and belief, Long/Short Fund was indirectly invested with BLMIS through the Prime Fund and the Broad Market Fund. Of the Subsequent Transfers, upon information and belief, Long/Short Fund received transfers from the Prime Fund totaling approximately \$12.1 million, as well as transfers from the Broad Market Fund totaling approximately \$10.8 million. The Prime Fund and Broad Market Fund received initial transfers from BLMIS as set forth in Exhibits A and B.

290. Upon information and belief, International Insurance Fund was indirectly invested with BLMIS through the Prime Fund. Of the Subsequent Transfers, upon information and belief, International Insurance Fund received transfers totaling approximately \$9.4 million from the Prime Fund, which received initial transfers from BLMIS as set forth in Exhibits A and B.

291. Upon information and belief, Equity Fund – Ireland was indirectly invested with BLMIS through the Portfolio Limited Fund and XL Portfolio. Of the Subsequent Transfers, upon information and belief, Equity Fund – Ireland received transfers totaling approximately \$5 million from the Portfolio Limited Fund, which received initial transfers from BLMIS as set forth in Exhibits A and B.

292. In addition, upon information and belief, as part of the Subsequent Transfers, Equity Fund – Ireland received transfers totaling approximately \$740,000 from XL Portfolio, which, upon information and belief, received transfers from the Portfolio Limited Fund and/or swap counterparties. The swap counterparties, upon information and belief, received the subsequent transfers from the Portfolio Limited Fund, which received initial transfers from BLMIS as set forth in Exhibits A and B.

293. Upon information and belief, Market Neutral II Fund was indirectly invested with BLMIS through the Prime Fund, the Broad Market Fund, and XL LP. Of the Subsequent Transfers, upon information and belief, Market Neutral II Fund received transfers from the Prime Fund totaling approximately \$36.1 million, as well as transfers from the Broad Market Fund totaling approximately \$36.4 million. The Prime Fund and Broad Market Fund received initial transfers from BLMIS as set forth in Exhibits A and B.

294. In addition, upon information and belief, as part of the Subsequent Transfers, Market Neutral II Fund received subsequent transfers totaling approximately \$10.3 million from XL LP, which, upon information and belief, received transfers from the Broad Market Fund and/or swap counterparties. The swap counterparties, upon information and belief, received the subsequent transfers from the Broad Market Fund, which received initial transfers from BLMIS as set forth in Exhibits A and B.

295. Upon information and belief, Arbitrage Ireland was indirectly invested with BLMIS through the Portfolio Limited Fund. Of the Subsequent Transfers, upon information and belief, Arbitrage Ireland received transfers totaling approximately \$8.6 million from the Portfolio Limited Fund, which received initial transfers from BLMIS as set forth in Exhibits A and B.

296. Upon information and belief, Multimanager Fund was indirectly invested with BLMIS through the Portfolio Limited Fund and XL Portfolio Fund. Of the Subsequent Transfers, upon information and belief, Multimanager Fund received transfers totaling approximately \$7.4 million from the Portfolio Limited Fund, which received initial transfers from BLMIS as set forth in Exhibits A and B.

297. In addition, of the Subsequent Transfers, upon information and belief, Multimanager Fund received subsequent transfers totaling approximately \$6.1 million from XL LP, which, upon information and belief, received transfers from the Broad Market Fund and/or swap counterparties. The swap counterparties, upon information and belief, received the subsequent transfers from the Broad Market Fund, which received initial transfers from BLMIS as set forth in Exhibits A and B.

298. Upon information and belief, Emerging Markets – Ireland was indirectly invested with BLMIS through the Portfolio Limited Fund. Of the Subsequent Transfers, upon information and belief, Emerging Markets – Ireland received transfers totaling approximately \$4.3 million from the Portfolio Limited Fund, which received initial transfers from BLMIS as set forth in Exhibits A and B.

299. Upon information and belief, Arbitrage Fund was indirectly invested with BLMIS through the Broad Market Fund. Of the Subsequent Transfers, upon information and belief, the

Arbitrage Fund received transfers totaling approximately \$3.1 million from the Broad Market Fund, which received initial transfers from BLMIS as set forth in Exhibits A and B.

300. Upon information and belief, Equities Fund was indirectly invested with BLMIS through the Prime Fund. Of the Subsequent Transfers, upon information and belief, Equities Fund received transfers totaling approximately \$1 million from the Prime Fund, which received initial transfers from BLMIS as set forth in Exhibits A and B.

Subsequent Transfers: Fees

301. Upon information and belief, of the Subsequent Transfers, Tremont Partners received transfers in the form of management and administrative fees from the Rye Funds, which received initial transfers from BLMIS. The Trustee estimates these fees to be more than \$240 million since 1994. Manzke and Schulman, upon information and belief, received a portion of these fees as subsequent transfers. Upon information and belief, as part of the Subsequent Transfers, a portion of those fees were also transferred from Tremont Partners to Tremont Group.

302. Upon information and belief, as part of the Subsequent Transfers, Tremont Group's Parents received transfers from Tremont Group in the form of a dividend between \$10-35 million. As noted above, upon information and belief, that dividend originated from transfers from BLMIS to the Rye Funds, which were then transferred to Tremont Partners and/or Tremont Group.

Preference Period Subsequent Transfers

303. Of the Preference Period Subsequent Transfers, upon information and belief, Opportunity III Fund received subsequent transfers totaling approximately \$40.4 million from the Broad Market Fund, which received preferential transfers from BLMIS as set forth in Exhibits A and B.

304. Of the Preference Period Subsequent Transfers, upon information and belief, Arbitrage Ireland received subsequent transfers totaling approximately \$3.5 million from the Portfolio Limited Fund, which had received preferential transfers from BLMIS as set forth in Exhibits A and B.

305. Of the Preference Period Subsequent Transfers, upon information and belief, Opportunity Limited received subsequent transfers totaling approximately \$6.1 million from XL Portfolio, which, upon information and belief received subsequent transfers from the Portfolio Limited Fund and/or swap counterparties. The swap counterparties, upon information and belief, received the subsequent transfers from the Portfolio Limited Fund, which had received preferential transfers from BLMIS as set forth in Exhibits A and B.

306. Of the Preference Period Subsequent Transfers, upon information and belief, Market Neutral received subsequent transfers totaling approximately \$2.3 million from the Broad Market Fund, which received preferential transfers from BLMIS as set forth in Exhibits A and B.

307. Of the Preference Period Subsequent Transfers, upon information and belief, Market Neutral Limited received subsequent transfers totaling approximately \$1 million from the Portfolio Limited Fund, which received preferential transfers from BLMIS as set forth in Exhibits A and B.

308. To the extent that Tremont Partners, Tremont Group, or the Parents took fees from the Rye Funds within 90 days prior to the Filing Date, those fees are recoverable as Preference Period Subsequent Preferences.

Conclusion

309. Under the circumstances set forth above, the XL Funds, Tremont Funds, Tremont Partners, Tremont Group, Parents, Manzke, and Schulman knew or should have known of fraudulent activity in the Rye Funds' accounts and/or that the Transfers and Subsequent Transfers were made and/or received with a fraudulent purpose.

310. All of the Subsequent Transfers, or the value thereof, are recoverable from the XL Funds, Tremont Funds, Manzke, Schulman, Tremont Group, and/or Parents pursuant to section 550(a) of the Bankruptcy Code.

311. To the extent that any of the recovery counts may be inconsistent with each other, they are to be treated as being pled in the alternative.

312. The Trustee's investigation is on-going and the Trustee reserves the right to (i) supplement the information regarding the Transfers and Subsequent Transfers and any additional transfers, and (ii) seek recovery of such additional transfers.

CUSTOMER CLAIMS

313. The Trustee has received Customer Claims from the Prime Fund, the Portfolio Limited Fund, the Broad Market Fund, the Insurance Portfolio LDC Fund, and Rye Insurance ("Defendants' Claims"). Defendants' Claims are summarized in Exhibit C.

314. In response to the Prime Fund's Customer Claim, the Trustee issued a Notice of Trustee's Determination of Claim. See Exhibit C. The Trustee is not aware of any objections to that Determination being filed with the Court. The remainder of the Defendant's claims have not yet been determined. See Exhibit C.

315. On December 23, 2008, this Court entered an Order on Application for Entry of an Order Approving Form and Manner of Publication and Mailing of Notices, Specifying

Procedures for Filing, Determination and Adjudication of Claims, and Providing Other Relief (“Claims Procedures Order”; Docket No. 12). The Claims Procedures Order includes a process for determination and allowance of claims under which the Trustee has been operating. The Trustee intends to resolve the Customer Claims and any related objections to the Trustee’s determination of such claims through a separate hearing as contemplated by the Claims Procedures Order.

COUNT ONE
PREFERENTIAL TRANSFERS (INITIAL TRANSFEREES) - 11 U.S.C. §§ 547(b), 550
AND 551

Against Broad Market Fund, Portfolio Limited Fund and Insurance Portfolio LDC Fund

316. The Trustee incorporates by reference the allegations contained in the previous paragraphs of this Complaint as if fully rewritten herein.

317. At the time of each of the Preference Period Transfers, the Portfolio Limited Fund, Broad Market Fund, and Insurance Portfolio LDC Fund were each a “creditor” of BLMIS within the meaning of section 101(10) of the Bankruptcy Code and pursuant to section 78fff-2(c)(3) of SIPA.

318. Each of the Preference Period Transfers constitutes a transfer of an interest of BLMIS in property within the meaning of section 101(54) of the Bankruptcy Code and pursuant to section 78fff-2(c)(3) of SIPA.

319. Each of the Preference Period Transfers was to or for the benefit of the Portfolio Limited Fund, Broad Market Fund, and/or Insurance Portfolio LDC Fund.

320. Each of the Preference Period Transfers was made for or on account of an antecedent debt owed by BLMIS to the Portfolio Limited Fund, Broad Market Fund, and/or Insurance Portfolio LDC Fund before such transfer was made.

321. Each of the Preference Period Transfers was made while BLMIS was insolvent.

322. Each of the Preference Period Transfers was made during the preference period under section 547(b)(4) of the Bankruptcy Code.

323. Each of the Preference Period Transfers enabled the Portfolio Limited Fund, Broad Market Fund, and/or Insurance Portfolio LDC Fund to receive more than each of them would receive if (i) this case was a case under chapter 7 of the Bankruptcy Code, (ii) the transfers had not been made, and (iii) the applicable Defendant received payment of such debt to the extent provided by the provisions of the Bankruptcy Code.

324. Each of the Preference Period Transfers constitutes a preferential transfer avoidable by the Trustee pursuant to section 547(b) of the Bankruptcy Code and recoverable from the Portfolio Limited Fund, Broad Market Fund, and/or Insurance Portfolio LDC Fund pursuant to section 550(a)(1) of the Bankruptcy Code.

325. As a result of the foregoing, pursuant to sections 547(b), 550(a)(1), and 551 of the Bankruptcy Code and section 78fff-2(c)(3) of SIPA, the Trustee is entitled to a judgment against the Portfolio Limited Fund, Broad Market Fund, and/or Insurance Portfolio LDC Fund: (a) avoiding and preserving the Preference Period Transfers, (b) directing that the Preference Period Transfers be set aside and (c) recovering the Preference Period Transfers, or the value thereof, for the benefit of the estate of BLMIS.

COUNT TWO
PREFERENTIAL TRANSFERS (GENERAL PARTNER AND CORPORATE PARENT
LIABILITY) - 11 U.S.C. §§ 547(b), 550 AND 551

Against Tremont Partners, Tremont Group, Oppenheimer, MassMutual Holding and Mass Mutual

326. The Trustee incorporates by reference the allegations contained in the previous paragraphs of this Complaint as if fully rewritten herein.

327. At the time of each of the Preference Period Transfers, the Portfolio Limited Fund, Broad Market Fund, and/or Insurance Portfolio LDC Fund each was a “creditor” of BLMIS within the meaning of section 101(10) of the Bankruptcy Code and pursuant to section 78fff-2(c)(3) of SIPA.

328. Each of the Preference Period Transfers constitutes a transfer of an interest of BLMIS in property within the meaning of section 101(54) of the Bankruptcy Code and pursuant to section 78fff-2(c)(3) of SIPA.

329. Each of the Preference Period Transfers was to or for the benefit of the Portfolio Limited Fund, Broad Market Fund, and/or Insurance Portfolio LDC Fund.

330. Each of the Preference Period Transfers was made for or on account of an antecedent debt owed by BLMIS to the Portfolio Limited Fund, Broad Market Fund, and/or Insurance Portfolio LDC Fund before such transfer was made.

331. Each of the Preference Period Transfers was made during the preference period under section 547(b)(4) of the Bankruptcy Code.

332. Each of the Preference Period Transfers enabled the Portfolio Limited Fund, Broad Market Fund, and/or Insurance Portfolio LDC Fund to receive more than each of them would receive if (i) this case was a case under chapter 7 of the Bankruptcy Code, (ii) the transfers had not been made, and (iii) the applicable Defendant received payment of such debt to the extent provided by the provisions of the Bankruptcy Code.

333. Each of the Preference Period Transfers constitutes a preferential transfer avoidable by the Trustee pursuant to section 547(b) of the Bankruptcy Code and recoverable from the Broad Market Fund pursuant to section 550(a)(1) of the Bankruptcy Code.

334. Tremont Partners served as the general partner to the Broad Market Fund during the Preference Period. For all intents and purposes, the Broad Market Fund is insolvent, and its assets are insufficient to satisfy any judgment on the claims asserted herein. As a general partner to the Broad Market Fund, Tremont Partners is liable, pursuant to sections 15-306(a) and 17-403(b) of Title 6 of the Delaware Code, for all obligations the Broad Market Fund incurred while Tremont Partners was serving as general partner.

335. Due to their domination and control over Tremont Partners and the Rye Funds, liability of the Portfolio Limited Fund, Broad Market Fund, Insurance Portfolio LDC Fund and Tremont Partners is imputed to Tremont Group and the Parents, who are jointly and severally liable for the obligations of the Portfolio Limited Fund, Broad Market Fund, and/or Insurance Portfolio LDC Fund and Tremont Partners.

336. As a result of the foregoing, pursuant to sections 547(b), 550(a)(1), and 551 of the Bankruptcy Code, section 78fff-2(c)(3) of SIPA, sections 15-306(a) and 17-403(b) of the Delaware Code, and other applicable state law, the Trustee is entitled to a judgment: (a) avoiding and preserving the Preference Period Transfers, (b) directing that the Preference Period Transfers be set aside; (c) recovering the Preference Period Transfers to the Broad Market Fund, or the value thereof, from Tremont Partners for the benefit of the estate of BLMIS; and (d) recovering the Preference Period Transfers to Portfolio Limited Fund, Broad Market Fund, and/or Insurance Portfolio LDC Fund, or the value thereof, from Tremont Group and Parents for the benefit of the estate of BLMIS.

COUNT THREE
PREFERENTIAL TRANSFERS (SUBSEQUENT TRANSFEREES) - 11 U.S.C. §§ 547(b),
550 AND 551

***Against Arbitrage Ireland, Market Neutral Fund, Opportunity Limited, Opportunity III Fund,
Tremont, and/or Parents***

337. The Trustee incorporates by reference the allegations contained in the previous paragraphs of this Complaint as if fully rewritten herein.

338. At the time of each of the Preference Period Transfers, the Portfolio Limited Fund, Broad Market Fund, and Insurance Portfolio LDC Fund were “creditors” of BLMIS within the meaning of section 101(10) of the Bankruptcy Code and pursuant to SIPA § 78fff-2(c)(3).

339. Each of the Preference Period Transfers constitutes a transfer of an interest of BLMIS in property within the meaning of section 101(54) of the Bankruptcy Code and pursuant to SIPA § 78fff-2(c)(3).

340. Each of the Preference Period Transfers was to or for the benefit of the Portfolio Limited Fund, Broad Market Fund, and Insurance Portfolio LDC Fund.

341. Each of the initial transfers made during the Preference Period was made for or on account of an antecedent debt owed by BLMIS before such transfer was made.

342. Each of the initial transfers made during Preference Period was made while BLMIS was insolvent.

343. Each of the Preference Period Transfers was made during the preference period under section 547(b)(4) of the Bankruptcy Code.

344. Each of the Preference Period Transfers enabled the Portfolio Limited Fund, Broad Market Fund, and/or Insurance Portfolio LDC Fund to receive more than each of the funds would receive if (i) this case was a case under chapter 7 of the Bankruptcy Code, (ii) the

transfers had not been made, and (iii) the applicable fund received payment of such debt to the extent provided by the provisions of the Bankruptcy Code.

345. Each of the Preference Period Transfers constitutes a preferential transfer avoidable by the Trustee pursuant to section 547(b) of the Bankruptcy Code.

346. Upon information and belief, Arbitrage Ireland, Market Neutral Fund, Opportunity Limited, Opportunity III Fund, Tremont, and/or Parents were immediate or mediate transferees of some portion of the Preference Period Transfers pursuant to section 550(a)(2) of the Bankruptcy Code.

347. Each of the Preference Period Subsequent Transfers were made directly or indirectly to or for the benefit of Arbitrage Ireland, Market Neutral Fund, Opportunity Limited, Opportunity III Fund, Tremont and/or Parents.

348. As a result of the foregoing, pursuant to sections 547(b), 550(a)(2), and 551 of the Bankruptcy Code and SIPA § 78fff-2(c)(3), the Trustee is entitled to a judgment recovering the subsequent transfers made during the Preference Period, or the value thereof, from Arbitrage Ireland, Market Neutral Fund, Opportunity Limited, Opportunity III Fund, Tremont, and/or Parents, for the benefit of the estate of BLMIS.

COUNT FOUR
FRAUDULENT TRANSFERS (INITIAL TRANSFEREES) – 11 U.S.C. §§ 548(a)(1)(A),
550 AND 551

Against the Rye Funds

349. The Trustee incorporates by reference the allegations contained in the previous paragraphs of this Complaint as if fully rewritten herein.

350. The Two Year Transfers to the Rye Funds were made on or within two years before the Filing Date.

351. The Two Year Transfers to the Rye Funds were made by BLMIS with the actual intent to hinder, delay, and defraud some or all of BLMIS's then existing or future creditors.

352. The Two Year Transfers to the Rye Funds constitute a fraudulent transfer avoidable by the Trustee pursuant to section 548(a)(1)(A) of the Bankruptcy Code and recoverable from the Rye Funds pursuant to section 550(a) of the Bankruptcy Code and section 78fff-2(c)(3) of SIPA.

353. As a result of the foregoing, pursuant to sections 548(a)(1)(A), 550(a), and 551 of the Bankruptcy Code and section 78fff-2(c)(3) of SIPA, the Trustee is entitled to a judgment: (a) avoiding and preserving the Two Year Transfers to the Rye Funds, (b) directing that the Two Year Transfers to the Rye Funds be set aside, and (c) recovering the Two Year Transfers to the Rye Funds, or the value thereof, from the Rye Funds for the benefit of the estate of BLMIS.

COUNT FIVE
FRAUDULENT TRANSFERS (GENERAL PARTNER AND CORPORATE PARENT
LIABILITY) – 11 U.S.C. §§ 548(a)(1)(A), 550 AND 551

Against Tremont Partners, Tremont Group, Oppenheimer, MassMutual Holding and Mass Mutual

354. The Trustee incorporates by reference the allegations contained in the previous paragraphs of this Complaint as if fully rewritten herein.

355. The Two Year Transfers to the Rye Funds were made on or within two years before the filing date.

356. The Two Year Transfers to the Rye Funds were made by BLMIS with the actual intent to hinder, delay, and defraud some or all of BLMIS's then existing or future creditors.

357. The Two Year Transfers to the Rye Funds constitute a fraudulent transfer avoidable by the Trustee pursuant to section 548(a)(1)(A) of the Bankruptcy Code and

recoverable from the Rye Funds pursuant to section 550(a) of the Bankruptcy Code and section 78fff-2(c)(3) of SIPA.

358. Tremont Partners served as the general partner to the Broad Market Fund and the Prime Fund during the two years preceding the Filing Date. For all intents and purposes, the Broad Market Fund and Prime Fund are insolvent, and their assets are insufficient to satisfy any judgment on the claims asserted herein. As general partner of the Broad Market Fund and the Prime Fund, Tremont Partners is liable, pursuant to sections 15-306(a) and 17-403(b) of the Delaware Code, for all obligations incurred by the Broad Market Fund and the Prime Fund while Tremont Partners was serving as general partner.

359. Due to their domination and control over Tremont Partners and the Rye Funds, liability of the Rye Funds and Tremont Partners is imputed to Tremont Group and the Parents, who are jointly and severally liable for the obligations of the Rye Funds and Tremont Partners.

360. As a result of the foregoing, pursuant to sections 548(a)(1)(A), 550(a)(1), and 551 of the Bankruptcy Code, section 78fff-2(c)(3) of SIPA, sections 15-306(a) and 17-403(b) of Title 6 the Delaware Code, and other applicable state law, the Trustee is entitled to a judgment: (a) avoiding and preserving the Two Year Transfers to the Rye Funds; (b) directing that the Two Year Transfers to the Rye Funds be set aside; (c) recovering the Two Year Transfers to the Broad Market Fund and the Prime Fund, or the value thereof, from Tremont Partners for the benefit of the estate of BLMIS; and (d) recovering the Two Year Transfers to all of the Rye Funds, or the value thereof, from Tremont Group, Oppenheimer, MassMutual Holding, and Mass Mutual for the benefit of the estate of BLMIS.

COUNT SIX
FRAUDULENT TRANSFERS (INITIAL TRANSFEREES) – 11 U.S.C. §§ 548(a)(1)(B),
550 AND 551

Against the Rye Funds

361. The Trustee incorporates by reference the allegations contained in the previous paragraphs of this Complaint as if fully rewritten herein.

362. The Two Year Transfers to the Rye Funds were made on or within two years before the Filing Date.

363. BLMIS received less than reasonably equivalent value in exchange for each of the Two Year Transfers.

364. At the time of each of the Two Year Transfers, BLMIS was insolvent, or became insolvent as a result of the Two Year Transfer in question.

365. At the time of each of the Two Year Transfers, BLMIS was engaged in a business or a transaction, or was about to engage in a business or a transaction, for which any property remaining with BLMIS was an unreasonably small capital.

366. At the time of each of the Two Year Transfers, BLMIS intended to incur, or believed that it would incur, debts that would be beyond BLMIS's ability to pay as such debts matured.

367. Each of the Two Year Transfers constitutes a fraudulent transfer avoidable by the Trustee pursuant to section 548(a)(1)(B) of the Bankruptcy Code and recoverable from the Rye Funds pursuant to section 550(a)(1) of the Bankruptcy Code and SIPA § 78fff-2(c)(3).

368. As a result of the foregoing, pursuant to sections 548(a)(1)(B), 550(a)(1), and 551 of the Bankruptcy Code, SIPA § 78fff-2(c)(3), the Trustee is entitled to a judgment: (a) avoiding and preserving the Two Year Transfers, (b) directing that the Two Year Transfers be set aside,

and (c) recovering the Two Year Transfers, or the value thereof, from the Rye Funds for the benefit of the estate of BLMIS, and to return to injured customers.

COUNT SEVEN
FRAUDULENT TRANSFERS (GENERAL PARTNER AND CORPORATE PARENT
LIABILITY) – 11 U.S.C. §§ 548(a)(1)(B), 550 AND 55

Against Tremont Partners, Tremont Group, Oppenheimer, MassMutual Holding and Mass Mutual

369. The Trustee incorporates by reference the allegations contained in the previous paragraphs of this Complaint as if fully rewritten herein.

370. The Two Year Transfers to the Rye Funds were made on or within two years before the Filing Date.

371. BLMIS received less than reasonably equivalent value in exchange for each of the Two Year Transfers.

372. At the time of each of the Two Year Transfers, BLMIS was insolvent, or became insolvent as a result of the Two Year Transfer in question.

373. At the time of each of the Two Year Transfers, BLMIS was engaged in a business or a transaction, or was about to engage in a business or a transaction, for which any property remaining with BLMIS was an unreasonably small capital.

374. At the time of each of the Two Year Transfers, BLMIS intended to incur, or believed that it would incur, debts that would be beyond BLMIS's ability to pay as such debts matured.

375. Each of the Two Year Transfers constitutes a fraudulent transfer avoidable by the Trustee pursuant to section 548(a)(1)(B) of the Bankruptcy Code and recoverable from the Rye Funds pursuant to section 550(a)(1) of the Bankruptcy Code and SIPA § 78fff-2(c)(3).

376. Tremont Partners served as general partner to the Broad Market Fund and Prime Fund during the two years preceding the Filing Date. For all intents and purposes, the Broad Market Fund and Prime Fund are insolvent, and their assets are insufficient to satisfy any judgment on the claims asserted herein. As general partner of the Broad Market Fund and Prime Fund, Tremont Partners is liable, pursuant to sections 15-306(a) and 17-403(b) of Title 6 of the Delaware Code, for all obligations the Broad Market Fund and Prime Fund incurred while Tremont Partners was serving as general partner.

377. Due to their domination and control over Tremont Partners and the Rye Funds, liability of the Rye Funds and Tremont Partners is imputed to Tremont Group and the Parents, who are jointly and severally liable for the obligations of the Rye Funds and Tremont Partners.

378. As a result of the foregoing, pursuant to sections 548(a)(1)(B), 550(a)(1), and 551 of the Bankruptcy Code, section 78fff-2(c)(3) of SIPA, sections 15-306(a) and 17-403(b) of Title 6 of the Delaware Code, and other applicable state law, the Trustee is entitled to a judgment: (a) avoiding and preserving the Two Year Transfers; (b) directing that the Two Year Transfers to the Rye Funds be set aside; (c) recovering the Two Year Transfers to the Broad Market Fund and Prime Fund, or the value thereof, from Tremont Partners, for the benefit of the estate of BLMIS; and (d) recovering the Two Year Transfers to all of the Rye Funds, or the value thereof, from Tremont Group, Oppenheimer, MassMutual Holding, and Mass Mutual for the benefit of the estate of BLMIS.

COUNT EIGHT
FRAUDULENT TRANSFER (INITIAL TRANSFEREES) – NEW YORK DEBTOR AND
CREDITOR LAW §§ 276, 276-a, 278 AND/OR 279, AND 11 U.S.C. §§ 544, 550(a) AND
551

Against the Rye Funds

379. The Trustee incorporates by reference the allegations contained in the previous paragraphs of this Complaint as if fully rewritten herein.

380. At all times relevant to the Six Year Transfers, there have been one or more creditors who have held and still hold matured or unmatured unsecured claims against BLMIS that were and are allowable under section 502 of the Bankruptcy Code or that were and are not allowable only under section 502(e) of the Bankruptcy Code.

381. The Six Year Transfers were made by BLMIS and transferees with the actual intent to hinder, delay, or defraud the creditors of BLMIS. BLMIS made the Six Year Transfers to or for the benefit of the Rye Funds in furtherance of a fraudulent investment scheme.

382. The Six Year Transfers were made by BLMIS with the actual intent to hinder, delay, or defraud the creditors of BLMIS. BLMIS made the Six Year Transfers to or for the benefit of the Defendants in furtherance of a fraudulent investment scheme.

383. The Six Year Transfers were received by the Rye Funds with actual intent to hinder, delay, or defraud creditors of BLMIS at the time of each of the transfers and/or future creditors of BLMIS.

384. As a result of the foregoing, pursuant to DCL sections 276, 276-a, 278 and/or 279, sections 544(b), 550(a), and 551 of the Bankruptcy Code, and section 78fff-2(c)(3) of SIPA, the Trustee is entitled to a judgment: (a) avoiding and preserving the Six Year Transfers, (b) directing that the Six Year Transfers be set aside; and (c) recovering the Six Year Transfers, or

the value thereof, from the Rye Funds for the benefit of the estate of BLMIS, and (d) recovering attorneys' fees from the Rye Funds.

COUNT NINE
FRAUDULENT TRANSFER (GENERAL PARTNER AND CORPORATE PARENT
LIABILITY) – NEW YORK DEBTOR AND CREDITOR LAW §§ 276, 276-a, 278
AND/OR 279, AND 11 U.S.C. §§ 544, 550(a) AND 551

Against Tremont Partners, Tremont Group, Oppenheimer, MassMutual Holding and Mass Mutual

385. The Trustee incorporates by reference the allegations contained in the previous paragraphs of this Complaint as if fully rewritten herein.

386. At all times relevant to the Six Year Transfers, there have been one or more creditors who have held and still hold matured or unmatured unsecured claims against BLMIS that were and are allowable under section 502 of the Bankruptcy Code or that were and are not allowable only under section 502(e) of the Bankruptcy Code.

387. The Six Year Transfers were made by BLMIS and transferees with the actual intent to hinder, delay, or defraud the creditors of BLMIS. BLMIS made the Six Year Transfers to or for the benefit of the Rye Funds in furtherance of a fraudulent investment scheme.

388. The Six Year Transfers were received by the Rye Funds with actual intent to hinder, delay, or defraud creditors of BLMIS at the time of each of the transfers and/or future creditors of BLMIS.

389. Tremont Partners served as the general partner to the Broad Market Fund and the Prime Fund during the two years preceding the Filing Date. For all intents and purposes, the Broad Market Fund and Prime Fund are insolvent, and their assets are insufficient to satisfy any judgment on the claims asserted herein. As general partner of the Broad Market Fund and the Prime Fund, Tremont Partners is liable, pursuant to sections 15-306(a) and 17-403(b) of the

Delaware Code, for all obligations incurred by the Broad Market Fund and the Prime Fund while Tremont Partners was serving as general partner.

390. Due to their domination and control over Tremont Partners and the Rye Funds, liability of the Rye Funds and Tremont Partners is imputed to Tremont Group and the Parents, who are jointly and severally liable for the obligations of the Rye Funds and Tremont Partners.

391. As a result of the foregoing, pursuant to DCL sections 276, 276-a, 278 and/or 279, sections 544(b), 550(a), and 551 of the Bankruptcy Code, section 78fff-2(c)(3) of SIPA, sections 15-306(a) and 17-403(b) of Title 6 of the Delaware Code, and other applicable state law, the Trustee is entitled to a judgment: (a) avoiding and preserving the Six Year Transfers, (b) directing that the Six Year Transfers be set aside; (c) recovering the Six Year Transfers to the Broad Market Fund and the Prime Fund, or the value thereof, from Tremont Partners, for the benefit of the estate of BLMIS and to return to injured customers; (d) recovering the Six Year Transfers to all of the Rye Funds, or the value thereof, from Tremont Group, Oppenheimer, MassMutual Holding, and Mass Mutual for the benefit of the estate of BLMIS and (e) recovering attorneys' fees from Tremont Partners, Tremont Group, Oppenheimer, MassMutual Holding, and Mass Mutual.

COUNT TEN

FRAUDULENT TRANSFER (INITIAL TRANSFEREE) -- NEW YORK DEBTOR AND CREDITOR LAW §§ 273 AND 278 AND/OR 279, AND 11 U.S.C. §§ 544, 550(A), AND 551

Against the Rye Funds

392. The Trustee incorporates by reference the allegations contained in the previous paragraphs of the Complaint as if fully rewritten herein.

393. At all relevant times there was and is at least one or more creditors who held and hold matured or unmatured unsecured claims against BLMIS that were and are allowable under

section 502 of the Bankruptcy Code or that were and are not allowable only under section 502(e) of the Bankruptcy Code.

394. BLMIS did not receive fair consideration for the Six Year Transfers.

395. BLMIS was insolvent at the time it made each of the Six Year Transfers or, in the alternative, BLMIS became insolvent as a result of each of the Six Year Transfers.

396. The Six Year Transfers constituted a conveyance by BLMIS as defined under DCL section 270.

397. As a result of the foregoing, pursuant to DCL sections 273, 278 and 279, sections 544(b), 550, 551 of the Bankruptcy Code, and section 78fff-2(c)(3) of SIPA, the Trustee is entitled to a judgment: (a) avoiding and preserving the Six Year Transfers; (b) directing that the Six Year Transfers be set aside; and (c) recovering the Six Year Transfers, or the value thereof, from the Rye Funds for the benefit of the estate of BLMIS, and to return to injured customers.

COUNT ELEVEN
FRAUDULENT TRANSFER (GENERAL PARTNER AND CORPORATE PARENT
LIABILITY) -- NEW YORK DEBTOR AND CREDITOR LAW §§ 273 AND 278 AND/OR
279, AND 11 U.S.C. §§ 544, 550(A), AND 551

Against Tremont Partners, Tremont Group, Oppenheimer, MassMutual Holding and Mass Mutual

398. The Trustee incorporates by reference the allegations contained in the previous paragraphs of the Complaint as if fully rewritten herein.

399. At all relevant times there was and is at least one or more creditors who held and hold matured or unmatured unsecured claims against BLMIS that were and are allowable under section 502 of the Bankruptcy Code or that were and are not allowable only under section 502(e) of the Bankruptcy Code.

400. BLMIS did not receive fair consideration for the Six Year Transfers.

401. BLMIS was insolvent at the time it made each of the Six Year Transfers or, in the alternative, BLMIS became insolvent as a result of each of the Six Year Transfers.

402. The Six Year Transfers constituted a conveyance by BLMIS as defined under DCL section 270.

403. Tremont Partners served as general partner to the Broad Market Fund and Prime Fund during the six years preceding the Filing Date. For all intents and purposes, the Broad Market Fund and Prime Fund are insolvent, and their assets are insufficient to satisfy any judgment on the claims asserted herein. As general partner to the Broad Market Fund and Prime Fund, Tremont Partners is liable, pursuant to sections 15-306(a) and 17-403 of Title 6 of the Delaware Code, for all obligations incurred by the Broad Market Fund and Prime Fund while serving as general partner.

404. Due to their domination and control over Tremont Partners and the Rye Funds, liability of the Rye Funds and Tremont Partners is imputed to Tremont Group and the Parents, who are jointly and severally liable for the obligations of the Rye Funds and Tremont Partners.

405. As a result of the foregoing, pursuant to DCL sections 273, 278 and 279, sections 544(b), 550, 551 of the Bankruptcy Code, section 78fff-2(c)(3) of SIPA, sections 15-306(a) and 17-403 of Title 6 of the Delaware Code, and other applicable state law, the Trustee is entitled to a judgment: (a) avoiding and preserving the Six Year Transfers; (b) directing that the Six Year Transfers be set aside; (c) recovering the Six Year Transfers to the Broad Market Fund and Prime Fund, or the value thereof, from Tremont Partners, for the benefit of the estate of BLMIS; and (d) recovering the Six Year Transfers to all of the Rye Funds, or the value thereof, from Tremont Group, Oppenheimer, MassMutual Holding, and Mass Mutual for the benefit of the estate of BLMIS.

COUNT TWELVE
FRAUDULENT TRANSFERS (INITIAL TRANSFEREES) —NEW YORK DEBTOR
AND CREDITOR LAW §§274, 278 AND/OR 279, AND 11 U.S.C. §§ 544, 550(a), AND 551

Against the Rye Funds

406. The Trustee incorporates by reference the allegations contained in the previous paragraphs of the Complaint as if fully rewritten herein.

407. At all relevant times there was and is at least one or more creditors who held and hold matured or unmatured unsecured claims against BLMIS that were and are allowable under section 502 of the Bankruptcy Code or that were and are not allowable only under section 502(e).

408. BLMIS did not receive fair consideration for the Six Year Transfers.

409. At the time BLMIS made each of the Six Year Transfers, BLMIS was engaged or was about to engage in a business or transaction for which the property remaining in its hands after each of the Six Year Transfers was an unreasonably small capital.

As a result of the foregoing, pursuant to DCL sections 274, 278 and/or 279, sections 544(b), 550(a), and 551 of the Bankruptcy Code, and section 78fff-2(c)(3) of SIPA, the Trustee is entitled to a judgment: (a) avoiding and preserving the Six Year Transfers; (b) directing that the Six Year Transfers be set aside; and (c) recovering the Six Year Transfers, or the value thereof, from the Rye Funds for the benefit of the estate of BLMIS.

COUNT THIRTEEN
FRAUDULENT TRANSFERS (GENERAL PARTNER AND CORPORATE PARENT
LIABILITY) —NEW YORK DEBTOR AND CREDITOR LAW §§274, 278 AND/OR 279,
AND 11 U.S.C. §§ 544, 550(a), AND 551

Against Tremont Partners, Tremont Group, Oppenheimer, MassMutual Holding and Mass Mutual

410. The Trustee incorporates by reference the allegations contained in the previous paragraphs of the Complaint as if fully rewritten herein.

411. At all relevant times there was and is at least one or more creditors who held and hold matured or unmatured unsecured claims against BLMIS that were and are allowable under section 502 of the Bankruptcy Code or that were and are not allowable only under section 502(e).

412. BLMIS did not receive fair consideration for the Six Year Transfers.

413. At the time BLMIS made each of the Six Year Transfers, BLMIS was engaged or was about to engage in a business or transaction for which the property remaining in its hands after each of the Six Year Transfers was an unreasonably small capital.

Tremont Partners served as general partner to the Broad Market Fund and Prime Fund during the six years preceding the Filing Date. For all intents and purposes, the Broad Market Fund and Prime Fund are insolvent, and their assets are insufficient to satisfy any judgment on the claims asserted herein. As general partner to the Broad Market Fund and Prime Fund, Tremont Partners is liable, pursuant to sections 15-306(a) and 17-403 of Title 6 of the Delaware Code, for all obligations incurred by the Broad Market Fund and Prime Fund while serving as general partner.

414. Due to their domination and control over Tremont Partners and the Rye Funds, liability of the Rye Funds and Tremont Partners is imputed to Tremont Group and the Parents, who are jointly and severally liable for the obligations of the Rye Funds and Tremont Partners.

415. As a result of the foregoing, pursuant to DCL sections 274, 278 and/or 279, sections 544(b), 550(a), and 551 of the Bankruptcy Code, section 78fff-2(c)(3) of SIPA, sections 15-306(a) and 17-403 of Title 6 of the Delaware Code, and other applicable state law, the Trustee is entitled to a judgment: (a) avoiding and preserving the Six Year Transfers; (b) directing that the Six Year Transfers be set aside; (c) recovering the Six Year Transfers to the Broad Market Fund and Prime Fund, or the value thereof, from Tremont Partners, for the benefit of the estate of BLMIS, and to return to injured customers; and (d) recovering the Six Year Transfers to all of the Rye Funds, or the value thereof, from Tremont Group, Oppenheimer, MassMutual Holding, and Mass Mutual for the benefit of the estate of BLMIS.

COUNT FOURTEEN
FRAUDULENT TRANSFERS (INITIAL TRANSFEREES) -NEW YORK DEBTOR AND
CREDITOR LAW §§ 275, 278 AND/OR 279, AND 11 U.S.C. §§ 544, 550(a) AND 551

Against the Rye Funds

416. The Trustee incorporates by reference the allegations contained in the previous paragraphs of the Complaint as if fully rewritten herein.

417. At all relevant times there was and is at least one or more creditors who held and hold matured or unmatured unsecured claims against BLMIS that were and are allowable under section 502 of the Bankruptcy Code or that were and are not allowable only under section 502(e).

418. BLMIS did not receive fair consideration for the Six Year Transfers.

419. At the time BLMIS made each of the Six Year Transfers, BLMIS had incurred, was intending to incur, or believed that it would incur debts beyond its ability to pay them as the debts matured.

420. As a result of the foregoing, pursuant to DCL sections 275, 278 and/or 279, sections 544(b), 550(a) and 551 of the Bankruptcy Code, and section 78ff-2(c)(3) of SIPA, the Trustee is entitled to a judgment: (a) avoiding and preserving the Six Year Transfers; (b) directing that the Six Year Transfers be set aside; and (c) recovering the Six Year Transfers, or the value thereof, from the Rye Funds for the benefit of the estate of BLMIS.

COUNT FIFTEEN
FRAUDULENT TRANSFERS (GENERAL PARTNER AND CORPORATE PARENT
LIABILITY) -NEW YORK DEBTOR AND CREDITOR LAW §§ 275, 278 AND/OR 279,
AND 11 U.S.C. §§ 544, 550(a) AND 551

Against Tremont Partners, Tremont Group, Oppenheimer, MassMutual Holding and Mass Mutual

421. The Trustee incorporates by reference the allegations contained in the previous paragraphs of the Complaint as if fully rewritten herein.

422. At all relevant times there was and is at least one or more creditors who held and hold matured or unmatured unsecured claims against BLMIS that were and are allowable under section 502 of the Bankruptcy Code or that were and are not allowable only under section 502(e).

423. BLMIS did not receive fair consideration for the Six Year Transfers.

424. At the time BLMIS made each of the Six Year Transfers, BLMIS had incurred, was intending to incur, or believed that it would incur debts beyond its ability to pay them as the debts matured.

425. Tremont Partners served as general partner to the Broad Market Fund and Prime Fund during the six years preceding the Filing Date. For all intents and purposes, the Broad Market Fund and Prime Fund are insolvent, and their assets are insufficient to satisfy any judgment on the claims asserted herein. As general partner to the Broad Market Fund and Prime

Fund, Tremont Partners is liable, pursuant to sections 15-306(a) and 17-403 of Title 6 of the Delaware Code, for all obligations incurred by the Broad Market Fund and Prime Fund while serving as general partner.

426. Due to their domination and control over Tremont Partners and the Rye Funds, liability of the Rye Funds and Tremont Partners is imputed to Tremont Group and the Parents, who are jointly and severally liable for the obligations of the Rye Funds and Tremont Partners.

427. As a result of the foregoing, pursuant to DCL sections 275, 278 and/or 279, sections 544(b), 550(a) and 551 of the Bankruptcy Code, section 78ff-2(c)(3) of SIPA, sections 15-306(a) and 17-403 of Title 6 of the Delaware Code, and other applicable state law, the Trustee is entitled to a judgment: (a) avoiding and preserving the Six Year Transfers; (b) directing that the Six Year Transfers be set aside; and (c) recovering the Six Year Transfers to the Broad Market Fund and Prime Fund, or the value thereof, from Tremont Partners, for the benefit of the estate of BLMIS, and to return to injured customers; and (d) recovering the Six Year Transfers to all of the Rye Funds, or the value thereof, from Tremont Group, Oppenheimer, MassMutual Holding, and Mass Mutual for the benefit of the estate of BLMIS.

COUNT SIXTEEN
RECOVERY OF THE TRANSFERS (INITIAL TRANSFEREE) – NEW YORK
CIVIL PROCEDURE LAW AND RULES 203(g), 213(8), NEW YORK DEBTOR AND
CREDITOR LAW §§ 276, 276-a, 278, AND/OR 279, AND 11 U.S.C. §§ 544, 550(a)(1), AND
551

Against the Rye Funds

428. The Trustee incorporates by reference the allegations contained in the previous paragraphs of the Complaint as if fully rewritten herein.

429. At all times relevant to the Transfers, the fraudulent scheme perpetrated by BLMIS was not reasonably discoverable by at least one unsecured creditor of BLMIS.

430. At all times relevant to the Transfers, there have been one or more creditors who have held and still hold matured or unmatured unsecured claims against BLMIS that were and are allowable under section 502 of the Bankruptcy Code or that were and are not allowable only under section 502(e).

431. The Transfers were made by BLMIS and the transferees with the actual intent to hinder, delay, or defraud the creditors of BLMIS. BLMIS made the Transfers to or for the benefit of the Rye Funds in furtherance of a fraudulent investment scheme.

432. The Rye Funds received the Transfers with actual intent to hinder, delay, or defraud creditors of BLMIS at the time of each of the transfers and/or future creditors of BLMIS.

433. As a result of the foregoing, pursuant to NY CPLR 203(g), 213(8), sections 276, 276-a, 278, and/or 279 of the New York Debtor and Creditor Law, sections 544(b), 550(a)(1), and 551 of the Bankruptcy Code, SIPA § 78fff-2(c)(3), the Trustee is entitled to a judgment: (a) avoiding and preserving the Transfers; (b) directing that the Transfers be set aside; (c) recovering the Transfers or the value thereof, from the Rye Funds for the benefit of the estate of BLMIS, and to return to injured customers; and (d) recovering attorneys' fees from the Rye Funds.

COUNT SEVENTEEN
RECOVERY OF THE TRANSFERS (GENERAL PARTNER AND CORPORATE
PARENT LIABILITY) – NEW YORK CIVIL PROCEDURE LAW AND RULES 203(g),
213(8), NEW YORK DEBTOR AND CREDITOR LAW §§ 276, 276-a, 278, AND/OR 279,
AND 11 U.S.C. §§ 544, 550(a)(1), AND 551

Against Tremont Partners, Tremont Group, Oppenheimer, MassMutual Holding and Mass Mutual

434. The Trustee incorporates by reference the allegations contained in the previous paragraphs of the Complaint as if fully rewritten herein.

435. At all times relevant to the Transfers, the fraudulent scheme perpetrated by BLMIS was not reasonably discoverable by at least one unsecured creditor of BLMIS.

436. At all times relevant to the Transfers, there have been one or more creditors who have held and still hold matured or unmatured unsecured claims against BLMIS that were and are allowable under section 502 of the Bankruptcy Code or that were and are not allowable only under section 502(e).

437. The Transfers were made by BLMIS and the transferees with the actual intent to hinder, delay, or defraud the creditors of BLMIS. BLMIS made the Transfers to or for the benefit of the Rye Funds in furtherance of a fraudulent investment scheme.

438. The Rye Funds received the Transfers with actual intent to hinder, delay, or defraud creditors of BLMIS at the time of each of the transfers and/or future creditors of BLMIS.

439. Tremont Partners served as general partner to the Broad Market Fund and Prime Fund. For all intents and purposes, the Broad Market Fund and Prime Fund are insolvent, and their assets are insufficient to satisfy any judgment on the claims asserted herein. As general partner to the Broad Market Fund and Prime Fund, Tremont Partners is liable, pursuant to sections 15-306(a) and 17-403 of Title 6 of the Delaware Code, for all obligations incurred by the Broad Market Fund and Prime Fund while serving as general partner.

440. Due to their domination and control over Tremont Partners and the Rye Funds, liability of the Rye Funds and Tremont Partners is imputed to Tremont Group and the Parents, who are jointly and severally liable for the obligations of the Rye Funds and Tremont Partners.

441. As a result of the foregoing, pursuant to NY CPLR 203(g), 213(8), sections 276, 276-a, 278, and/or 279 of the New York Debtor and Creditor Law, sections 544(b), 550(a)(1), and 551 of the Bankruptcy Code, SIPA § 78fff-2(c)(3), sections 15-306(a) and 17-403 of Title 6 of the Delaware Code, and other applicable state law, the Trustee is entitled to a judgment: (a) avoiding and preserving the Transfers; (b) directing that the Transfers be set aside; and (c)

recovering the Transfers to the Broad Market Fund and Prime Fund, or the value thereof, from Tremont Partners for the benefit of the estate of BLMIS, and to return to injured customers; (d) recovering the Transfers to all of the Rye Funds, or the value thereof, from Tremont Group, Oppenheimer, MassMutual Holding, and Mass Mutual for the benefit of the estate of BLMIS; and (e) recovering attorneys' fees from the Rye Funds.

COUNT EIGHTEEN
RECOVERY OF SUBSEQUENT TRANSFERS – NEW YORK CIVIL PROCEDURE
LAW AND RULES 203(g), 213(8), NEW YORK DEBTOR AND CREDITOR LAW §§
276, 276-a, 278, AND/OR 279, AND 11 U.S.C. §§ 544, 550(a)(1), AND 551

*Against XL LP, XL Portfolio, the Tremont Funds, Tremont Partners, Tremont Group,
Tremont Bermuda, Oppenheimer, MassMutual Holding, Mass Mutual, Manzke, and/or
Schulman*

442. The Trustee incorporates by reference the allegations contained in the previous paragraphs of the Complaint as if fully rewritten herein.

443. Each of the Transfers are avoidable under sections 544 and 548 of the Bankruptcy Code, DCL sections 273-276 and SIPA § 78fff-2(c)(3).

444. At all times relevant to the Transfers, the fraudulent scheme perpetrated by BLMIS was not reasonably discoverable by at least one unsecured creditor of BLMIS.

445. At all times relevant to the Transfers, there have been one or more creditors who have held and still hold matured or unmatured unsecured claims against BLMIS that were and are allowable under section 502 of the Bankruptcy Code or that were and are not allowable only under section 502(e).

446. The Transfers were made by BLMIS and the transferees with the actual intent to hinder, delay, or defraud the creditors of BLMIS. BLMIS made the Transfers to or for the benefit of the Rye Funds in furtherance of a fraudulent investment scheme.

447. Upon information and belief, XL LP, XL Portfolio, the Tremont Funds, Tremont Partners, Tremont Group, Tremont Bermuda, Oppenheimer, MassMutual Holding, Mass Mutual, Manzke, and/or Schulman (the “Subsequent Transferee Defendants”) received Subsequent Transfers, which are recoverable pursuant to Section 550(a) of the Bankruptcy Code.

448. Each of the Subsequent Transfers was made directly or indirectly to, or for the benefit of, the Subsequent Transferee Defendants.

449. The Subsequent Transferee Defendants are immediate or mediate transferees of the Transfers.

450. The Subsequent Transferees received the Subsequent Transfers with actual intent to hinder, delay, or defraud creditors of BLMIS at the time of each of the transfers and/or future creditors of BLMIS.

451. In addition, Tremont Partners served as general partner to XL LP. For all intents and purposes, upon information and belief, XL LP is insolvent, and its assets are insufficient to satisfy any judgment on the claims asserted herein. As general partner to XL LP, Tremont Partners is liable, pursuant to sections 15-306(a) and 17-403 of Title 6 of the Delaware Code, for all obligations incurred by XL LP while serving as general partner.

452. As a result of the foregoing, pursuant to NY CPLR 203(g), 213(8), sections 276, 276-a, 278, and/or 279 of the New York Debtor and Creditor Law, sections 544(b), 550(a), and 551 of the Bankruptcy Code, and SIPA § 78fff-2(c)(3), the Trustee is entitled to a judgment: (a) directing that the Subsequent Transfers be set aside; and (b) recovering the Subsequent Transfers, or the value thereof, from the Subsequent Transferee Defendants for the benefit of the estate of BLMIS; and (c) recovering attorneys’ fees from the Subsequent Transferee Defendants.

COUNT NINETEEN
DISALLOWANCE OF RYE FUNDS' AND RYE INSURANCE'S SIPA CLAIMS

453. The Trustee incorporates by reference the allegations contained in the previous paragraphs of this Complaint as if fully rewritten herein.

454. The Rye Funds and Rye Insurance have filed Customer Claims. The Prime Fund's Customer Claim has been determined, while the remaining Customer Claims have not been determined. See Exhibit C.

455. The Customer Claims of the Rye Funds and Rye Insurance should not be allowed pursuant to section 502(d) of the Bankruptcy Code, as the Rye Funds and Rye Insurance who filed the Customer Claims are the recipients of transfers of BLMIS' property which are avoidable and recoverable under sections 544, 547, 548 and/or 550(a) of the Bankruptcy Code, DCL sections 273, 274, 275 and 276 and SIPA § 78fff-2(c)(3) as set forth above, and the Rye Funds have not returned the transfers to the Trustee.

456. The Claims Procedures Order includes a process for determination and allowance of claims under which the Trustee has been operating. As a result of the foregoing, the Trustee intends to resolve the Customer Claims of the Rye Funds and Rye Insurance and any related objections through the mechanisms contemplated by the Claims Procedures Order.

COUNT TWENTY
EQUITABLE SUBORDINATION OF
CUSTOMER CLAIMS

457. The Trustee incorporates by reference the allegations contained in the previous paragraphs of this Complaint as if fully rewritten herein.

458. The Defendants herein engaged in inequitable conduct, including behavior described in this Complaint, which has resulted in injury to the customers and creditors of the estate and has conferred an unfair advantage on each of the Rye Funds and Rye Insurance.

459. Based on the Defendants' inequitable conduct as described above, the customers of BLMIS have been misled as to the true financial condition of the debtor, customers have been induced to invest without knowledge of the actual facts regarding BLMIS's financial condition, and/or customers and creditors are less likely to recover the full amounts due to them because of the conduct of the Defendants.

460. The Court should exercise the full extent of its equitable powers to ensure that claims, payments, or benefits, of whatever kind or nature, which are asserted or sought by the Rye Funds, Rye Insurance, or any of the other Defendants, directly or indirectly against the estate – and only to the extent such claims are allowed – are subordinated for distribution purposes pursuant to sections 510(c)(1) and 105(a) of the Bankruptcy Code.

461. Equitable subordination as requested herein is consistent with the provisions and purposes of the Bankruptcy Code.

COUNT TWENTY-ONE
UNJUST ENRICHMENT

Against Tremont Group, Tremont Partners, Tremont Bermuda, Oppenheimer, MassMutual Holding, Mass Mutual, Manzke and Schulman

462. The Trustee incorporates by reference the allegations contained in the previous paragraphs of this Complaint as if fully rewritten herein.

463. Tremont Group, Tremont Partners, Tremont Bermuda, Oppenheimer, and Manzke, Schulman (“Management Defendants”) have been unjustly enriched. They have wrongfully and unconscionably benefitted from the receipt of stolen money from BLMIS and the Rye Funds, for which they did not in good faith provide fair value. These Defendants were further unjustly enriched as a result of recklessly enabling Madoff's fraudulent scheme.

464. Tremont Partners earned more than \$180 million in fees during the six year period, which in turn was distributed to Tremont Group, Tremont Bermuda, Oppenheimer, and Manzke, Schulman in the form of distributions, dividends, salaries, bonuses, and other compensation. None of this money has been returned to the Trustee for equitable distribution to BLMIS customers who lost billions of dollars in the Ponzi scheme.

465. As described above, the Management Defendants were constantly faced with evidence that BLMIS was a fraud. They knew the consistency of Madoff's returns were, statistically, too good to be true. They knew that there were questions about Madoff's lack of transparency.

466. Faced with the prospect of losing hundreds of millions of dollars in fees, the Management Defendants chose to ignore the compelling evidence of Madoff's fraud and provide convenient excuses for Madoff's inconsistencies. As a result, they have been unjustly enriched by over \$180 million that rightfully belongs to BLMIS customers.

467. Equity and good conscience require full restoration of the monies received by the Management Defendants, directly and indirectly, from BLMIS and any assets derived from those monies.

WHEREFORE, the Trustee respectfully requests that this Court enter judgment in favor of the Trustee and against the Defendants as follows:

A. On the First Claim for Relief, pursuant to sections 547, 550(a) and 551 of the Bankruptcy Code and section 78fff-2(c)(3) of SIPA: (a) avoiding and preserving the Preference Period Transfers, (b) directing that the Preference Period Transfers be set aside, and (c) recovering the Preference Period Transfers, or the value thereof, from the Broad Market Fund, Portfolio Limited Fund, and Insurance Portfolio LDC for the benefit of the estate of BLMIS;

B. On the Second Claim for Relief, pursuant to sections 547, 550(a) and 551 of the Bankruptcy Code, section 78fff-2(c)(3) of SIPA, sections 15-306(a) and 17-403(b) of Title 6 of the Delaware Code, and other applicable state law: (a) avoiding and preserving the Preference Period Transfers, (b) directing that the Preference Period Transfers be set aside, and (c) recovering the Preference Period Transfers, or the value thereof, from Tremont Partners, Tremont Group, Oppenheimer, MassMutual Holding, and/or Mass Mutual for the benefit of the estate of BLMIS;

C. On the Third Claim for Relief, pursuant to sections 547, 550(a) and 551 of the Bankruptcy Code and section 78fff-2(c)(3) of SIPA: (a) directing that the Preference Period Subsequent Transfers be set aside, and (b) recovering the Preference Period Subsequent Transfers, or the value thereof, from the Arbitrage Ireland, Market Neutral Fund, Opportunity Limited, and Opportunity III Fund, Tremont and/or Parents for the benefit of the estate of BLMIS;

D. On the Fourth Claim for Relief, pursuant to sections 548(a)(1)(A), 550(a) and 551 of the Bankruptcy Code and section 78fff-2(c)(3) of SIPA: (a) avoiding and preserving the Two Year Transfers, (b) directing that the Two Year Transfers be set aside, and (c) recovering the Two Year Transfers, or the value thereof, from the Rye Funds for the benefit of the estate of BLMIS;

E. On the Fifth Claim for Relief, pursuant to sections 548(a)(1)(A), 550(a) and 551 of the Bankruptcy Code, section 78fff-2(c)(3) of SIPA, sections 15-306(a) and 17-403(b) of Title 6 of the Delaware Code, and other applicable state law: (a) avoiding and preserving the Two Year Transfers, (b) directing that the Two Year Transfers be set aside, and (c) recovering the Two Year Transfers, or the value thereof, from Tremont Partners, Tremont Group,

Oppenheimer, MassMutual Holding, and/or Mass Mutual for the benefit of the estate of BLMIS;

F. On the Sixth Claim for Relief, pursuant to sections 548(a)(1)(B), 550(a) and 551 of the Bankruptcy Code and section 78fff-2(c)(3) of SIPA: (a) avoiding and preserving the Two Year Transfers, (b) directing that the Two Year Transfers be set aside, and (c) recovering the Two Year Transfers, or the value thereof, from the Rye Funds for the benefit of the estate of BLMIS;

G. On the Seventh Claim for Relief, pursuant to sections 548(a)(1)(B), 550(a) and 551 of the Bankruptcy Code, section 78fff-2(c)(3) of SIPA, sections 15-306(a) and 17-403(b) of Title 6 of the Delaware Code, and other applicable state law: (a) avoiding and preserving the Two Year Transfers, (b) directing that the Two Year Transfers be set aside, and (c) recovering the Two Year Transfers, or the value thereof, from Tremont Partners, Tremont Group, Oppenheimer, MassMutual Holding, and/or Mass Mutual for the benefit of the estate of BLMIS;

H. On the Eighth Claim for Relief, pursuant to DCL sections 276, 276-a, 278 and/or 279, sections 544(b), 550(a) and 551 of the Bankruptcy Code, and section 78fff-2(c)(3) of SIPA: (a) avoiding and preserving the Six Year Transfers, (b) directing that the Six Year Transfers be set aside, (c) recovering the Six Year Transfers, or the value thereof, from the Rye Funds for the benefit of the estate of BLMIS, and (d) recovering attorneys' fees from the Rye Funds;

I. On the Ninth Claim for Relief, pursuant to DCL sections 276, 276-a, 278 and/or 279, sections 544(b), 550(a) and 551 of the Bankruptcy Code, section 78fff-2(c)(3) of SIPA, sections 15-306(a) and 17-403(b) of Title 6 of the Delaware Code, and other applicable state

law: (a) avoiding and preserving the Six Year Transfers, (b) directing that the Six Year Transfers be set aside, (c) recovering the Six Year Transfers, or the value thereof, from Tremont Partners, Tremont Group, Oppenheimer, MassMutual Holding, and/or Mass Mutual for the benefit of the estate of BLMIS, and (d) recovering attorneys' fees from Tremont Partners, Tremont Group, Oppenheimer, MassMutual Holding, and/or Mass Mutual;

J. On the Tenth Claim for Relief, pursuant to DCL sections 273, 278 and/or 279, sections 544(b), 550, 551, and 1107 of the Bankruptcy Code and section 78fff-2(c)(3) of SIPA: (a) avoiding and preserving the Six Year Transfers, (b) directing that the Six Year Transfers be set aside, and (c) recovering the Six Year Transfers, or the value thereof, from the Rye Funds for the benefit of the estate of BLMIS;

K. On the Eleventh Claim for Relief, pursuant to DCL sections 273, 278 and/or 279, sections 544(b), 550, 551, and 1107 of the Bankruptcy Code, section 78fff-2(c)(3) of SIPA, sections 15-306(a) and 17-403(b) of Title 6 of the Delaware Code, and other applicable state law: (a) avoiding and preserving the Six Year Transfers, (b) directing that the Six Year Transfers be set aside, and (c) recovering the Six Year Transfers, or the value thereof, from Tremont Partners, Tremont Group, Oppenheimer, MassMutual Holding, and/or Mass Mutual for the benefit of the estate of BLMIS;

L. On the Twelfth Claim for Relief, pursuant to DCL sections 274, 278 and/or 279, sections 544(b), 550, and 551 of the Bankruptcy Code: (a) avoiding and preserving the Six Year Transfers, (b) directing the Six Year Transfers be set aside, and (c) recovering the Six Year Transfers, or the value thereof, from the Rye Funds for the benefit of the estate of BLMIS;

M. On the Thirteenth Claim for Relief, pursuant to DCL sections 274, 278 and/or 279, sections 544(b), 550, and 551 of the Bankruptcy Code, sections 15-306(a) and 17-403(b) of Title 6 of the Delaware Code, and other applicable state law: (a) avoiding and preserving the Six Year Transfers, (b) directing the Six Year Transfers be set aside, and (c) recovering the Six Year Transfers, or the value thereof, from Tremont Partners, Tremont Group, Oppenheimer, MassMutual Holding, and/or Mass Mutual for the benefit of the estate of BLMIS;

N. On the Fourteenth Claim for Relief, pursuant to New York Debtor and Creditor Law §§ 275, 278 and/or 279 and Bankruptcy Code §§ 544(b), 550, 551, and 1107: (a) avoiding and preserving the Six Year Transfers, (b) directing that the Six Year Transfers be set aside, and (c) recovering the Six Year Transfers, or the value thereof, from the Rye Funds for the benefit of the estate of BLMIS;

O. On the Fifteenth for Relief, pursuant to New York Debtor and Creditor Law §§ 275, 278 and/or 279 and Bankruptcy Code §§ 544(b), 550, 551, and 1107, sections 15-306(a) and 17-403(b) of Title 6 of the Delaware Code, and other applicable state law: (a) avoiding and preserving the Six Year Transfers, (b) directing that the Six Year Transfers be set aside, and (c) recovering the Six Year Transfers, or the value thereof, from Tremont Partners, Tremont Group, Oppenheimer, MassMutual Holding, and/or Mass Mutual for the benefit of the estate of BLMIS;

P. On the Sixteenth Claim for Relief, pursuant to NY CPLR 203(g), sections 276, 276-a, 278, and/or 279 of the New York Debtor and Creditor Law, sections 544(b), 550(a)(1), and 551 of the Bankruptcy Code, and SIPA § 78fff-2(c)(3): (a) avoiding and preserving the Transfers, (b) directing that the Transfers be set aside, (c) recovering the Transfers, or the value

thereof, from the Rye Funds for the benefit of the estate of BLMIS, and (d) recovering attorneys' fees from the Rye Funds;

Q. On the Seventeenth Claim for Relief, pursuant to NY CPLR 203(g), sections 276, 276-a, 278, and/or 279 of the New York Debtor and Creditor Law, sections 544(b), 550(a)(1), and 551 of the Bankruptcy Code, and SIPA § 78fff-2(c)(3), sections 15-306(a) and 17-403(b) of Title 6 of the Delaware Code, and other applicable state law: (a) avoiding and preserving the Transfers, (b) directing that the Transfers be set aside, (c) recovering the Transfers, or the value thereof, from Tremont Partners, Tremont Group, Oppenheimer, MassMutual Holding, and/or Mass Mutual for the benefit of the estate of BLMIS, and (d) recovering attorneys' fees from Tremont Partners, Tremont Group, Oppenheimer, MassMutual Holding, and/or Mass Mutual;

R. On the Eighteenth Claim for Relief, pursuant to NY CPLR 203(g), sections 276, 276-a, 278, and/or 279 of the New York Debtor and Creditor Law, sections 544(b), 550(a)(1), and 551 of the Bankruptcy Code, and SIPA § 78fff-2(c)(3), the Trustee is entitled to a judgment: (a) directing that the Subsequent Transfers be set aside, (b) recovering the Subsequent Transfers, or the value thereof, from XL LP, XL Portfolio, the Tremont Funds, Tremont Partners, Tremont Group, Tremont Bermuda, Oppenheimer, MassMutual Holding, Mass Mutual, Manzke, and/or Schulman, for the benefit of the estate of BLMIS, and (c) recovering attorneys' fees from XL LP, XL Portfolio, the Tremont Funds, Tremont Partners, Tremont Group, Tremont Bermuda, Oppenheimer, MassMutual Holding, Mass Mutual, Manzke, and/or Schulman;

S. On the Nineteenth Claim for Relief, that the claim or claims of the Rye Funds and Rye Insurance be disallowed;

T. On the Twentieth Claim for Relief, that the claim or claims of the Rye Funds, Rye Insurance, and any of the other Defendants be subordinated for distribution purposes pursuant to sections 510(c)(1) and 105(a) of the Bankruptcy Code;

U. On the Twenty-First Claim for Relief, compensatory, exemplary, and punitive damages in excess of \$2.1 billion, with the specific amount to be determined at trial;

V. On all Claims for Relief, pursuant to common law and N.Y. CPLR 5001 and 5004 awarding the Trustee prejudgment interest from the date on which the Transfers were received;

W. On all Claims for Relief, establishment of a constructive trust over the proceeds of the transfers in favor of the Trustee for the benefit of BLMIS's estate;

X. On all Claims for Relief, assignment of Defendants' income tax refunds from the United States, state and local governments paid on fictitious profits during the course of the scheme;

Y. Awarding the Trustee all applicable interest, costs, and disbursements of this action; and

Z. Granting Plaintiff such other, further, and different relief as the Court deems just, proper, and equitable.

Dated: December 7, 2010

New York, New York

s/ Marc D. Powers
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LLC and Bernard L. Madoff*

EXHIBIT A

SUMMARY OF TRANSFERS BY BLMIS IA ACCOUNT - TREMONT

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
<u>Account Number</u>	<u>Account Name</u>	<u>90-Day Preferential Transfers</u>	<u>2-Year Fraudulent Transfers</u>	<u>6-Year Fraudulent Transfers</u>	<u>Full History Fraudulent Transfers</u>
1C1260	RYE SELECT BROAD MARKET PRIME FUND, LP	-	495,000,000	945,000,000	1,010,000,000
1FR010	RYE SELECT BROAD MARKET INSURANCE PORTFOLIO LDC	8,913,228	50,060,603	93,932,290	130,152,177
1FR080	RYE SELECT BROAD MARKET PORTFOLIO LIMITED	275,689,103	354,571,757	617,944,432	628,231,909
1R0252	RYE SELECT BROAD MARKET INSURANCE FUND LP	-	-	-	-
1T0027	RYE SELECT BROAD MARKET FUND LP	40,000,000	60,000,000	252,000,000	384,140,000
Total:		\$324,602,331	\$959,632,359	\$1,908,876,722	\$2,152,524,086

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
Date	Transaction Description	Transaction Amount Reported in Customer Statement	Cash Deposits	Cash Withdrawals	Transfers of Principal In	Transfers of Principal Out	Balance of Principal	90-Day Preferential Transfers	2-Year Fraudulent Transfers	6-Year Fraudulent Transfers	Full History Fraudulent Transfers
7/2/1997	CHECK WIRE	21,300,000	21,300,000	-	-	-	21,300,000	-	-	-	-
8/4/1997	CHECK WIRE	4,800,000	4,800,000	-	-	-	26,100,000	-	-	-	-
9/4/1997	CHECK WIRE	4,200,000	4,200,000	-	-	-	30,300,000	-	-	-	-
9/4/1997	CHECK WIRE	2,208,000	2,208,000	-	-	-	32,508,000	-	-	-	-
10/2/1997	CHECK WIRE	1,655,000	1,655,000	-	-	-	34,163,000	-	-	-	-
10/6/1997	CHECK WIRE	6,000,000	6,000,000	-	-	-	40,163,000	-	-	-	-
11/5/1997	CHECK WIRE	18,679,000	18,679,000	-	-	-	58,842,000	-	-	-	-
12/3/1997	CHECK WIRE	11,875,000	11,875,000	-	-	-	70,717,000	-	-	-	-
1/6/1998	CHECK WIRE	26,703,000	26,703,000	-	-	-	97,420,000	-	-	-	-
2/3/1998	CHECK WIRE	11,500,000	11,500,000	-	-	-	108,920,000	-	-	-	-
2/4/1998	CHECK WIRE	9,000,000	9,000,000	-	-	-	117,920,000	-	-	-	-
3/5/1998	CHECK WIRE	5,000,000	5,000,000	-	-	-	122,920,000	-	-	-	-
3/5/1998	CHECK WIRE	14,000,000	14,000,000	-	-	-	136,920,000	-	-	-	-
4/3/1998	CHECK WIRE	9,000,000	9,000,000	-	-	-	145,920,000	-	-	-	-
5/5/1998	CHECK WIRE	7,500,000	7,500,000	-	-	-	153,420,000	-	-	-	-
6/2/1998	CHECK WIRE	13,250,000	13,250,000	-	-	-	166,670,000	-	-	-	-
6/3/1998	CHECK WIRE	5,050,000	5,050,000	-	-	-	171,720,000	-	-	-	-
7/6/1998	CHECK WIRE	3,000,000	3,000,000	-	-	-	174,720,000	-	-	-	-
7/6/1998	CHECK WIRE	12,000,000	12,000,000	-	-	-	186,720,000	-	-	-	-
8/13/1998	CHECK WIRE	20,350,000	20,350,000	-	-	-	207,070,000	-	-	-	-
9/30/1998	CHECK WIRE	(17,000,000)	-	(17,000,000)	-	-	190,070,000	-	-	-	(17,000,000)
10/2/1998	CHECK WIRE	3,000,000	3,000,000	-	-	-	193,070,000	-	-	-	-
11/3/1998	CHECK WIRE	6,000,000	6,000,000	-	-	-	199,070,000	-	-	-	-
12/2/1998	CHECK WIRE	5,000,000	5,000,000	-	-	-	204,070,000	-	-	-	-
12/3/1998	CHECK WIRE	1,000,000	1,000,000	-	-	-	205,070,000	-	-	-	-
1/5/1999	CHECK WIRE	7,000,000	7,000,000	-	-	-	212,070,000	-	-	-	-
1/7/1999	CHECK WIRE	2,000,000	2,000,000	-	-	-	214,070,000	-	-	-	-
2/3/1999	CHECK WIRE	7,000,000	7,000,000	-	-	-	221,070,000	-	-	-	-
3/2/1999	CHECK WIRE	6,000,000	6,000,000	-	-	-	227,070,000	-	-	-	-
4/6/1999	CHECK WIRE	5,500,000	5,500,000	-	-	-	232,570,000	-	-	-	-
5/4/1999	CHECK WIRE	3,000,000	3,000,000	-	-	-	235,570,000	-	-	-	-
8/4/1999	CHECK WIRE	6,000,000	6,000,000	-	-	-	241,570,000	-	-	-	-
12/3/1999	CHECK WIRE	2,000,000	2,000,000	-	-	-	243,570,000	-	-	-	-
1/6/2000	CHECK WIRE	6,000,000	6,000,000	-	-	-	249,570,000	-	-	-	-
2/2/2000	CHECK WIRE	9,000,000	9,000,000	-	-	-	258,570,000	-	-	-	-
2/2/2000	CHECK WIRE	1,000,000	1,000,000	-	-	-	259,570,000	-	-	-	-
3/1/2000	CHECK WIRE	13,225,000	13,225,000	-	-	-	272,795,000	-	-	-	-
4/1/2000	CHECK WIRE	15,000,000	15,000,000	-	-	-	287,795,000	-	-	-	-
5/3/2000	CHECK WIRE	12,750,000	12,750,000	-	-	-	300,545,000	-	-	-	-
6/2/2000	CHECK WIRE	13,500,000	13,500,000	-	-	-	314,045,000	-	-	-	-
7/5/2000	CHECK WIRE	12,000,000	12,000,000	-	-	-	326,045,000	-	-	-	-
8/3/2000	CHECK WIRE	2,500,000	2,500,000	-	-	-	328,545,000	-	-	-	-
9/1/2000	CHECK WIRE	10,000,000	10,000,000	-	-	-	338,545,000	-	-	-	-
10/5/2000	CHECK WIRE	12,500,000	12,500,000	-	-	-	351,045,000	-	-	-	-
11/3/2000	CHECK WIRE	12,000,000	12,000,000	-	-	-	363,045,000	-	-	-	-
1/3/2001	CHECK WIRE	15,000,000	15,000,000	-	-	-	378,045,000	-	-	-	-
1/8/2001	CHECK WIRE	5,000,000	5,000,000	-	-	-	383,045,000	-	-	-	-
2/5/2001	CHECK WIRE	42,000,000	42,000,000	-	-	-	425,045,000	-	-	-	-
3/5/2001	CHECK WIRE	26,000,000	26,000,000	-	-	-	451,045,000	-	-	-	-
3/30/2001	CHECK WIRE	(22,000,000)	-	(22,000,000)	-	-	429,045,000	-	-	-	(22,000,000)
5/2/2001	CHECK WIRE	2,000,000	2,000,000	-	-	-	431,045,000	-	-	-	-
7/2/2001	CHECK WIRE	(18,000,000)	-	(18,000,000)	-	-	413,045,000	-	-	-	(18,000,000)
7/12/2001	CHECK WIRE	14,000,000	14,000,000	-	-	-	427,045,000	-	-	-	-
8/3/2001	CHECK WIRE	3,000,000	3,000,000	-	-	-	430,045,000	-	-	-	-
10/1/2001	CHECK WIRE	12,000,000	12,000,000	-	-	-	442,045,000	-	-	-	-
11/2/2001	CHECK WIRE	12,000,000	12,000,000	-	-	-	454,045,000	-	-	-	-
11/5/2001	CHECK WIRE	5,000,000	5,000,000	-	-	-	459,045,000	-	-	-	-
1/2/2002	CHECK WIRE	(8,000,000)	-	(8,000,000)	-	-	451,045,000	-	-	-	(8,000,000)
9/23/2002	CHECK WIRE	10,000,000	10,000,000	-	-	-	461,045,000	-	-	-	-
6/28/2004	CHECK WIRE	(10,000,000)	-	(10,000,000)	-	-	451,045,000	-	-	(10,000,000)	(10,000,000)
10/1/2004	CHECK WIRE	(110,000,000)	-	(110,000,000)	-	-	341,045,000	-	-	(110,000,000)	(110,000,000)

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
Date	Transaction Description	Transaction Amount Reported in Customer Statement	Cash Deposits	Cash Withdrawals	Transfers of Principal In	Transfers of Principal Out	Balance of Principal	90-Day Preferential Transfers	2-Year Fraudulent Transfers	6-Year Fraudulent Transfers	Full History Fraudulent Transfers
3/31/2005	CHECK WIRE	(180,000,000)	-	(180,000,000)	-	-	161,045,000	-	-	(180,000,000)	(180,000,000)
6/16/2005	CHECK WIRE	20,000,000	20,000,000	-	-	-	181,045,000	-	-	-	-
6/16/2005	CHECK WIRE	20,000,000	20,000,000	-	-	-	201,045,000	-	-	-	-
6/16/2005	CHECK WIRE	20,000,000	20,000,000	-	-	-	221,045,000	-	-	-	-
6/16/2005	CHECK WIRE	20,000,000	20,000,000	-	-	-	241,045,000	-	-	-	-
6/16/2005	CHECK WIRE	20,000,000	20,000,000	-	-	-	261,045,000	-	-	-	-
6/16/2005	CHECK WIRE	20,000,000	20,000,000	-	-	-	281,045,000	-	-	-	-
6/16/2005	CHECK WIRE	20,000,000	20,000,000	-	-	-	301,045,000	-	-	-	-
6/16/2005	CHECK WIRE	20,000,000	20,000,000	-	-	-	321,045,000	-	-	-	-
6/16/2005	CHECK WIRE	20,000,000	20,000,000	-	-	-	341,045,000	-	-	-	-
7/7/2005	CHECK WIRE	20,000,000	20,000,000	-	-	-	361,045,000	-	-	-	-
12/28/2005	CHECK WIRE	(15,000,000)	-	(15,000,000)	-	-	346,045,000	-	-	(15,000,000)	(15,000,000)
2/10/2006	CHECK WIRE	35,000,000	35,000,000	-	-	-	381,045,000	-	-	-	-
3/3/2006	CHECK WIRE	18,000,000	18,000,000	-	-	-	399,045,000	-	-	-	-
8/30/2006	CHECK WIRE	(30,000,000)	-	(30,000,000)	-	-	369,045,000	-	-	(30,000,000)	(30,000,000)
8/28/2006	CHECK WIRE	(35,000,000)	-	(35,000,000)	-	-	334,045,000	-	-	(35,000,000)	(35,000,000)
8/26/2006	CHECK WIRE	(50,000,000)	-	(50,000,000)	-	-	284,045,000	-	-	(50,000,000)	(50,000,000)
11/8/2006	CHECK WIRE	(20,000,000)	-	(20,000,000)	-	-	264,045,000	-	-	(20,000,000)	(20,000,000)
12/27/2006	CHECK WIRE	(20,000,000)	-	(20,000,000)	-	-	244,045,000	-	(20,000,000)	(20,000,000)	(20,000,000)
10/1/2007	CHECK WIRE	10,000,000	10,000,000	-	-	-	254,045,000	-	-	-	-
12/3/2007	CHECK WIRE	10,000,000	10,000,000	-	-	-	264,045,000	-	-	-	-
3/25/2008	CHECK WIRE	(475,000,000)	-	(475,000,000)	-	-	(210,955,000)	-	(475,000,000)	(475,000,000)	(475,000,000)
Total:			\$ 799,045,000	\$ (1,010,000,000)	\$ -	\$ -	\$ (210,955,000)	\$ -	\$ (495,000,000)	\$ (945,000,000)	\$ (1,010,000,000)

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
Date	Transaction Description	Transaction Amount Reported in Customer Statement	Cash Deposits	Cash Withdrawals	Transfers of Principal In	Transfers of Principal Out	Balance of Principal	90-Day Preferential Transfers	2-Year Fraudulent Transfers	6-Year Fraudulent Transfers	Full History Fraudulent Transfers
2/21/1997	CHECK WIRE	500,000	500,000	-	-	-	500,000	-	-	-	-
2/26/1997	CHECK WIRE	400,000	400,000	-	-	-	900,000	-	-	-	-
3/1/1997	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(3)	-	(3)	-	-	899,997	-	-	-	(3)
3/31/1997	W/H TAX DIV PEP	(21)	-	(21)	-	-	899,976	-	-	-	(21)
4/1/1997	W/H TAX DIV KO	(41)	-	(41)	-	-	899,935	-	-	-	(41)
4/7/1997	CHECK WIRE	1,025,000	1,025,000	-	-	-	1,924,935	-	-	-	-
4/9/1997	W/H TAX DIV WMT	(18)	-	(18)	-	-	1,924,917	-	-	-	(18)
4/15/1997	W/H TAX DIV C	(35)	-	(35)	-	-	1,924,882	-	-	-	(35)
4/16/1997	W/H TAX DIV HWP	(14)	-	(14)	-	-	1,924,868	-	-	-	(14)
4/17/1997	CHECK WIRE	150,000	150,000	-	-	-	2,074,868	-	-	-	-
4/24/1997	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(43)	-	(43)	-	-	2,074,824	-	-	-	(43)
5/1/1997	W/H TAX DIV BEL	(38)	-	(38)	-	-	2,074,786	-	-	-	(38)
5/1/1997	W/H TAX DIV BMY	(46)	-	(46)	-	-	2,074,741	-	-	-	(46)
5/1/1997	W/H TAX DIV AIT	(37)	-	(37)	-	-	2,074,704	-	-	-	(37)
5/1/1997	W/H TAX DIV T	(63)	-	(63)	-	-	2,074,640	-	-	-	(63)
5/9/1997	W/H TAX DIV AXP	(13)	-	(13)	-	-	2,074,627	-	-	-	(13)
5/12/1997	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(35)	-	(35)	-	-	2,074,592	-	-	-	(35)
5/16/1997	W/H TAX DIV DIS	(11)	-	(11)	-	-	2,074,581	-	-	-	(11)
5/19/1997	W/H TAX DIV CCI	(77)	-	(77)	-	-	2,074,505	-	-	-	(77)
6/2/1997	W/H TAX DIV COL	(4)	-	(4)	-	-	2,074,501	-	-	-	(4)
6/2/1997	W/H TAX DIV F	(160)	-	(160)	-	-	2,074,341	-	-	-	(160)
6/2/1997	W/H TAX DIV INTC	(13)	-	(13)	-	-	2,074,327	-	-	-	(13)
6/10/1997	W/H TAX DIV MOB	(129)	-	(129)	-	-	2,074,199	-	-	-	(129)
6/10/1997	W/H TAX DIV AN	(108)	-	(108)	-	-	2,074,091	-	-	-	(108)
6/10/1997	W/H TAX DIV IBM	(71)	-	(71)	-	-	2,074,019	-	-	-	(71)
6/11/1997	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(5)	-	(5)	-	-	2,074,014	-	-	-	(5)
7/7/1997	CHECK WIRE	5,000,000	5,000,000	-	-	-	7,074,014	-	-	-	-
7/8/1997	CHECK WIRE	250,000	250,000	-	-	-	7,324,014	-	-	-	-
7/9/1997	W/H TAX DIV HWP	(42)	-	(42)	-	-	7,323,972	-	-	-	(42)
7/14/1997	W/H TAX DIV WMT	(46)	-	(46)	-	-	7,323,927	-	-	-	(46)
7/18/1997	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(50)	-	(50)	-	-	7,323,877	-	-	-	(50)
7/25/1997	W/H TAX DIV GE	(250)	-	(250)	-	-	7,323,627	-	-	-	(250)
8/1/1997	W/H TAX DIV T	(156)	-	(156)	-	-	7,323,472	-	-	-	(156)
8/1/1997	W/H TAX DIV AIT	(89)	-	(89)	-	-	7,323,383	-	-	-	(89)
8/1/1997	W/H TAX DIV BMY	(111)	-	(111)	-	-	7,323,271	-	-	-	(111)
8/1/1997	W/H TAX DIV BEL	(94)	-	(94)	-	-	7,323,177	-	-	-	(94)
8/5/1997	CHECK WIRE	50,000	50,000	-	-	-	7,373,177	-	-	-	-
8/8/1997	W/H TAX DIV AXP	(30)	-	(30)	-	-	7,373,147	-	-	-	(30)
8/20/1997	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(3)	-	(3)	-	-	7,373,143	-	-	-	(3)
8/22/1997	W/H TAX DIV DIS	(26)	-	(26)	-	-	7,373,117	-	-	-	(26)
9/4/1997	CHECK WIRE	700,000	700,000	-	-	-	8,073,117	-	-	-	-
9/12/1997	W/H TAX DIV MMM	(203)	-	(203)	-	-	8,072,915	-	-	-	(203)
9/12/1997	W/H TAX DIV MCD	(55)	-	(55)	-	-	8,072,860	-	-	-	(55)
9/19/1997	W/H TAX DIV AIG	(50)	-	(50)	-	-	8,072,810	-	-	-	(50)
9/23/1997	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(36)	-	(36)	-	-	8,072,774	-	-	-	(36)
9/26/1997	W/H TAX DIV NB	(227)	-	(227)	-	-	8,072,547	-	-	-	(227)
9/29/1997	CHECK WIRE	(150,000)	-	(150,000)	-	-	7,922,547	-	-	-	(150,000)
10/1/1997	W/H TAX DIV S	(82)	-	(82)	-	-	7,922,465	-	-	-	(82)
10/1/1997	W/H TAX DIV MRK	(505)	-	(505)	-	-	7,921,960	-	-	-	(505)
10/1/1997	W/H TAX DIV KO	(314)	-	(314)	-	-	7,921,646	-	-	-	(314)
10/7/1997	W/H TAX DIV PEP	(175)	-	(175)	-	-	7,921,471	-	-	-	(175)
10/10/1997	W/H TAX DIV SLB	(86)	-	(86)	-	-	7,921,385	-	-	-	(86)
10/14/1997	W/H TAX DIV WMT	(141)	-	(141)	-	-	7,921,244	-	-	-	(141)
10/15/1997	W/H TAX DIV HWP	(129)	-	(129)	-	-	7,921,115	-	-	-	(129)
10/15/1997	W/H TAX DIV C	(255)	-	(255)	-	-	7,920,860	-	-	-	(255)
10/22/1997	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(79)	-	(79)	-	-	7,920,781	-	-	-	(79)
10/27/1997	W/H TAX DIV GE	(827)	-	(827)	-	-	7,919,954	-	-	-	(827)
11/3/1997	CHECK WIRE	(120,000)	-	(120,000)	-	-	7,799,954	-	-	-	(120,000)
11/3/1997	W/H TAX DIV BMY	(375)	-	(375)	-	-	7,799,579	-	-	-	(375)
11/3/1997	W/H TAX DIV AIT	(308)	-	(308)	-	-	7,799,271	-	-	-	(308)
11/3/1997	W/H TAX DIV BEL	(591)	-	(591)	-	-	7,798,679	-	-	-	(591)
11/3/1997	W/H TAX DIV T	(523)	-	(523)	-	-	7,798,156	-	-	-	(523)
11/10/1997	W/H TAX DIV AXP	(105)	-	(105)	-	-	7,798,051	-	-	-	(105)
11/20/1997	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(11)	-	(11)	-	-	7,798,041	-	-	-	(11)
11/21/1997	W/H TAX DIV DIS	(87)	-	(87)	-	-	7,797,954	-	-	-	(87)
12/12/1997	W/H TAX DIV MCD	(56)	-	(56)	-	-	7,797,897	-	-	-	(56)
12/15/1997	W/H TAX DIV KO	(344)	-	(344)	-	-	7,797,553	-	-	-	(344)
12/17/1997	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(69)	-	(69)	-	-	7,797,484	-	-	-	(69)
12/19/1997	W/H TAX DIV AIG	(51)	-	(51)	-	-	7,797,433	-	-	-	(51)
12/24/1997	W/H TAX DIV NB	(270)	-	(270)	-	-	7,797,163	-	-	-	(270)
1/2/1998	W/H TAX DIV MRK	(541)	-	(541)	-	-	7,796,623	-	-	-	(541)

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
Date	Transaction Description	Transaction Amount Reported in Customer Statement	Cash Deposits	Cash Withdrawals	Transfers of Principal In	Transfers of Principal Out	Balance of Principal	90-Day Preferential Transfers	2-Year Fraudulent Transfers	6-Year Fraudulent Transfers	Full History Fraudulent Transfers
1/2/1998	W/H TAX DIV PEP	(191)		(191)			7,796,432				(191)
1/12/1998	CHECK WIRE	2,200,000	2,200,000	-	-	-	9,996,432				-
1/15/1998	W/H TAX DIV C	(262)		(262)			9,996,169				(262)
1/20/1998	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)		(1)			9,996,169				(1)
2/19/1998	W/H TAX DIV CCI	(335)		(335)			9,995,833				(335)
2/24/1998	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(9)		(9)			9,995,824				(9)
2/25/1998	W/H TAX DIV MER	(87)		(87)			9,995,737				(87)
3/2/1998	W/H TAX DIV INTC	(63)		(63)			9,995,673				(63)
3/2/1998	W/H TAX DIV F	(643)		(643)			9,995,030				(643)
3/5/1998	CHECK WIRE	1,400,000	1,400,000	-	-	-	11,395,030				-
3/6/1998	W/H TAX DIV BA	(184)		(184)			11,394,846				(184)
3/10/1998	W/H TAX DIV JNJ	(385)		(385)			11,394,461				(385)
3/10/1998	W/H TAX DIV AN	(492)		(492)			11,393,969				(492)
3/10/1998	W/H TAX DIV IBM	(248)		(248)			11,393,722				(248)
3/10/1998	W/H TAX DIV XON	(1,286)		(1,286)			11,392,436				(1,286)
3/10/1998	W/H TAX DIV GM	(474)		(474)			11,391,962				(474)
3/10/1998	W/H TAX DIV MOB	(582)		(582)			11,391,380				(582)
3/11/1998	W/H TAX DIV BAC	(302)		(302)			11,391,078				(302)
3/12/1998	W/H TAX DIV MMM	(281)		(281)			11,390,798				(281)
3/13/1998	W/H TAX DIV ARC	(312)		(312)			11,390,486				(312)
3/16/1998	W/H TAX DIV DD	(459)		(459)			11,390,027				(459)
3/17/1998	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(34)		(34)			11,389,992				(34)
4/3/1998	W/H TAX DIV SLB	(123)		(123)			11,389,869				(123)
4/6/1998	W/H TAX DIV WMT	(233)		(233)			11,389,637				(233)
4/15/1998	W/H TAX DIV HWP	(195)		(195)			11,389,442				(195)
4/22/1998	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(42)		(42)			11,389,400				(42)
5/1/1998	W/H TAX DIV T	(725)		(725)			11,388,675				(725)
5/1/1998	W/H TAX DIV BEL	(789)		(789)			11,387,886				(789)
5/1/1998	W/H TAX DIV AIT	(461)		(461)			11,387,425				(461)
5/1/1998	W/H TAX DIV BMY	(514)		(514)			11,386,911				(514)
5/6/1998	CHECK WIRE	2,250,000	2,250,000	-	-	-	13,636,911				-
5/8/1998	W/H TAX DIV AXP	(148)		(148)			13,636,763				(148)
5/19/1998	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(27)		(27)			13,636,736				(27)
5/22/1998	W/H TAX DIV DIS	(138)		(138)			13,636,597				(138)
6/5/1998	W/H TAX DIV BA	(213)		(213)			13,636,384				(213)
6/9/1998	W/H TAX DIV JNJ	(508)		(508)			13,635,877				(508)
6/10/1998	W/H TAX DIV IBM	(94)		(94)			13,635,783				(94)
6/10/1998	W/H TAX DIV GM	(398)		(398)			13,635,385				(398)
6/10/1998	W/H TAX DIV AN	(798)		(798)			13,634,587				-
6/10/1998	W/H TAX DIV XON	(1,104)		(1,104)			13,633,483				(1,104)
6/10/1998	W/H TAX DIV MOB	(189)		(189)			13,633,294				(189)
6/11/1998	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(11)		(11)			13,633,282				(11)
6/11/1998	W/H TAX DIV BAC	(367)		(367)			13,632,916				(367)
6/12/1998	W/H TAX DIV MMM	(326)		(326)			13,632,590				(326)
6/12/1998	W/H TAX DIV MCD	(94)		(94)			13,632,496				(94)
6/12/1998	W/H TAX DIV DD	(622)		(622)			13,631,874				(622)
6/19/1998	W/H TAX DIV AIG	(83)		(83)			13,631,792				(83)
6/26/1998	W/H TAX DIV NB	(548)		(548)			13,631,243				(548)
6/30/1998	W/H TAX DIV NT	(49)		(49)			13,631,194				(49)
6/30/1998	W/H TAX DIV PEP	(298)		(298)			13,630,896				(298)
7/1/1998	AMOCO CORP CANCEL W/H	798		798			13,631,694				-
7/1/1998	W/H TAX DIV MRK	(819)		(819)			13,630,875				(819)
7/1/1998	W/H TAX DIV KO	(570)		(570)			13,630,306				(570)
7/1/1998	AMOCO CORP W/H TAX DIV	(399)		(399)			13,629,907				(399)
7/7/1998	CHECK WIRE	1,000,000	1,000,000	-	-	-	14,629,907				-
7/10/1998	W/H TAX DIV SLB	(143)		(143)			14,629,763				(143)
7/13/1998	W/H TAX DIV WMT	(265)		(265)			14,629,498				(265)
7/15/1998	W/H TAX DIV C	(398)		(398)			14,629,100				(398)
7/15/1998	W/H TAX DIV HWP	(258)		(258)			14,628,842				(258)
7/22/1998	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(18)		(18)			14,628,824				(18)
7/27/1998	W/H TAX DIV GE	(1,496)		(1,496)			14,627,328				(1,496)
8/3/1998	W/H TAX DIV BEL	(915)		(915)			14,626,413				(915)
8/3/1998	W/H TAX DIV T	(813)		(813)			14,625,601				(813)
8/3/1998	W/H TAX DIV BMY	(596)		(596)			14,625,005				(596)
8/3/1998	W/H TAX DIV AIT	(502)		(502)			14,624,502				(502)
8/5/1998	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(4)		(4)			14,624,499				(4)
8/10/1998	W/H TAX DIV AXP	(167)		(167)			14,624,332				(167)
9/4/1998	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(5)		(5)			14,624,327				(5)
9/11/1998	W/H TAX DIV MCD	(87)		(87)			14,624,240				(87)
9/30/1998	W/H TAX DIV PEP	(51)		(51)			14,624,189				(51)
10/15/1998	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(3)		(3)			14,624,186				(3)

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
Date	Transaction Description	Transaction Amount Reported in Customer Statement	Cash Deposits	Cash Withdrawals	Transfers of Principal In	Transfers of Principal Out	Balance of Principal	90-Day Preferential Transfers	2-Year Fraudulent Transfers	6-Year Fraudulent Transfers	Full History Fraudulent Transfers
11/23/1998	CHECK WIRE	600,000	600,000	-	-	-	15,224,186	-	-	-	-
11/23/1998	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(3)	-	(3)	-	-	15,224,183	-	-	-	(3)
12/11/1998	W/H TAX DIV MCD	(43)	-	(43)	-	-	15,224,140	-	-	-	(43)
12/15/1998	W/H TAX DIV KO	(256)	-	(256)	-	-	15,223,885	-	-	-	(256)
12/18/1998	W/H TAX DIV AIG	(40)	-	(40)	-	-	15,223,845	-	-	-	(40)
12/22/1998	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(10)	-	(10)	-	-	15,223,834	-	-	-	(10)
12/23/1998	W/H TAX DIV BAC	(539)	-	(539)	-	-	15,223,296	-	-	-	(539)
1/4/1999	W/H TAX DIV PEP	(133)	-	(133)	-	-	15,223,163	-	-	-	(133)
1/4/1999	W/H TAX DIV ONE	(303)	-	(303)	-	-	15,222,859	-	-	-	(303)
1/4/1999	W/H TAX DIV MRK	(452)	-	(452)	-	-	15,222,408	-	-	-	(452)
1/5/1999	CHECK WIRE	(300,000)	-	(300,000)	-	-	14,922,408	-	-	-	(300,000)
1/11/1999	W/H TAX DIV WMT	(118)	-	(118)	-	-	14,922,290	-	-	-	(118)
1/22/1999	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(2)	-	(2)	-	-	14,922,289	-	-	-	(2)
2/11/1999	CHECK WIRE	1,325,000	1,325,000	-	-	-	16,247,289	-	-	-	-
2/16/1999	W/H TAX DIV PG	(349)	-	(349)	-	-	16,246,940	-	-	-	(349)
2/16/1999	W/H TAX DIV TXN	(51)	-	(51)	-	-	16,246,889	-	-	-	(51)
2/24/1999	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(10)	-	(10)	-	-	16,246,879	-	-	-	(10)
2/26/1999	W/H TAX DIV C	(608)	-	(608)	-	-	16,246,271	-	-	-	(608)
3/1/1999	W/H TAX DIV F	(824)	-	(824)	-	-	16,245,447	-	-	-	(824)
3/1/1999	W/H TAX DIV INTC	(99)	-	(99)	-	-	16,245,348	-	-	-	(99)
3/1/1999	W/H TAX DIV WFC	(442)	-	(442)	-	-	16,244,906	-	-	-	(442)
3/5/1999	W/H TAX DIV BA	(201)	-	(201)	-	-	16,244,705	-	-	-	(201)
3/4/1999	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	16,244,705	-	-	-	(1)
3/8/1999	CHECK WIRE	600,000	600,000	-	-	-	16,844,705	-	-	-	-
3/9/1999	W/H TAX DIV JNJ	(493)	-	(493)	-	-	16,844,211	-	-	-	(493)
3/10/1999	W/H TAX DIV IBM	(315)	-	(315)	-	-	16,843,897	-	-	-	(315)
3/10/1999	W/H TAX DIV GM	(493)	-	(493)	-	-	16,843,404	-	-	-	(493)
3/10/1999	W/H TAX DIV XON	(885)	-	(885)	-	-	16,842,518	-	-	-	(885)
3/15/1999	W/H TAX DIV DD	(586)	-	(586)	-	-	16,841,932	-	-	-	(586)
3/31/1999	W/H TAX DIV PEP	(294)	-	(294)	-	-	16,841,638	-	-	-	(294)
3/31/1999	W/H TAX DIV MCD	(99)	-	(99)	-	-	16,841,539	-	-	-	(99)
4/1/1999	W/H TAX DIV ONE	(766)	-	(766)	-	-	16,840,773	-	-	-	(766)
4/1/1999	W/H TAX DIV KO	(608)	-	(608)	-	-	16,840,165	-	-	-	(608)
4/14/1999	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(12)	-	(12)	-	-	16,840,153	-	-	-	(12)
4/15/1999	CHECK WIRE	2,000,000	2,000,000	-	-	-	18,840,153	-	-	-	-
4/19/1999	W/H TAX DIV WMT	(351)	-	(351)	-	-	18,839,802	-	-	-	(351)
4/26/1999	W/H TAX DIV GE	(462)	-	(462)	-	-	18,839,340	-	-	-	(462)
5/5/1999	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(4)	-	(4)	-	-	18,839,336	-	-	-	(4)
5/10/1999	CHECK WIRE	1,800,000	1,800,000	-	-	-	20,639,336	-	-	-	-
5/14/1999	W/H TAX DIV PG	(133)	-	(133)	-	-	20,639,203	-	-	-	(133)
5/24/1999	W/H TAX DIV TXN	(11)	-	(11)	-	-	20,639,192	-	-	-	(11)
5/28/1999	W/H TAX DIV C	(168)	-	(168)	-	-	20,639,024	-	-	-	(168)
6/1/1999	W/H TAX DIV INTC	(103)	-	(103)	-	-	20,638,921	-	-	-	(103)
6/1/1999	W/H TAX DIV WFC	(332)	-	(332)	-	-	20,638,589	-	-	-	(332)
6/1/1999	W/H TAX DIV F	(194)	-	(194)	-	-	20,638,395	-	-	-	(194)
6/1/1999	W/H TAX DIV LU	(36)	-	(36)	-	-	20,638,359	-	-	-	(36)
6/3/1999	CHECK WIRE	8,000,000	8,000,000	-	-	-	28,638,359	-	-	-	-
6/4/1999	W/H TAX DIV BA	(223)	-	(223)	-	-	28,638,136	-	-	-	(223)
6/8/1999	W/H TAX DIV JNJ	(609)	-	(609)	-	-	28,637,527	-	-	-	(609)
6/10/1999	W/H TAX DIV GM	(538)	-	(538)	-	-	28,636,989	-	-	-	(538)
6/10/1999	W/H TAX DIV XON	(1,639)	-	(1,639)	-	-	28,635,350	-	-	-	(1,639)
6/10/1999	W/H TAX DIV MOB	(744)	-	(744)	-	-	28,634,606	-	-	-	(744)
6/10/1999	W/H TAX DIV IBM	(225)	-	(225)	-	-	28,634,381	-	-	-	(225)
6/14/1999	W/H TAX DIV DD	(666)	-	(666)	-	-	28,633,715	-	-	-	(666)
6/16/1999	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(21)	-	(21)	-	-	28,633,694	-	-	-	(21)
7/7/1999	CHECK WIRE	11,500,000	11,500,000	-	-	-	40,133,694	-	-	-	-
7/12/1999	W/H TAX DIV WMT	(394)	-	(394)	-	-	40,133,301	-	-	-	(394)
7/14/1999	W/H TAX DIV HWP	(288)	-	(288)	-	-	40,133,013	-	-	-	(288)
7/21/1999	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(44)	-	(44)	-	-	40,132,969	-	-	-	(44)
7/26/1999	W/H TAX DIV GE	(2,087)	-	(2,087)	-	-	40,130,882	-	-	-	(2,087)
8/2/1999	W/H TAX DIV BEL	(1,083)	-	(1,083)	-	-	40,129,799	-	-	-	(1,083)
8/2/1999	W/H TAX DIV T	(1,238)	-	(1,238)	-	-	40,128,561	-	-	-	(1,238)
8/2/1999	W/H TAX DIV AIT	(607)	-	(607)	-	-	40,127,954	-	-	-	(607)
8/2/1999	W/H TAX DIV BMY	(750)	-	(750)	-	-	40,127,204	-	-	-	(750)
8/5/1999	CHECK WIRE	5,800,000	5,800,000	-	-	-	45,927,204	-	-	-	-
8/5/1999	W/H TAX DIV AIG	(14)	-	(14)	-	-	45,927,191	-	-	-	(14)
8/10/1999	W/H TAX DIV AXP	(177)	-	(177)	-	-	45,927,014	-	-	-	(177)
8/16/1999	W/H TAX DIV TXN	(22)	-	(22)	-	-	45,926,992	-	-	-	(22)
8/24/1999	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(43)	-	(43)	-	-	45,926,949	-	-	-	(43)
8/27/1999	W/H TAX DIV C	(308)	-	(308)	-	-	45,926,641	-	-	-	(308)
9/1/1999	W/H TAX DIV INTC	(69)	-	(69)	-	-	45,926,572	-	-	-	(69)

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
Date	Transaction Description	Transaction Amount Reported in Customer Statement	Cash Deposits	Cash Withdrawals	Transfers of Principal In	Transfers of Principal Out	Balance of Principal	90-Day Preferential Transfers	2-Year Fraudulent Transfers	6-Year Fraudulent Transfers	Full History Fraudulent Transfers
9/1/1999	W/H TAX DIV WFC	(220)	-	(220)	-	-	45,926,352	-	-	-	(220)
9/1/1999	W/H TAX DIV F	-	-	(370)	-	-	45,925,983	-	-	-	(370)
9/1/1999	W/H TAX DIV LU	(41)	-	(41)	-	-	45,925,942	-	-	-	(41)
9/3/1999	W/H TAX DIV BA	(89)	-	(89)	-	-	45,925,853	-	-	-	(89)
9/7/1999	W/H TAX DIV JN	(506)	-	(506)	-	-	45,925,347	-	-	-	(506)
9/8/1999	CHECK WIRE	10,000,000	10,000,000	-	-	-	55,925,347	-	-	-	-
9/10/1999	W/H TAX DIV GM	(212)	-	(212)	-	-	55,925,135	-	-	-	(212)
9/10/1999	W/H TAX DIV IBM	(142)	-	(142)	-	-	55,924,993	-	-	-	(142)
9/10/1999	W/H TAX DIV XON	(659)	-	(659)	-	-	55,924,334	-	-	-	(659)
9/10/1999	W/H TAX DIV MOB	(289)	-	(289)	-	-	55,924,045	-	-	-	(289)
9/13/1999	W/H TAX DIV MMM	(289)	-	(289)	-	-	55,923,756	-	-	-	(289)
9/13/1999	W/H TAX DIV DD	(266)	-	(266)	-	-	55,923,489	-	-	-	(266)
9/15/1999	W/H TAX DIV MCD	(230)	-	(230)	-	-	55,923,259	-	-	-	(230)
9/17/1999	W/H TAX DIV AIG	(274)	-	(274)	-	-	55,922,985	-	-	-	(274)
9/24/1999	W/H TAX DIV BAC	(2,753)	-	(2,753)	-	-	55,920,231	-	-	-	(2,753)
9/30/1999	W/H TAX DIV PEP	(699)	-	(699)	-	-	55,919,533	-	-	-	(699)
9/30/1999	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(39)	-	(39)	-	-	55,919,493	-	-	-	(39)
10/1/1999	W/H TAX DIV KO	(1,397)	-	(1,397)	-	-	55,918,096	-	-	-	(1,397)
10/1/1999	W/H TAX DIV ONE	(1,706)	-	(1,706)	-	-	55,916,390	-	-	-	(1,706)
10/1/1999	W/H TAX DIV MRK	(2,455)	-	(2,455)	-	-	55,913,935	-	-	-	(2,455)
10/6/1999	CHECK WIRE	8,500,000	8,500,000	-	-	-	64,413,935	-	-	-	-
10/12/1999	W/H TAX DIV WMT	(783)	-	(783)	-	-	64,413,152	-	-	-	(783)
10/13/1999	W/H TAX DIV HWP	(576)	-	(576)	-	-	64,412,576	-	-	-	(576)
10/20/1999	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(12)	-	(12)	-	-	64,412,564	-	-	-	(12)
10/25/1999	W/H TAX DIV GE	(4,046)	-	(4,046)	-	-	64,408,517	-	-	-	(4,046)
11/1/1999	W/H TAX DIV AIT	(1,214)	-	(1,214)	-	-	64,407,303	-	-	-	(1,214)
11/1/1999	W/H TAX DIV BMY	(1,509)	-	(1,509)	-	-	64,405,794	-	-	-	(1,509)
11/1/1999	W/H TAX DIV BEL	(2,096)	-	(2,096)	-	-	64,403,698	-	-	-	(2,096)
11/1/1999	W/H TAX DIV T	(2,445)	-	(2,445)	-	-	64,401,254	-	-	-	(2,445)
11/5/1999	CHECK WIRE	6,500,000	6,500,000	-	-	-	70,901,254	-	-	-	-
11/10/1999	W/H TAX DIV AXP	(354)	-	(354)	-	-	70,900,899	-	-	-	(354)
11/17/1999	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(14)	-	(14)	-	-	70,900,885	-	-	-	(14)
12/3/1999	W/H TAX DIV BA	(223)	-	(223)	-	-	70,900,662	-	-	-	(223)
12/7/1999	W/H TAX DIV JN	(637)	-	(637)	-	-	70,900,025	-	-	-	(637)
12/8/1999	CHECK WIRE	5,800,000	5,800,000	-	-	-	76,700,025	-	-	-	-
12/10/1999	W/H TAX DIV MOB	(778)	-	(778)	-	-	76,699,247	-	-	-	(778)
12/10/1999	W/H TAX DIV IBM	(382)	-	(382)	-	-	76,698,865	-	-	-	(382)
12/10/1999	W/H TAX DIV GM	(569)	-	(569)	-	-	76,698,297	-	-	-	(569)
12/10/1999	W/H TAX DIV XON	(1,851)	-	(1,851)	-	-	76,696,446	-	-	-	(1,851)
12/13/1999	W/H TAX DIV MMM	(1,116)	-	(1,116)	-	-	76,695,330	-	-	-	(1,116)
12/14/1999	W/H TAX DIV DD	(597)	-	(597)	-	-	76,694,733	-	-	-	(597)
12/17/1999	W/H TAX DIV DIS	(716)	-	(716)	-	-	76,694,017	-	-	-	(716)
12/31/1999	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(46)	-	(46)	-	-	76,693,970	-	-	-	(46)
1/5/2000	CHECK WIRE	9,700,000	9,700,000	-	-	-	86,393,970	-	-	-	-
1/11/2000	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	86,393,970	-	-	-	(1)
2/1/2000	W/H TAX DIV BEL	(1,211)	-	(1,211)	-	-	86,392,758	-	-	-	(1,211)
2/8/2000	CHECK WIRE	7,000,000	7,000,000	-	-	-	93,392,758	-	-	-	-
2/14/2000	W/H TAX DIV TXN	(194)	-	(194)	-	-	93,392,564	-	-	-	(194)
2/15/2000	W/H TAX DIV PG	(2,436)	-	(2,436)	-	-	93,390,128	-	-	-	(2,436)
2/24/2000	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(8)	-	(8)	-	-	93,390,120	-	-	-	(8)
2/25/2000	W/H TAX DIV C	(3,089)	-	(3,089)	-	-	93,387,031	-	-	-	(3,089)
3/1/2000	W/H TAX DIV F	(3,494)	-	(3,494)	-	-	93,383,537	-	-	-	(3,494)
3/1/2000	W/H TAX DIV LU	(344)	-	(344)	-	-	93,383,192	-	-	-	(344)
3/1/2000	W/H TAX DIV WFC	(2,040)	-	(2,040)	-	-	93,381,152	-	-	-	(2,040)
3/1/2000	W/H TAX DIV INTC	(574)	-	(574)	-	-	93,380,578	-	-	-	(574)
3/3/2000	W/H TAX DIV BA	(700)	-	(700)	-	-	93,379,878	-	-	-	(700)
3/7/2000	W/H TAX DIV JN	(2,239)	-	(2,239)	-	-	93,377,640	-	-	-	(2,239)
3/8/2000	CHECK WIRE	4,500,000	4,500,000	-	-	-	97,877,640	-	-	-	-
3/10/2000	W/H TAX DIV XOM	(8,675)	-	(8,675)	-	-	97,868,964	-	-	-	(8,675)
3/10/2000	W/H TAX DIV IBM	(1,204)	-	(1,204)	-	-	97,867,760	-	-	-	(1,204)
3/10/2000	W/H TAX DIV GM	(1,835)	-	(1,835)	-	-	97,865,925	-	-	-	(1,835)
3/10/2000	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(17)	-	(17)	-	-	97,865,908	-	-	-	(17)
3/14/2000	W/H TAX DIV DD	(2,094)	-	(2,094)	-	-	97,863,814	-	-	-	(2,094)
3/23/2000	W/H TAX DIV HD	(189)	-	(189)	-	-	97,863,625	-	-	-	(189)
3/31/2000	W/H TAX DIV PEP	(831)	-	(831)	-	-	97,862,794	-	-	-	(831)
4/3/2000	W/H TAX DIV KO	(2,713)	-	(2,713)	-	-	97,860,082	-	-	-	(2,713)
4/19/2000	W/H TAX DIV WMT	(1,753)	-	(1,753)	-	-	97,858,328	-	-	-	(1,753)
4/25/2000	W/H TAX DIV GE	(2,816)	-	(2,816)	-	-	97,855,512	-	-	-	(2,816)
4/28/2000	W/H TAX DIV MWD	(368)	-	(368)	-	-	97,855,144	-	-	-	(368)
4/28/2000	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(51)	-	(51)	-	-	97,855,093	-	-	-	(51)
5/5/2000	CHECK WIRE	3,500,000	3,500,000	-	-	-	101,355,093	-	-	-	-

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
Date	Transaction Description	Transaction Amount Reported in Customer Statement	Cash Deposits	Cash Withdrawals	Transfers of Principal In	Transfers of Principal Out	Balance of Principal	90-Day Preferential Transfers	2-Year Fraudulent Transfers	6-Year Fraudulent Transfers	Full History Fraudulent Transfers
5/12/2000	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(10)	-	(10)	-	-	101,355.083	-	-	-	(10)
6/1/2000	W/H TAX DIV INTC	(279)	-	(279)	-	-	101,354.804	-	-	-	(279)
6/1/2000	W/H TAX DIV WFC	(1,022)	-	(1,022)	-	-	101,353.782	-	-	-	(1,022)
6/9/2000	CHECK WIRE	3,000,000	3,000,000	-	-	-	104,353.782	-	-	-	-
6/12/2000	W/H TAX DIV XOM	(10,237)	-	(10,237)	-	-	104,343.545	-	-	-	(10,237)
6/12/2000	W/H TAX DIV DD	(2,415)	-	(2,415)	-	-	104,341.131	-	-	-	(2,415)
6/12/2000	W/H TAX DIV GM	(909)	-	(909)	-	-	104,340.222	-	-	-	(909)
6/12/2000	W/H TAX DIV IBM	(656)	-	(656)	-	-	104,339.566	-	-	-	(656)
6/13/2000	W/H TAX DIV JNJ	(1,651)	-	(1,651)	-	-	104,337.915	-	-	-	(1,651)
6/21/2000	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(35)	-	(35)	-	-	104,337.880	-	-	-	(35)
7/10/2000	W/H TAX DIV WMT	(515)	-	(515)	-	-	104,337.365	-	-	-	(515)
7/18/2000	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(2)	-	(2)	-	-	104,337.363	-	-	-	(2)
8/3/2000	W/H TAX DIV AIG	(12)	-	(12)	-	-	104,337.351	-	-	-	(12)
8/7/2000	CHECK WIRE	7,500,000	7,500,000	-	-	-	111,837.351	-	-	-	-
8/15/2000	W/H TAX DIV PG	(1,531)	-	(1,531)	-	-	111,835.821	-	-	-	(1,531)
8/15/2000	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(53)	-	(53)	-	-	111,835.768	-	-	-	(53)
8/21/2000	W/H TAX DIV TXN	(210)	-	(210)	-	-	111,835.558	-	-	-	(210)
8/24/2000	W/H TAX DIV MER	(752)	-	(752)	-	-	111,834.806	-	-	-	(752)
8/25/2000	W/H TAX DIV C	(3,858)	-	(3,858)	-	-	111,830.948	-	-	-	(3,858)
9/1/2000	W/H TAX DIV INTC	(837)	-	(837)	-	-	111,830.110	-	-	-	(837)
9/1/2000	W/H TAX DIV LU	(428)	-	(428)	-	-	111,829.682	-	-	-	(428)
9/1/2000	W/H TAX DIV WFC	(2,222)	-	(2,222)	-	-	111,827.460	-	-	-	(2,222)
9/1/2000	W/H TAX DIV XOM	(5,343)	-	(5,343)	-	-	111,822.117	-	-	-	(5,343)
9/1/2000	W/H TAX DIV IBM	(1,467)	-	(1,467)	-	-	111,820.651	-	-	-	(1,467)
9/15/2000	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(33)	-	(33)	-	-	111,820.618	-	-	-	(33)
10/2/2000	W/H TAX DIV KO	(1,639)	-	(1,639)	-	-	111,818.979	-	-	-	(1,639)
10/5/2000	W/H TAX DIV AV	(1)	-	(1)	-	-	111,818.978	-	-	-	(1)
10/10/2000	W/H TAX DIV WMT	(1,050)	-	(1,050)	-	-	111,817.929	-	-	-	(1,050)
10/11/2000	W/H TAX DIV HWP	(1,090)	-	(1,090)	-	-	111,816.839	-	-	-	(1,090)
10/18/2000	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(9)	-	(9)	-	-	111,816.830	-	-	-	(9)
10/25/2000	W/H TAX DIV GE	(9,250)	-	(9,250)	-	-	111,807.580	-	-	-	(9,250)
10/27/2000	W/H TAX DIV MWD	(1,563)	-	(1,563)	-	-	111,806.017	-	-	-	(1,563)
11/1/2000	W/H TAX DIV T	(5,726)	-	(5,726)	-	-	111,800.291	-	-	-	(5,726)
11/1/2000	W/H TAX DIV PHA	(1,050)	-	(1,050)	-	-	111,799.241	-	-	-	(1,050)
11/1/2000	W/H TAX DIV VZ	(7,177)	-	(7,177)	-	-	111,792.065	-	-	-	(7,177)
11/1/2000	W/H TAX DIV BMY	(3,320)	-	(3,320)	-	-	111,788.745	-	-	-	(3,320)
11/10/2000	W/H TAX DIV AXP	(728)	-	(728)	-	-	111,788.016	-	-	-	(728)
11/15/2000	CHECK WIRE	4,500,000	4,500,000	-	-	-	116,288.016	-	-	-	-
12/1/2000	CHECK WIRE	(22,000,000)	-	(22,000,000)	-	-	94,288.016	-	-	-	(22,000,000)
12/12/2000	W/H TAX DIV JNJ	(646)	-	(646)	-	-	94,287.371	-	-	-	(646)
12/18/2000	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(99)	-	(99)	-	-	94,287.271	-	-	-	(99)
1/10/2001	CHECK WIRE	18,000,000	18,000,000	-	-	-	112,287.271	-	-	-	-
1/18/2001	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(33)	-	(33)	-	-	112,287.239	-	-	-	(33)
1/30/2001	W/H TAX DIV MWD	(726)	-	(726)	-	-	112,286.512	-	-	-	(726)
2/1/2001	W/H TAX DIV VZ	(3,040)	-	(3,040)	-	-	112,283.472	-	-	-	(3,040)
2/1/2001	W/H TAX DIV PHA	(460)	-	(460)	-	-	112,283.012	-	-	-	(460)
2/7/2001	CHECK WIRE	12,000,000	12,000,000	-	-	-	124,283.012	-	-	-	-
2/12/2001	W/H TAX DIV TXN	(293)	-	(293)	-	-	124,282.719	-	-	-	(293)
2/15/2001	W/H TAX DIV PG	(2,392)	-	(2,392)	-	-	124,280.327	-	-	-	(2,392)
2/22/2001	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(21)	-	(21)	-	-	124,280.306	-	-	-	(21)
2/23/2001	W/H TAX DIV C	(5,512)	-	(5,512)	-	-	124,274.794	-	-	-	(5,512)
3/1/2001	W/H TAX DIV LU	(328)	-	(328)	-	-	124,274.466	-	-	-	(328)
3/1/2001	W/H TAX DIV WFC	(3,154)	-	(3,154)	-	-	124,271.312	-	-	-	(3,154)
3/1/2001	W/H TAX DIV INTC	(1,083)	-	(1,083)	-	-	124,270.229	-	-	-	(1,083)
3/8/2001	W/H TAX DIV PFE	(5,625)	-	(5,625)	-	-	124,264.604	-	-	-	(5,625)
3/9/2001	CHECK WIRE	12,900,000	12,900,000	-	-	-	137,164.604	-	-	-	-
3/9/2001	W/H TAX DIV XOM	(11,753)	-	(11,753)	-	-	137,152.851	-	-	-	(11,753)
3/12/2001	W/H TAX DIV IBM	(1,844)	-	(1,844)	-	-	137,151.007	-	-	-	(1,844)
3/13/2001	W/H TAX DIV JNJ	(1,503)	-	(1,503)	-	-	137,149.504	-	-	-	(1,503)
3/19/2001	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(46)	-	(46)	-	-	137,149.458	-	-	-	(46)
3/22/2001	W/H TAX DIV HD	(166)	-	(166)	-	-	137,149.291	-	-	-	(166)
3/30/2001	W/H TAX DIV PEP	(381)	-	(381)	-	-	137,148.910	-	-	-	(381)
4/2/2001	W/H TAX DIV MRK	(1,365)	-	(1,365)	-	-	137,147.545	-	-	-	(1,365)
4/2/2001	W/H TAX DIV KO	(800)	-	(800)	-	-	137,146.745	-	-	-	(800)
4/9/2001	W/H TAX DIV WMT	(2,179)	-	(2,179)	-	-	137,144.566	-	-	-	(2,179)
4/11/2001	W/H TAX DIV HWP	(1,142)	-	(1,142)	-	-	137,143.424	-	-	-	(1,142)
4/24/2001	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(10)	-	(10)	-	-	137,143.413	-	-	-	(10)
4/27/2001	W/H TAX DIV MWD	(1,783)	-	(1,783)	-	-	137,141.630	-	-	-	(1,783)
4/30/2001	W/H TAX DIV JPM	(4,485)	-	(4,485)	-	-	137,137.145	-	-	-	(4,485)
5/1/2001	W/H TAX DIV T	(989)	-	(989)	-	-	137,136.156	-	-	-	(989)
5/1/2001	W/H TAX DIV PHA	(1,092)	-	(1,092)	-	-	137,135.064	-	-	-	(1,092)

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
Date	Transaction Description	Transaction Amount Reported in Customer Statement	Cash Deposits	Cash Withdrawals	Transfers of Principal In	Transfers of Principal Out	Balance of Principal	90-Day Preferential Transfers	2-Year Fraudulent Transfers	6-Year Fraudulent Transfers	Full History Fraudulent Transfers
5/1/2001	WH TAX DIV VZ	(7,325)	-	(7,325)	-	-	137,117,794	-	-	-	(7,325)
5/1/2001	WH TAX DIV BMY	(3,737)	-	(3,737)	-	-	137,114,057	-	-	-	(3,737)
5/22/2001	WH TAX DIV TYC	(1,566)	-	(1,566)	-	-	137,112,491	-	-	-	(1,566)
5/10/2001	WH TAX DIV ANP	(7,399)	-	(7,399)	-	-	137,105,092	-	-	-	(7,399)
5/15/2001	WH TAX DIV FD	(3,184)	-	(3,184)	-	-	137,101,908	-	-	-	(3,184)
6/20/2001	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(74)	-	(74)	-	-	137,119,849	-	-	-	(74)
7/9/2001	WH TAX DIV WMT	(1,986)	-	(1,986)	-	-	137,117,862	-	-	-	(1,986)
7/11/2001	WH TAX DIV XOM	(193)	-	(193)	-	-	137,117,669	-	-	-	(193)
7/11/2001	WH TAX DIV HWP	(431)	-	(431)	-	-	137,117,239	-	-	-	(431)
7/12/2001	CHECK WIRE	5,000,000	5,000,000	-	-	-	142,117,239	-	-	-	-
7/23/2001	WH TAX DIV MWD	(2,757)	-	(2,757)	-	-	142,114,482	-	-	-	(2,757)
7/25/2001	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(8)	-	(8)	-	-	142,114,474	-	-	-	(8)
7/25/2001	WH TAX DIV GE	(16,708)	-	(16,708)	-	-	142,097,766	-	-	-	(16,708)
7/31/2001	WH TAX DIV JPM	(7,155)	-	(7,155)	-	-	142,090,611	-	-	-	(7,155)
8/1/2001	WH TAX DIV PHA	(1,867)	-	(1,867)	-	-	142,088,744	-	-	-	(1,867)
8/1/2001	WH TAX DIV BMY	(5,496)	-	(5,496)	-	-	142,083,247	-	-	-	(5,496)
8/1/2001	WH TAX DIV TYC	(246)	-	(246)	-	-	142,083,001	-	-	-	(246)
8/1/2001	WH TAX DIV VZ	(10,901)	-	(10,901)	-	-	142,072,100	-	-	-	(10,901)
8/10/2001	WH TAX DIV AXP	(1,133)	-	(1,133)	-	-	142,070,967	-	-	-	(1,133)
8/15/2001	WH TAX DIV PG	(2,373)	-	(2,373)	-	-	142,068,594	-	-	-	(2,373)
8/24/2001	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(52)	-	(52)	-	-	142,068,542	-	-	-	(52)
9/4/2001	TRANS TO 1FR08030 (1FR080)	(4,000,000)	-	-	-	(4,000,000)	138,068,542	-	-	-	-
9/13/2001	WH TAX DIV HD	(1,076)	-	(1,076)	-	-	138,067,466	-	-	-	(1,076)
9/28/2001	WH TAX DIV PEP	(2,969)	-	(2,969)	-	-	138,064,497	-	-	-	(2,969)
9/28/2001	WH TAX DIV BAC	(10,265)	-	(10,265)	-	-	138,054,232	-	-	-	(10,265)
10/1/2001	WH TAX DIV KO	(5,114)	-	(5,114)	-	-	138,049,118	-	-	-	(5,114)
10/1/2001	WH TAX DIV MRK	(9,302)	-	(9,302)	-	-	138,039,816	-	-	-	(9,302)
10/2/2001	CHECK WIRE	(3,000,000)	-	(3,000,000)	-	-	135,039,816	-	-	-	(3,000,000)
10/9/2001	WH TAX DIV WMT	(3,615)	-	(3,615)	-	-	135,036,201	-	-	-	(3,615)
10/10/2001	WH TAX DIV HWP	(1,810)	-	(1,810)	-	-	135,034,391	-	-	-	(1,810)
10/15/2001	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(124)	-	(124)	-	-	135,034,267	-	-	-	(124)
10/25/2001	WH TAX DIV GE	(18,482)	-	(18,482)	-	-	135,015,785	-	-	-	(18,482)
10/26/2001	WH TAX DIV MWD	(3,024)	-	(3,024)	-	-	135,012,761	-	-	-	(3,024)
10/31/2001	CHECK WIRE	(4,000,000)	-	(4,000,000)	-	-	131,012,761	-	-	-	(4,000,000)
10/31/2001	WH TAX DIV JPM	(7,790)	-	(7,790)	-	-	131,004,971	-	-	-	(7,790)
11/1/2001	WH TAX DIV TYC	(283)	-	(283)	-	-	131,004,688	-	-	-	(283)
11/1/2001	WH TAX DIV BMY	(6,214)	-	(6,214)	-	-	130,998,474	-	-	-	(6,214)
11/1/2001	WH TAX DIV PHA	(1,980)	-	(1,980)	-	-	130,996,495	-	-	-	(1,980)
11/1/2001	WH TAX DIV VZ	(11,997)	-	(11,997)	-	-	130,984,498	-	-	-	(11,997)
11/1/2001	WH TAX DIV T	(1,501)	-	(1,501)	-	-	130,982,996	-	-	-	(1,501)
11/9/2001	WH TAX DIV AXP	(1,224)	-	(1,224)	-	-	130,981,773	-	-	-	(1,224)
11/15/2001	WH TAX DIV PG	(5,572)	-	(5,572)	-	-	130,976,200	-	-	-	(5,572)
11/19/2001	WH TAX DIV TXN	(435)	-	(435)	-	-	130,975,765	-	-	-	(435)
11/19/2001	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(8)	-	(8)	-	-	130,975,757	-	-	-	(8)
11/21/2001	WH TAX DIV C	(9,339)	-	(9,339)	-	-	130,966,418	-	-	-	(9,339)
12/3/2001	WH TAX DIV MCD	(94)	-	(94)	-	-	130,966,324	-	-	-	(94)
12/3/2001	WH TAX DIV INTC	(1,583)	-	(1,583)	-	-	130,964,741	-	-	-	(1,583)
12/3/2001	WH TAX DIV WFC	(5,168)	-	(5,168)	-	-	130,959,573	-	-	-	(5,168)
12/6/2001	WH TAX DIV PEP	(5,280)	-	(5,280)	-	-	130,954,293	-	-	-	(5,280)
12/10/2001	WH TAX DIV IBM	(2,823)	-	(2,823)	-	-	130,951,470	-	-	-	(2,823)
12/10/2001	WH TAX DIV XOM	(18,490)	-	(18,490)	-	-	130,932,980	-	-	-	(18,490)
12/14/2001	WH TAX DIV DD	(119)	-	(119)	-	-	130,932,862	-	-	-	(119)
12/31/2001	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(23)	-	(23)	-	-	130,932,839	-	-	-	(23)
1/2/2002	TRANS TO 1FR08030 (1FR080)	(61,000,000)	-	-	-	(61,000,000)	69,932,839	-	-	-	-
1/7/2002	WH TAX DIV WMT	(626)	-	(626)	-	-	69,932,213	-	-	-	(626)
1/10/2002	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(8)	-	(8)	-	-	69,932,205	-	-	-	(8)
1/25/2002	WH TAX DIV MWD	(1,533)	-	(1,533)	-	-	69,930,672	-	-	-	(1,533)
2/1/2002	WH TAX DIV SBC	(5,173)	-	(5,173)	-	-	69,925,498	-	-	-	(5,173)
2/1/2002	WH TAX DIV PHA	(1,038)	-	(1,038)	-	-	69,924,460	-	-	-	(1,038)
2/1/2002	WH TAX DIV VZ	(6,267)	-	(6,267)	-	-	69,918,193	-	-	-	(6,267)
2/11/2002	WH TAX DIV TXN	(256)	-	(256)	-	-	69,917,937	-	-	-	(256)
2/15/2002	WH TAX DIV PG	(3,377)	-	(3,377)	-	-	69,914,560	-	-	-	(3,377)
2/21/2002	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(4)	-	(4)	-	-	69,914,555	-	-	-	(4)
2/21/2002	TRANS TO 1FR08030 (1FR080)	(10,000,000)	-	-	-	(10,000,000)	59,914,555	-	-	-	-
2/22/2002	WH TAX DIV C	(5,647)	-	(5,647)	-	-	59,908,908	-	-	-	(5,647)
3/1/2002	WH TAX DIV WFC	(3,081)	-	(3,081)	-	-	59,905,827	-	-	-	(3,081)
3/1/2002	WH TAX DIV INTC	(951)	-	(951)	-	-	59,904,876	-	-	-	(951)
3/6/2002	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(0)	-	(0)	-	-	59,904,876	-	-	-	(0)
3/7/2002	WH TAX DIV PEP	(5,625)	-	(5,625)	-	-	59,899,251	-	-	-	(5,625)
3/11/2002	WH TAX DIV IBM	(1,659)	-	(1,659)	-	-	59,897,592	-	-	-	(1,659)
3/11/2002	WH TAX DIV XOM	(10,832)	-	(10,832)	-	-	59,886,760	-	-	-	(10,832)

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
Date	Transaction Description	Transaction Amount Reported in Customer Statement	Cash Deposits	Cash Withdrawals	Transfers of Principal In	Transfers of Principal Out	Balance of Principal	90-Day Preferential Transfers	2-Year Fraudulent Transfers	6-Year Fraudulent Transfers	Full History Fraudulent Transfers
3/11/2002	W/H TAX DIV BUD	(1,209)	-	(1,209)	-	-	59,885,551	-	-	-	(1,209)
3/12/2002	W/H TAX DIV JNJ	(2,359)	-	(2,359)	-	-	59,883,192	-	-	-	(2,359)
3/14/2002	W/H TAX DIV DD	(2,489)	-	(2,489)	-	-	59,880,704	-	-	-	(2,489)
3/15/2002	W/H TAX DIV AIG	(315)	-	(315)	-	-	59,880,389	-	-	-	(315)
3/22/2002	W/H TAX DIV BAC	(2,752)	-	(2,752)	-	-	59,877,636	-	-	-	(2,752)
3/27/2002	CHECK WIRE	(2,000,000)	-	(2,000,000)	-	-	57,877,636	-	-	-	(2,000,000)
3/28/2002	W/H TAX DIV HD	(772)	-	(772)	-	-	57,876,864	-	-	-	(772)
4/1/2002	W/H TAX DIV MRK	(5,375)	-	(5,375)	-	-	57,871,489	-	-	-	(5,375)
4/1/2002	W/H TAX DIV KO	(3,353)	-	(3,353)	-	-	57,868,136	-	-	-	(3,353)
4/1/2002	W/H TAX DIV PEP	(1,676)	-	(1,676)	-	-	57,866,459	-	-	-	(1,676)
4/1/2002	W/H TAX DIV ONE	(903)	-	(903)	-	-	57,865,556	-	-	-	(903)
4/10/2002	W/H TAX DIV MO	(8,382)	-	(8,382)	-	-	57,857,173	-	-	-	(8,382)
4/18/2002	W/H TAX DIV WMT	(2,242)	-	(2,242)	-	-	57,854,931	-	-	-	(2,242)
4/23/2002	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(9)	-	(9)	-	-	57,854,922	-	-	-	(9)
4/25/2002	W/H TAX DIV GE	(5,239)	-	(5,239)	-	-	57,849,683	-	-	-	(5,239)
4/26/2002	W/H TAX DIV MWD	(1,690)	-	(1,690)	-	-	57,847,993	-	-	-	(1,690)
4/26/2002	W/H TAX DIV MDT	(465)	-	(465)	-	-	57,847,527	-	-	-	(465)
4/30/2002	W/H TAX DIV JPM	(4,521)	-	(4,521)	-	-	57,843,007	-	-	-	(4,521)
5/1/2002	W/H TAX DIV TYC	(169)	-	(169)	-	-	57,842,837	-	-	-	(169)
5/1/2002	W/H TAX DIV PHA	(1,171)	-	(1,171)	-	-	57,841,667	-	-	-	(1,171)
5/1/2002	W/H TAX DIV SBC	(6,110)	-	(6,110)	-	-	57,835,557	-	-	-	(6,110)
5/1/2002	W/H TAX DIV VZ	(7,059)	-	(7,059)	-	-	57,828,498	-	-	-	(7,059)
5/1/2002	W/H TAX DIV BMY	(3,654)	-	(3,654)	-	-	57,824,844	-	-	-	(3,654)
5/10/2002	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(8)	-	(8)	-	-	57,824,836	-	-	-	(8)
5/15/2002	W/H TAX DIV PG	(1,741)	-	(1,741)	-	-	57,823,095	-	-	-	(1,741)
5/24/2002	W/H TAX DIV C	(3,381)	-	(3,381)	-	-	57,819,715	-	-	-	(3,381)
6/3/2002	W/H TAX DIV INTC	(479)	-	(479)	-	-	57,819,235	-	-	-	(479)
6/3/2002	W/H TAX DIV WFC	(3,496)	-	(3,496)	-	-	57,815,739	-	-	-	(3,496)
6/6/2002	W/H TAX DIV PFE	(6,088)	-	(6,088)	-	-	57,809,651	-	-	-	(6,088)
6/10/2002	W/H TAX DIV XOM	(11,631)	-	(11,631)	-	-	57,798,021	-	-	-	(11,631)
6/10/2002	W/H TAX DIV IBM	(1,945)	-	(1,945)	-	-	57,796,075	-	-	-	(1,945)
6/10/2002	W/H TAX DIV BUD	(858)	-	(858)	-	-	57,795,218	-	-	-	(858)
6/11/2002	W/H TAX DIV JNJ	(1,670)	-	(1,670)	-	-	57,793,548	-	-	-	(1,670)
6/12/2002	W/H TAX DIV DD	(1,937)	-	(1,937)	-	-	57,791,611	-	-	-	(1,937)
6/25/2002	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(6)	-	(6)	-	-	57,791,606	-	-	-	(6)
7/1/2002	TRANS TO IFR08030 (IFR080)	(9,490,000)	-	-	-	(9,490,000)	48,301,606	-	-	-	-
7/10/2002	W/H TAX DIV MO	(1,407)	-	(1,407)	-	-	48,300,198	-	-	-	(1,407)
7/15/2002	W/H TAX DIV USB	(453)	-	(453)	-	-	48,299,745	-	-	-	(453)
7/19/2002	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(8)	-	(8)	-	-	48,299,737	-	-	-	(8)
7/25/2002	W/H TAX DIV GE	(2,166)	-	(2,166)	-	-	48,297,572	-	-	-	(2,166)
7/26/2002	W/H TAX DIV MDT	(88)	-	(88)	-	-	48,297,483	-	-	-	(88)
7/26/2002	W/H TAX DIV MWD	(302)	-	(302)	-	-	48,297,181	-	-	-	(302)
7/26/2002	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(2)	-	(2)	-	-	48,297,179	-	-	-	(2)
7/31/2002	W/H TAX DIV JPM	(825)	-	(825)	-	-	48,296,354	-	-	-	(825)
8/1/2002	W/H TAX DIV PHA	(205)	-	(205)	-	-	48,296,149	-	-	-	(205)
8/1/2002	W/H TAX DIV VZ	(1,246)	-	(1,246)	-	-	48,294,904	-	-	-	(1,246)
8/1/2002	W/H TAX DIV BMY	(651)	-	(651)	-	-	48,294,253	-	-	-	(651)
8/1/2002	W/H TAX DIV T	(171)	-	(171)	-	-	48,294,082	-	-	-	(171)
8/1/2002	W/H TAX DIV SBC	(1,065)	-	(1,065)	-	-	48,293,018	-	-	-	(1,065)
8/9/2002	W/H TAX DIV AXP	(121)	-	(121)	-	-	48,292,896	-	-	-	(121)
8/19/2002	W/H TAX DIV MON	(0)	-	(0)	-	-	48,292,896	-	-	-	(0)
8/19/2002	W/H TAX DIV TXN	(316)	-	(316)	-	-	48,292,580	-	-	-	(316)
8/23/2002	W/H TAX DIV C	(8,234)	-	(8,234)	-	-	48,284,346	-	-	-	(8,234)
8/26/2002	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(4)	-	(4)	-	-	48,284,342	-	-	-	(4)
9/3/2002	W/H TAX DIV WFC	(4,163)	-	(4,163)	-	-	48,280,179	-	-	-	(4,163)
9/3/2002	CHECK WIRE	(4,000,000)	-	(4,000,000)	-	-	44,280,179	-	-	-	(4,000,000)
9/3/2002	W/H TAX DIV INTC	(1,158)	-	(1,158)	-	-	44,279,021	-	-	-	(1,158)
9/5/2002	W/H TAX DIV G	(1,450)	-	(1,450)	-	-	44,277,572	-	-	-	(1,450)
9/5/2002	W/H TAX DIV PFE	(7,091)	-	(7,091)	-	-	44,270,481	-	-	-	(7,091)
9/6/2002	W/H TAX DIV BA	(1,218)	-	(1,218)	-	-	44,269,263	-	-	-	(1,218)
9/9/2002	W/H TAX DIV BUD	(1,450)	-	(1,450)	-	-	44,267,813	-	-	-	(1,450)
9/10/2002	W/H TAX DIV IBM	(2,190)	-	(2,190)	-	-	44,265,624	-	-	-	(2,190)
9/10/2002	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(9)	-	(9)	-	-	44,265,615	-	-	-	(9)
9/10/2002	W/H TAX DIV XOM	(13,399)	-	(13,399)	-	-	44,252,216	-	-	-	(13,399)
9/10/2002	W/H TAX DIV JNJ	(1,731)	-	(1,731)	-	-	44,250,485	-	-	-	(1,731)
9/12/2002	W/H TAX DIV DD	(2,959)	-	(2,959)	-	-	44,247,526	-	-	-	(2,959)
10/17/2002	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(8)	-	(8)	-	-	44,247,518	-	-	-	(8)
11/4/2002	CHECK WIRE	6,000,000	6,000,000	-	-	-	50,247,518	-	-	-	-
11/15/2002	W/H TAX DIV CL	(474)	-	(474)	-	-	50,247,044	-	-	-	(474)
11/15/2002	W/H TAX DIV PG	(1,646)	-	(1,646)	-	-	50,245,398	-	-	-	(1,646)
11/18/2002	W/H TAX DIV TXN	(168)	-	(168)	-	-	50,245,229	-	-	-	(168)

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
Date	Transaction Description	Transaction Amount Reported in Customer Statement	Cash Deposits	Cash Withdrawals	Transfers of Principal In	Transfers of Principal Out	Balance of Principal	90-Day Preferential Transfers	2-Year Fraudulent Transfers	6-Year Fraudulent Transfers	Full History Fraudulent Transfers
11/22/2002	WH TAX DIV C	(4,196)	-	(4,196)	-	-	50,241,033	-	-	-	(4,196)
11/25/2002	WH TAX DIV GS	(264)	-	(264)	-	-	50,240,770	-	-	-	(264)
11/27/2002	WH TAX DIV MER	(657)	-	(657)	-	-	50,240,113	-	-	-	(657)
12/17/2002	CHECK WIRE	1,000,000	1,000,000	-	-	-	51,240,113	-	-	-	-
1/6/2003	WH TAX DIV IBM	(1,188)	-	(1,188)	-	-	51,238,924	-	-	(1,188)	(1,188)
1/6/2003	WH TAX DIV XOM	(7,269)	-	(7,269)	-	-	51,231,655	-	-	(7,269)	(7,269)
1/6/2003	WH TAX DIV BA	(477)	-	(477)	-	-	51,231,178	-	-	(477)	(477)
1/6/2003	WH TAX DIV HCA	(53)	-	(53)	-	-	51,231,125	-	-	(53)	(53)
1/6/2003	WH TAX DIV G	(807)	-	(807)	-	-	51,230,318	-	-	(807)	(807)
1/6/2003	WH TAX DIV UTX	(382)	-	(382)	-	-	51,229,936	-	-	(382)	(382)
1/6/2003	WH TAX DIV PFE	(2,676)	-	(2,676)	-	-	51,227,261	-	-	(2,676)	(2,676)
1/6/2003	WH TAX DIV JNJ	(770)	-	(770)	-	-	51,226,491	-	-	(770)	(770)
1/6/2003	WH TAX DIV BLD	(797)	-	(797)	-	-	51,225,694	-	-	(797)	(797)
1/6/2003	WH TAX DIV WFC	(2,251)	-	(2,251)	-	-	51,223,442	-	-	(2,251)	(2,251)
1/6/2003	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(53)	-	(53)	-	-	51,223,390	-	-	(53)	(53)
1/6/2003	WH TAX DIV INTC	(627)	-	(627)	-	-	51,222,763	-	-	(627)	(627)
1/6/2003	WH TAX DIV DD	(1,167)	-	(1,167)	-	-	51,221,596	-	-	(1,167)	(1,167)
1/10/2003	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(3)	-	(3)	-	-	51,221,593	-	-	(3)	(3)
1/31/2003	WH TAX DIV MWD	(1,090)	-	(1,090)	-	-	51,220,502	-	-	(1,090)	(1,090)
2/3/2003	WH TAX DIV SBC	(3,947)	-	(3,947)	-	-	51,216,555	-	-	(3,947)	(3,947)
2/3/2003	WH TAX DIV PHA	(1,364)	-	(1,364)	-	-	51,215,191	-	-	(1,364)	(1,364)
2/3/2003	WH TAX DIV VZ	(4,640)	-	(4,640)	-	-	51,210,551	-	-	(4,640)	(4,640)
2/10/2003	WH TAX DIV TXN	(287)	-	(287)	-	-	51,210,264	-	-	(287)	(287)
2/14/2003	WH TAX DIV CL	(779)	-	(779)	-	-	51,209,485	-	-	(779)	(779)
2/14/2003	WH TAX DIV PFE	(7,244)	-	(7,244)	-	-	51,202,241	-	-	(7,244)	(7,244)
2/14/2003	WH TAX DIV PG	(4,141)	-	(4,141)	-	-	51,198,100	-	-	(4,141)	(4,141)
2/27/2003	WH TAX DIV GS	(433)	-	(433)	-	-	51,197,667	-	-	(433)	(433)
2/28/2003	WH TAX DIV C	(8,120)	-	(8,120)	-	-	51,189,546	-	-	(8,120)	(8,120)
2/28/2003	WH TAX DIV MER	(1,071)	-	(1,071)	-	-	51,188,476	-	-	(1,071)	(1,071)
3/3/2003	WH TAX DIV INTC	(1,045)	-	(1,045)	-	-	51,187,430	-	-	(1,045)	(1,045)
3/3/2003	WH TAX DIV WFC	(4,001)	-	(4,001)	-	-	51,183,429	-	-	(4,001)	(4,001)
3/4/2003	CHECK WIRE	5,000,000	5,000,000	-	-	-	56,183,429	-	-	-	-
3/5/2003	WH 1/31/03G	(1,347)	-	(1,347)	-	-	56,182,083	-	-	(1,347)	(1,347)
3/7/2003	WH TAX DIV BA	(1,104)	-	(1,104)	-	-	56,180,979	-	-	(1,104)	(1,104)
3/7/2003	WH TAX DIV MSFT	(5,266)	-	(5,266)	-	-	56,175,713	-	-	(5,266)	(5,266)
3/10/2003	WH TAX DIV BUD	(1,266)	-	(1,266)	-	-	56,174,446	-	-	(1,266)	(1,266)
3/10/2003	WH TAX DIV XOM	(12,149)	-	(12,149)	-	-	56,162,297	-	-	(12,149)	(12,149)
3/10/2003	WH TAX DIV UTX	(884)	-	(884)	-	-	56,161,413	-	-	(884)	(884)
3/10/2003	WH TAX DIV IBM	(1,978)	-	(1,978)	-	-	56,159,436	-	-	(1,978)	(1,978)
3/11/2003	WH TAX DIV JNJ	(4,764)	-	(4,764)	-	-	56,154,672	-	-	(4,764)	(4,764)
3/12/2003	WH TAX DIV MMM	(1,486)	-	(1,486)	-	-	56,153,186	-	-	(1,486)	(1,486)
3/14/2003	WH TAX DIV DD	(2,778)	-	(2,778)	-	-	56,150,408	-	-	(2,778)	(2,778)
3/17/2003	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(62)	-	(62)	-	-	56,150,347	-	-	(62)	(62)
4/7/2003	WH TAX DIV WMT	(3,656)	-	(3,656)	-	-	56,146,691	-	-	(3,656)	(3,656)
4/9/2003	WH TAX DIV HPQ	(2,305)	-	(2,305)	-	-	56,144,385	-	-	(2,305)	(2,305)
4/15/2003	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(17)	-	(17)	-	-	56,144,368	-	-	(17)	(17)
5/9/2003	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(7)	-	(7)	-	-	56,144,361	-	-	(7)	(7)
5/19/2003	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(12)	-	(12)	-	-	56,144,350	-	-	(12)	(12)
5/28/2003	WH TAX DIV MER	(900)	-	(900)	-	-	56,143,450	-	-	(900)	(900)
5/30/2003	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(2)	-	(2)	-	-	56,143,448	-	-	(2)	(2)
6/2/2003	WH TAX DIV WFC	(3,374)	-	(3,374)	-	-	56,140,074	-	-	(3,374)	(3,374)
6/2/2003	WH TAX DIV INTC	(487)	-	(487)	-	-	56,139,587	-	-	(487)	(487)
6/5/2003	WH TAX DIV PFE	(8,079)	-	(8,079)	-	-	56,131,508	-	-	(8,079)	(8,079)
6/9/2003	WH TAX DIV BUD	(1,097)	-	(1,097)	-	-	56,130,411	-	-	(1,097)	(1,097)
6/10/2003	WH TAX DIV UTX	(844)	-	(844)	-	-	56,129,567	-	-	(844)	(844)
6/10/2003	WH TAX DIV XOM	(11,320)	-	(11,320)	-	-	56,118,247	-	-	(11,320)	(11,320)
6/10/2003	WH TAX DIV JNJ	(4,799)	-	(4,799)	-	-	56,113,448	-	-	(4,799)	(4,799)
6/10/2003	WH TAX DIV IBM	(1,800)	-	(1,800)	-	-	56,111,649	-	-	(1,800)	(1,800)
6/12/2003	WH TAX DIV DD	(2,406)	-	(2,406)	-	-	56,109,243	-	-	(2,406)	(2,406)
6/12/2003	WH TAX DIV MMM	(1,650)	-	(1,650)	-	-	56,107,593	-	-	(1,650)	(1,650)
6/20/2003	WH TAX DIV AIG	(1,013)	-	(1,013)	-	-	56,106,580	-	-	(1,013)	(1,013)
6/25/2003	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(4)	-	(4)	-	-	56,106,576	-	-	(4)	(4)
6/26/2003	WH TAX DIV HD	(1,157)	-	(1,157)	-	-	56,105,419	-	-	(1,157)	(1,157)
6/27/2003	WH TAX DIV BAC	(7,906)	-	(7,906)	-	-	56,097,513	-	-	(7,906)	(7,906)
6/30/2003	WH TAX DIV PEP	(2,286)	-	(2,286)	-	-	56,095,227	-	-	(2,286)	(2,286)
7/1/2003	WH TAX DIV MRK	(6,623)	-	(6,623)	-	-	56,088,603	-	-	(6,623)	(6,623)
7/1/2003	WH TAX DIV ONE	(2,049)	-	(2,049)	-	-	56,086,555	-	-	(2,049)	(2,049)
7/1/2003	WH TAX DIV KO	(4,546)	-	(4,546)	-	-	56,082,008	-	-	(4,546)	(4,546)
7/1/2003	WH TAX DIV ALL	(1,150)	-	(1,150)	-	-	56,080,858	-	-	(1,150)	(1,150)
7/3/2003	WH TAX DIV SLB	(703)	-	(703)	-	-	56,080,155	-	-	(703)	(703)
7/7/2003	WH TAX DIV WMT	(1,533)	-	(1,533)	-	-	56,078,622	-	-	(1,533)	(1,533)

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
Date	Transaction Description	Transaction Amount Reported in Customer Statement	Cash Deposits	Cash Withdrawals	Transfers of Principal In	Transfers of Principal Out	Balance of Principal	90-Day Preferential Transfers	2-Year Fraudulent Transfers	6-Year Fraudulent Transfers	Full History Fraudulent Transfers
7/8/2003	W/H TAX DIV MO	(10,969)	-	(10,969)	-	-	56,067,654	-	-	(10,969)	(10,969)
7/9/2003	W/H TAX DIV HPQ	(2,026)	-	(2,026)	-	-	56,065,627	-	-	(2,026)	(2,026)
7/10/2003	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(2)	-	(2)	-	-	56,065,625	-	-	(2)	(2)
7/21/2003	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(2)	-	(2)	-	-	56,065,623	-	-	(2)	(2)
7/31/2003	W/H TAX DIV MWD	(1,950)	-	(1,950)	-	-	56,063,673	-	-	(1,950)	(1,950)
8/1/2003	W/H TAX DIV SBC	(9,729)	-	(9,729)	-	-	56,053,945	-	-	(9,729)	(9,729)
8/1/2003	W/H TAX DIV VZ	(8,160)	-	(8,160)	-	-	56,045,785	-	-	(8,160)	(8,160)
8/13/2003	TRANS FROM 11002730 (110027)	2,000,000	-	-	2,000,000	-	58,045,785	-	-	-	-
8/15/2003	W/H TAX DIV CL	(1,017)	-	(1,017)	-	-	58,044,767	-	-	(1,017)	(1,017)
8/15/2003	W/H TAX DIV PG	(4,500)	-	(4,500)	-	-	58,040,267	-	-	(4,500)	(4,500)
8/18/2003	W/H TAX DIV TXN	(281)	-	(281)	-	-	58,039,986	-	-	(281)	(281)
8/22/2003	W/H TAX DIV C	(13,929)	-	(13,929)	-	-	58,026,057	-	-	(13,929)	(13,929)
8/27/2003	W/H TAX DIV MER	(1,130)	-	(1,130)	-	-	58,024,927	-	-	(1,130)	(1,130)
8/28/2003	W/H TAX DIV GS	(883)	-	(883)	-	-	58,024,044	-	-	(883)	(883)
9/2/2003	W/H TAX DIV INTC	(1,007)	-	(1,007)	-	-	58,023,036	-	-	(1,007)	(1,007)
9/2/2003	W/H TAX DIV WFC	(5,723)	-	(5,723)	-	-	58,017,314	-	-	(5,723)	(5,723)
9/4/2003	W/H TAX DIV PFE	(5,615)	-	(5,615)	-	-	58,011,698	-	-	(5,615)	(5,615)
9/5/2003	W/H TAX DIV G	(1,263)	-	(1,263)	-	-	58,010,436	-	-	(1,263)	(1,263)
9/5/2003	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(13)	-	(13)	-	-	58,010,422	-	-	(13)	(13)
9/5/2003	W/H TAX DIV BA	(670)	-	(670)	-	-	58,009,752	-	-	(670)	(670)
9/9/2003	W/H TAX DIV BUD	(1,399)	-	(1,399)	-	-	58,008,353	-	-	(1,399)	(1,399)
9/10/2003	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(0)	-	(0)	-	-	58,008,353	-	-	(0)	(0)
9/10/2003	W/H TAX DIV XOM	(12,851)	-	(12,851)	-	-	57,995,502	-	-	(12,851)	(12,851)
9/10/2003	W/H TAX DIV IBM	(2,148)	-	(2,148)	-	-	57,993,355	-	-	(2,148)	(2,148)
9/12/2003	W/H TAX DIV DD	(1,687)	-	(1,687)	-	-	57,991,668	-	-	(1,687)	(1,687)
9/19/2003	W/H TAX DIV AIG	(447)	-	(447)	-	-	57,991,221	-	-	(447)	(447)
9/23/2003	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(5)	-	(5)	-	-	57,991,215	-	-	(5)	(5)
9/26/2003	W/H TAX DIV BAC	(3,227)	-	(3,227)	-	-	57,987,988	-	-	(3,227)	(3,227)
9/29/2003	CHECK WIRE	(23,000,000)	-	(23,000,000)	-	-	34,987,988	-	-	(23,000,000)	(23,000,000)
9/30/2003	W/H TAX DIV PEP	(1,748)	-	(1,748)	-	-	34,986,240	-	-	(1,748)	(1,748)
9/30/2003	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(2)	-	(2)	-	-	34,986,238	-	-	(2)	(2)
10/1/2003	W/H TAX DIV MRK	(2,195)	-	(2,195)	-	-	34,984,043	-	-	(2,195)	(2,195)
10/1/2003	W/H TAX DIV KO	(3,468)	-	(3,468)	-	-	34,980,575	-	-	(3,468)	(3,468)
10/1/2003	W/H TAX DIV ONE	(1,869)	-	(1,869)	-	-	34,978,706	-	-	(1,869)	(1,869)
10/1/2003	W/H TAX DIV VIA.B	(499)	-	(499)	-	-	34,978,206	-	-	(499)	(499)
10/8/2003	W/H TAX DIV HPQ	(1,564)	-	(1,564)	-	-	34,976,642	-	-	(1,564)	(1,564)
10/9/2003	W/H TAX DIV MO	(8,995)	-	(8,995)	-	-	34,967,647	-	-	(8,995)	(8,995)
10/14/2003	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	34,967,646	-	-	(1)	(1)
10/17/2003	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(0)	-	(0)	-	-	34,967,646	-	-	(0)	(0)
10/31/2003	W/H TAX DIV MWD	(1,243)	-	(1,243)	-	-	34,966,403	-	-	(1,243)	(1,243)
11/3/2003	W/H TAX DIV VZ	(5,374)	-	(5,374)	-	-	34,961,029	-	-	(5,374)	(5,374)
11/3/2003	W/H TAX DIV SBC	(1,666)	-	(1,666)	-	-	34,959,363	-	-	(1,666)	(1,666)
11/3/2003	W/H TAX DIV SBC	(4,707)	-	(4,707)	-	-	34,954,656	-	-	(4,707)	(4,707)
11/7/2003	W/H TAX DIV MSFT	(11,836)	-	(11,836)	-	-	34,942,820	-	-	(11,836)	(11,836)
11/14/2003	W/H TAX DIV PG	(3,977)	-	(3,977)	-	-	34,938,842	-	-	(3,977)	(3,977)
11/17/2003	W/H TAX DIV TXN	(256)	-	(256)	-	-	34,938,586	-	-	(256)	(256)
11/24/2003	W/H TAX DIV GS	(764)	-	(764)	-	-	34,937,822	-	-	(764)	(764)
11/25/2003	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(9)	-	(9)	-	-	34,937,814	-	-	(9)	(9)
11/26/2003	W/H TAX DIV C	(12,308)	-	(12,308)	-	-	34,925,505	-	-	(12,308)	(12,308)
11/26/2003	W/H TAX DIV MER	(1,049)	-	(1,049)	-	-	34,924,456	-	-	(1,049)	(1,049)
12/1/2003	W/H TAX DIV MCD	(3,420)	-	(3,420)	-	-	34,921,036	-	-	(3,420)	(3,420)
12/1/2003	W/H TAX DIV INTC	(913)	-	(913)	-	-	34,920,122	-	-	(913)	(913)
12/1/2003	W/H TAX DIV WFC	(5,222)	-	(5,222)	-	-	34,914,900	-	-	(5,222)	(5,222)
12/4/2003	W/H TAX DIV PFE	(7,932)	-	(7,932)	-	-	34,906,968	-	-	(7,932)	(7,932)
12/5/2003	W/H TAX DIV G	(1,092)	-	(1,092)	-	-	34,905,876	-	-	(1,092)	(1,092)
12/9/2003	W/H TAX DIV BLD	(1,209)	-	(1,209)	-	-	34,904,667	-	-	(1,209)	(1,209)
12/9/2003	W/H TAX DIV JNJ	(4,838)	-	(4,838)	-	-	34,899,829	-	-	(4,838)	(4,838)
12/10/2003	W/H TAX DIV IBM	(1,857)	-	(1,857)	-	-	34,897,973	-	-	(1,857)	(1,857)
12/10/2003	W/H TAX DIV XOM	(11,347)	-	(11,347)	-	-	34,886,625	-	-	(11,347)	(11,347)
12/10/2003	W/H TAX DIV UTX	(1,069)	-	(1,069)	-	-	34,885,556	-	-	(1,069)	(1,069)
12/12/2003	W/H TAX DIV MMM	(964)	-	(964)	-	-	34,884,593	-	-	(964)	(964)
12/15/2003	W/H TAX DIV DD	(2,352)	-	(2,352)	-	-	34,882,241	-	-	(2,352)	(2,352)
12/31/2003	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(16)	-	(16)	-	-	34,882,225	-	-	(16)	(16)
1/2/2004	W/H TAX DIV ONE	(396)	-	(396)	-	-	34,881,829	-	-	(396)	(396)
1/2/2004	W/H TAX DIV PEP	(401)	-	(401)	-	-	34,881,428	-	-	(401)	(401)
1/5/2004	W/H TAX DIV WMT	(570)	-	(570)	-	-	34,880,858	-	-	(570)	(570)
1/6/2004	W/H TAX DIV DIS	(638)	-	(638)	-	-	34,880,220	-	-	(638)	(638)
1/7/2004	W/H TAX DIV HPQ	(359)	-	(359)	-	-	34,879,861	-	-	(359)	(359)
1/8/2004	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	34,879,861	-	-	(1)	(1)
1/9/2004	W/H TAX DIV MO	(2,064)	-	(2,064)	-	-	34,877,796	-	-	(2,064)	(2,064)
1/15/2004	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	34,877,795	-	-	(1)	(1)

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
Date	Transaction Description	Transaction Amount Reported in Customer Statement	Cash Deposits	Cash Withdrawals	Transfers of Principal In	Transfers of Principal Out	Balance of Principal	90-Day Preferential Transfers	2-Year Fraudulent Transfers	6-Year Fraudulent Transfers	Full History Fraudulent Transfers
1/5/2004	WH TAX DIV MWD	(655)	-	(655)	-	-	34,877,142	-	-	(655)	(655)
2/2/2004	WH TAX DIV VE	(1,599)	-	(1,599)	-	-	34,874,543	-	-	(1,599)	(1,599)
2/22/2004	WH TAX DIV SBC	(2,518)	-	(2,518)	-	-	34,872,024	-	-	(2,518)	(2,518)
2/5/2004	CHECK WIRE	3,000,000	3,000,000	-	-	-	39,872,024	-	-	-	-
2/17/2004	WH TAX DIV FD	(3,952)	-	(3,952)	-	-	39,868,072	-	-	(3,952)	(3,952)
2/26/2004	WH TAX DIV GS	(724)	-	(724)	-	-	39,867,348	-	-	(724)	(724)
2/27/2004	WH TAX DIV MBR	(1,019)	-	(1,019)	-	-	39,866,329	-	-	(1,019)	(1,019)
2/27/2004	WH TAX DIV C	(13,433)	-	(13,433)	-	-	39,852,897	-	-	(13,433)	(13,433)
3/1/2004	WH TAX DIV INTC	(1,684)	-	(1,684)	-	-	39,851,213	-	-	(1,684)	(1,684)
3/1/2004	WH TAX DIV WFC	(4,950)	-	(4,950)	-	-	39,846,263	-	-	(4,950)	(4,950)
3/5/2004	WH TAX DIV PFE	(8,397)	-	(8,397)	-	-	39,837,866	-	-	(8,397)	(8,397)
3/5/2004	WH TAX DIV BA	(886)	-	(886)	-	-	39,836,980	-	-	(886)	(886)
3/5/2004	WH TAX DIV G	(1,035)	-	(1,035)	-	-	39,835,945	-	-	(1,035)	(1,035)
3/9/2004	WH TAX DIV JNJ	(4,629)	-	(4,629)	-	-	39,831,315	-	-	(4,629)	(4,629)
3/9/2004	WH TAX DIV BLD	(1,146)	-	(1,146)	-	-	39,830,169	-	-	(1,146)	(1,146)
3/10/2004	WH TAX DIV XOM	(10,756)	-	(10,756)	-	-	39,819,413	-	-	(10,756)	(10,756)
3/10/2004	WH TAX DIV IBM	(1,760)	-	(1,760)	-	-	39,817,652	-	-	(1,760)	(1,760)
3/10/2004	WH TAX DIV UTX	(638)	-	(638)	-	-	39,817,014	-	-	(638)	(638)
3/12/2004	WH TAX DIV MMM	(1,182)	-	(1,182)	-	-	39,815,832	-	-	(1,182)	(1,182)
3/15/2004	WH TAX DIV DD	(2,229)	-	(2,229)	-	-	39,813,603	-	-	(2,229)	(2,229)
4/6/2004	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(42)	-	(42)	-	-	39,813,561	-	-	(42)	(42)
4/8/2004	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(0)	-	(0)	-	-	39,813,561	-	-	(0)	(0)
4/30/2004	WH TAX DIV MWD	(1,461)	-	(1,461)	-	-	39,812,101	-	-	(1,461)	(1,461)
4/30/2004	WH TAX DIV JPM	(1,121)	-	(1,121)	-	-	39,810,979	-	-	(1,121)	(1,121)
5/3/2004	WH TAX DIV SBC	(5,533)	-	(5,533)	-	-	39,805,446	-	-	(5,533)	(5,533)
5/3/2004	WH TAX DIV VZ	(5,624)	-	(5,624)	-	-	39,799,822	-	-	(5,624)	(5,624)
5/14/2004	WH TAX DIV PG	(4,301)	-	(4,301)	-	-	39,795,522	-	-	(4,301)	(4,301)
5/17/2004	WH TAX DIV TXN	(251)	-	(251)	-	-	39,795,271	-	-	(251)	(251)
5/26/2004	WH TAX DIV MER	(1,081)	-	(1,081)	-	-	39,794,190	-	-	(1,081)	(1,081)
5/27/2004	WH TAX DIV GS	(768)	-	(768)	-	-	39,793,422	-	-	(768)	(768)
5/28/2004	WH TAX DIV C	(14,008)	-	(14,008)	-	-	39,779,413	-	-	(14,008)	(14,008)
6/1/2004	WH TAX DIV WFC	(5,253)	-	(5,253)	-	-	39,774,160	-	-	(5,253)	(5,253)
6/1/2004	WH TAX DIV INTC	(1,750)	-	(1,750)	-	-	39,772,410	-	-	(1,750)	(1,750)
6/4/2004	WH TAX DIV G	(1,098)	-	(1,098)	-	-	39,771,312	-	-	(1,098)	(1,098)
6/4/2004	WH TAX DIV PFE	(8,749)	-	(8,749)	-	-	39,762,563	-	-	(8,749)	(8,749)
6/7/2004	WH TAX DIV WMT	(2,580)	-	(2,580)	-	-	39,759,983	-	-	(2,580)	(2,580)
6/7/2004	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(20)	-	(20)	-	-	39,759,963	-	-	(20)	(20)
6/8/2004	WH TAX DIV JNJ	(5,738)	-	(5,738)	-	-	39,754,226	-	-	(5,738)	(5,738)
6/9/2004	WH TAX DIV BLD	(1,217)	-	(1,217)	-	-	39,753,009	-	-	(1,217)	(1,217)
6/10/2004	WH TAX DIV XOM	(11,944)	-	(11,944)	-	-	39,741,065	-	-	(11,944)	(11,944)
6/10/2004	WH TAX DIV IBM	(2,101)	-	(2,101)	-	-	39,738,964	-	-	(2,101)	(2,101)
6/10/2004	WH TAX DIV UTX	(877)	-	(877)	-	-	39,738,087	-	-	(877)	(877)
6/11/2004	WH TAX DIV BA	(752)	-	(752)	-	-	39,737,335	-	-	(752)	(752)
6/14/2004	WH TAX DIV MMM	(1,354)	-	(1,354)	-	-	39,735,981	-	-	(1,354)	(1,354)
6/14/2004	WH TAX DIV DD	(2,365)	-	(2,365)	-	-	39,733,615	-	-	(2,365)	(2,365)
6/18/2004	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	39,733,615	-	-	(1)	(1)
6/24/2004	WH TAX DIV HD	(1,344)	-	(1,344)	-	-	39,732,271	-	-	(1,344)	(1,344)
6/30/2004	WH TAX DIV PEP	(2,764)	-	(2,764)	-	-	39,729,507	-	-	(2,764)	(2,764)
7/1/2004	WH TAX DIV KO	(4,269)	-	(4,269)	-	-	39,725,239	-	-	(4,269)	(4,269)
7/7/2004	WH TAX DIV HPQ	(1,720)	-	(1,720)	-	-	39,723,519	-	-	(1,720)	(1,720)
7/9/2004	WH TAX DIV MO	(9,740)	-	(9,740)	-	-	39,713,778	-	-	(9,740)	(9,740)
7/26/2004	WH TAX DIV GE	(1,579)	-	(1,579)	-	-	39,712,199	-	-	(1,579)	(1,579)
8/18/2004	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(74)	-	(74)	-	-	39,712,125	-	-	(74)	(74)
8/23/2004	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	39,712,124	-	-	(1)	(1)
9/7/2004	WH TAX DIV WMT	(3,072)	-	(3,072)	-	-	39,709,052	-	-	(3,072)	(3,072)
9/10/2004	WH TAX DIV UTX	(1,034)	-	(1,034)	-	-	39,708,018	-	-	(1,034)	(1,034)
9/13/2004	WH TAX DIV MMM	(1,595)	-	(1,595)	-	-	39,706,423	-	-	(1,595)	(1,595)
9/14/2004	WH TAX DIV MSFT	(6,447)	-	(6,447)	-	-	39,699,976	-	-	(6,447)	(6,447)
9/16/2004	WH TAX DIV HD	(1,434)	-	(1,434)	-	-	39,698,542	-	-	(1,434)	(1,434)
9/17/2004	WH TAX DIV AIG	(1,467)	-	(1,467)	-	-	39,697,075	-	-	(1,467)	(1,467)
9/24/2004	WH TAX DIV BAC	(13,966)	-	(13,966)	-	-	39,683,108	-	-	(13,966)	(13,966)
9/30/2004	WH TAX DIV PEP	(2,948)	-	(2,948)	-	-	39,680,160	-	-	(2,948)	(2,948)
10/1/2004	WH TAX DIV KO	(4,554)	-	(4,554)	-	-	39,675,606	-	-	(4,554)	(4,554)
10/1/2004	WH TAX DIV VIA.B	(791)	-	(791)	-	-	39,674,814	-	-	(791)	(791)
10/1/2004	WH TAX DIV MRK	(6,410)	-	(6,410)	-	-	39,668,405	-	-	(6,410)	(6,410)
10/6/2004	WH TAX DIV HPQ	(1,835)	-	(1,835)	-	-	39,666,569	-	-	(1,835)	(1,835)
10/12/2004	WH TAX DIV MO	(11,328)	-	(11,328)	-	-	39,655,241	-	-	(11,328)	(11,328)
11/3/2004	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(83)	-	(83)	-	-	39,655,158	-	-	(83)	(83)
11/4/2004	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(0)	-	(0)	-	-	39,655,158	-	-	(0)	(0)
11/9/2004	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(0)	-	(0)	-	-	39,655,158	-	-	(0)	(0)
11/24/2004	WH TAX DIV MBR	(577)	-	(577)	-	-	39,654,581	-	-	(577)	(577)

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
Date	Transaction Description	Transaction Amount Reported in Customer Statement	Cash Deposits	Cash Withdrawals	Transfers of Principal In	Transfers of Principal Out	Balance of Principal	90-Day Preferential Transfers	2-Year Fraudulent Transfers	6-Year Fraudulent Transfers	Full History Fraudulent Transfers
12/1/2004	W/H TAX DIV WFC	(2,990)	-	(2,990)	-	-	39,651,591	-	-	(2,990)	(2,990)
12/1/2004	W/H TAX DIV INTC	(950)	-	(950)	-	-	39,650,641	-	-	(950)	(950)
12/3/2004	W/H TAX DIV PFE	(7,659)	-	(7,659)	-	-	39,642,982	-	-	(7,659)	(7,659)
12/3/2004	W/H TAX DIV BA	(960)	-	(960)	-	-	39,642,022	-	-	(960)	(960)
12/7/2004	W/H TAX DIV INJ	(1,932)	-	(1,932)	-	-	39,640,090	-	-	(1,932)	(1,932)
12/10/2004	W/H TAX DIV IBM	(1,824)	-	(1,824)	-	-	39,638,266	-	-	(1,824)	(1,824)
12/10/2004	W/H TAX DIV XOM	(10,513)	-	(10,513)	-	-	39,627,753	-	-	(10,513)	(10,513)
12/13/2004	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(67)	-	(67)	-	-	39,627,686	-	-	(67)	(67)
12/14/2004	W/H TAX DIV DD	(2,054)	-	(2,054)	-	-	39,625,632	-	-	(2,054)	(2,054)
12/16/2004	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	39,625,631	-	-	(1)	(1)
12/31/2004	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(15)	-	(15)	-	-	39,625,617	-	-	(15)	(15)
1/3/2005	W/H TAX DIV WMT	(1,031)	-	(1,031)	-	-	39,624,585	-	-	(1,031)	(1,031)
2/2/2005	CHECK WIRE	(8,900,000)	-	(8,900,000)	-	-	30,724,585	-	-	(8,900,000)	(8,900,000)
2/14/2005	W/H TAX DIV TXN	(314)	-	(314)	-	-	30,724,271	-	-	(314)	(314)
2/18/2005	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(14)	-	(14)	-	-	30,724,257	-	-	(14)	(14)
2/24/2005	W/H TAX DIV GS	(131)	-	(131)	-	-	30,724,126	-	-	(131)	(131)
2/25/2005	W/H TAX DIV C	(16,575)	-	(16,575)	-	-	30,707,551	-	-	(16,575)	(16,575)
2/28/2005	W/H TAX DIV MER	(1,057)	-	(1,057)	-	-	30,706,494	-	-	(1,057)	(1,057)
3/1/2005	W/H TAX DIV INTC	(3,688)	-	(3,688)	-	-	30,702,806	-	-	(3,688)	(3,688)
3/1/2005	W/H TAX DIV WFC	(6,027)	-	(6,027)	-	-	30,696,779	-	-	(6,027)	(6,027)
3/4/2005	W/H TAX DIV G	(1,181)	-	(1,181)	-	-	30,695,597	-	-	(1,181)	(1,181)
3/4/2005	W/H TAX DIV BA	(1,487)	-	(1,487)	-	-	30,694,110	-	-	(1,487)	(1,487)
3/7/2005	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(5)	-	(5)	-	-	30,694,105	-	-	(5)	(5)
3/8/2005	W/H TAX DIV INJ	(6,168)	-	(6,168)	-	-	30,687,937	-	-	(6,168)	(6,168)
3/8/2005	W/H TAX DIV PFE	(10,422)	-	(10,422)	-	-	30,677,514	-	-	(10,422)	(10,422)
3/9/2005	W/H TAX DIV BUD	(1,457)	-	(1,457)	-	-	30,676,057	-	-	(1,457)	(1,457)
3/10/2005	W/H TAX DIV XOM	(12,669)	-	(12,669)	-	-	30,663,387	-	-	(12,669)	(12,669)
3/10/2005	W/H TAX DIV MSFT	(6,318)	-	(6,318)	-	-	30,657,069	-	-	(6,318)	(6,318)
3/10/2005	W/H TAX DIV UTX	(1,745)	-	(1,745)	-	-	30,655,325	-	-	(1,745)	(1,745)
3/10/2005	W/H TAX DIV IBM	(2,141)	-	(2,141)	-	-	30,653,183	-	-	(2,141)	(2,141)
3/14/2005	W/H TAX DIV DD	(2,544)	-	(2,544)	-	-	30,650,639	-	-	(2,544)	(2,544)
3/14/2005	W/H TAX DIV MMM	(2,248)	-	(2,248)	-	-	30,648,390	-	-	(2,248)	(2,248)
3/18/2005	W/H TAX DIV AIG	(2,156)	-	(2,156)	-	-	30,646,234	-	-	(2,156)	(2,156)
3/24/2005	W/H TAX DIV HD	(1,428)	-	(1,428)	-	-	30,644,807	-	-	(1,428)	(1,428)
3/28/2005	W/H TAX DIV BAC	(11,911)	-	(11,911)	-	-	30,632,896	-	-	(11,911)	(11,911)
3/31/2005	W/H TAX DIV PEP	(2,599)	-	(2,599)	-	-	30,630,297	-	-	(2,599)	(2,599)
4/1/2005	W/H TAX DIV MRK	(5,425)	-	(5,425)	-	-	30,624,872	-	-	(5,425)	(5,425)
4/1/2005	W/H TAX DIV KO	(3,508)	-	(3,508)	-	-	30,621,364	-	-	(3,508)	(3,508)
4/1/2005	W/H TAX DIV VIA.B	(791)	-	(791)	-	-	30,620,573	-	-	(791)	(791)
4/7/2005	W/H TAX DIV HPQ	(784)	-	(784)	-	-	30,619,789	-	-	(784)	(784)
4/8/2005	CHECK WIRE	3,000,000	3,000,000	-	-	-	33,619,789	-	-	-	-
4/11/2005	W/H TAX DIV MO	(7,790)	-	(7,790)	-	-	33,611,999	-	-	(7,790)	(7,790)
4/13/2005	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(66)	-	(66)	-	-	33,611,933	-	-	(66)	(66)
4/23/2005	W/H TAX DIV GE	(15,212)	-	(15,212)	-	-	33,596,721	-	-	(15,212)	(15,212)
5/23/2005	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(21)	-	(21)	-	-	33,596,700	-	-	(21)	(21)
6/6/2005	W/H TAX DIV WMT	(1,039)	-	(1,039)	-	-	33,595,661	-	-	(1,039)	(1,039)
6/10/2005	W/H TAX DIV UTX	(494)	-	(494)	-	-	33,595,167	-	-	(494)	(494)
6/13/2005	W/H TAX DIV MMM	(708)	-	(708)	-	-	33,594,459	-	-	(708)	(708)
6/17/2005	W/H TAX DIV AIG	(1,725)	-	(1,725)	-	-	33,592,734	-	-	(1,725)	(1,725)
6/20/2005	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(53)	-	(53)	-	-	33,592,681	-	-	(53)	(53)
6/23/2005	W/H TAX DIV HD	(1,155)	-	(1,155)	-	-	33,591,526	-	-	(1,155)	(1,155)
6/24/2005	W/H TAX DIV BAC	(9,635)	-	(9,635)	-	-	33,581,891	-	-	(9,635)	(9,635)
6/30/2005	W/H TAX DIV PEP	(2,350)	-	(2,350)	-	-	33,579,541	-	-	(2,350)	(2,350)
7/1/2005	W/H TAX DIV ALL	(1,169)	-	(1,169)	-	-	33,578,372	-	-	(1,169)	(1,169)
7/1/2005	W/H TAX DIV VIA.B	(633)	-	(633)	-	-	33,577,739	-	-	(633)	(633)
7/1/2005	W/H TAX DIV MRK	(4,339)	-	(4,339)	-	-	33,573,400	-	-	(4,339)	(4,339)
7/1/2005	W/H TAX DIV KO	(3,331)	-	(3,331)	-	-	33,570,069	-	-	(3,331)	(3,331)
7/6/2005	W/H TAX DIV HPQ	(1,244)	-	(1,244)	-	-	33,568,825	-	-	(1,244)	(1,244)
7/8/2005	W/H TAX DIV SLB	(699)	-	(699)	-	-	33,568,126	-	-	(699)	(699)
7/11/2005	W/H TAX DIV MO	(7,989)	-	(7,989)	-	-	33,560,137	-	-	(7,989)	(7,989)
7/25/2005	W/H TAX DIV GE	(12,318)	-	(12,318)	-	-	33,547,819	-	-	(12,318)	(12,318)
9/2/2005	CHECK WIRE	80,000,000	80,000,000	-	-	-	113,547,819	-	-	-	-
9/8/2005	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(231)	-	(231)	-	-	113,547,588	-	-	(231)	(231)
9/12/2005	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(4)	-	(4)	-	-	113,547,584	-	-	(4)	(4)
9/30/2005	W/H TAX DIV PEP	(2,725)	-	(2,725)	-	-	113,544,859	-	-	(2,725)	(2,725)
9/30/2005	W/H TAX DIV S	(455)	-	(455)	-	-	113,544,403	-	-	(455)	(455)
10/3/2005	W/H TAX DIV KO	(7,660)	-	(7,660)	-	-	113,536,744	-	-	(7,660)	(7,660)
10/5/2005	W/H TAX DIV HPQ	(2,776)	-	(2,776)	-	-	113,533,967	-	-	(2,776)	(2,776)
10/11/2005	W/H TAX DIV MO	(19,751)	-	(19,751)	-	-	113,514,217	-	-	(19,751)	(19,751)
10/12/2005	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(96)	-	(96)	-	-	113,514,120	-	-	(96)	(96)
10/13/2005	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	113,514,119	-	-	(1)	(1)

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
Date	Transaction Description	Transaction Amount Reported in Customer Statement	Cash Deposits	Cash Withdrawals	Transfers of Principal In	Transfers of Principal Out	Balance of Principal	90-Day Preferential Transfers	2-Year Fraudulent Transfers	6-Year Fraudulent Transfers	Full History Fraudulent Transfers
10/14/2005	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	113,514,118	-	-	(1)	(1)
10/19/2005	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(0)	-	(0)	-	-	113,514,118	-	-	(0)	(0)
10/25/2005	W/H TAX DIV GE	(20,541)	-	(20,541)	-	-	113,493,578	-	-	(20,541)	(20,541)
10/31/2005	W/H TAX DIV MWD	(2,425)	-	(2,425)	-	-	113,491,152	-	-	(2,425)	(2,425)
11/15/2005	W/H TAX DIV ABT	(3,705)	-	(3,705)	-	-	113,487,447	-	-	(3,705)	(3,705)
11/15/2005	W/H TAX DIV PG	(12,252)	-	(12,252)	-	-	113,475,195	-	-	(12,252)	(12,252)
11/19/2005	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(12)	-	(12)	-	-	113,475,183	-	-	(12)	(12)
11/21/2005	W/H TAX DIV TXN	(629)	-	(629)	-	-	113,474,554	-	-	(629)	(629)
11/21/2005	W/H TAX DIV GS	(1,403)	-	(1,403)	-	-	113,473,152	-	-	(1,403)	(1,403)
11/23/2005	W/H TAX DIV C	(28,633)	-	(28,633)	-	-	113,444,518	-	-	(28,633)	(28,633)
11/23/2005	W/H TAX DIV MER	(2,244)	-	(2,244)	-	-	113,442,274	-	-	(2,244)	(2,244)
11/30/2005	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(8)	-	(8)	-	-	113,442,266	-	-	(8)	(8)
12/1/2005	W/H TAX DIV INTC	(6,136)	-	(6,136)	-	-	113,436,130	-	-	(6,136)	(6,136)
12/1/2005	W/H TAX DIV WFC	(11,085)	-	(11,085)	-	-	113,425,045	-	-	(11,085)	(11,085)
12/2/2005	W/H TAX DIV BA	(2,525)	-	(2,525)	-	-	113,422,520	-	-	(2,525)	(2,525)
12/6/2005	W/H TAX DIV PFE	(17,836)	-	(17,836)	-	-	113,404,684	-	-	(17,836)	(17,836)
12/8/2005	W/H TAX DIV MSFT	(9,305)	-	(9,305)	-	-	113,395,379	-	-	(9,305)	(9,305)
12/9/2005	W/H TAX DIV XOM	(23,183)	-	(23,183)	-	-	113,372,196	-	-	(23,183)	(23,183)
12/12/2005	W/H TAX DIV CYX	(12,972)	-	(12,972)	-	-	113,359,224	-	-	(12,972)	(12,972)
12/12/2005	W/H TAX DIV UTX	(2,880)	-	(2,880)	-	-	113,356,344	-	-	(2,880)	(2,880)
12/12/2005	W/H TAX DIV IBM	(4,039)	-	(4,039)	-	-	113,352,305	-	-	(4,039)	(4,039)
12/12/2005	W/H TAX DIV MMM	(4,241)	-	(4,241)	-	-	113,348,064	-	-	(4,241)	(4,241)
12/13/2005	W/H TAX DIV JNJ	(12,548)	-	(12,548)	-	-	113,335,515	-	-	(12,548)	(12,548)
12/15/2005	W/H TAX DIV KO	(7,260)	-	(7,260)	-	-	113,328,255	-	-	(7,260)	(7,260)
12/15/2005	W/H TAX DIV HD	(2,693)	-	(2,693)	-	-	113,325,562	-	-	(2,693)	(2,693)
12/15/2005	W/H TAX DIV TWX	(2,955)	-	(2,955)	-	-	113,322,608	-	-	(2,955)	(2,955)
12/16/2005	W/H TAX DIV AIG	(4,881)	-	(4,881)	-	-	113,317,727	-	-	(4,881)	(4,881)
12/16/2005	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(6)	-	(6)	-	-	113,317,721	-	-	(6)	(6)
12/22/2005	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(19)	-	(19)	-	-	113,317,702	-	-	(19)	(19)
12/23/2005	W/H TAX DIV BAC	(25,245)	-	(25,245)	-	-	113,292,457	-	-	(25,245)	(25,245)
12/30/2005	W/H TAX DIV S	(926)	-	(926)	-	-	113,291,532	-	-	(926)	(926)
12/30/2005	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(10)	-	(10)	-	-	113,291,522	-	-	(10)	(10)
1/3/2006	W/H TAX DIV WMT	(3,110)	-	(3,110)	-	-	113,288,412	-	-	(3,110)	(3,110)
1/3/2006	W/H TAX DIV MRK	(10,659)	-	(10,659)	-	-	113,277,753	-	-	(10,659)	(10,659)
1/3/2006	W/H TAX DIV PEP	(5,543)	-	(5,543)	-	-	113,272,210	-	-	(5,543)	(5,543)
1/3/2006	W/H TAX DIV VIA.B	(1,414)	-	(1,414)	-	-	113,270,796	-	-	(1,414)	(1,414)
1/4/2006	W/H TAX DIV HPQ	(2,905)	-	(2,905)	-	-	113,267,892	-	-	(2,905)	(2,905)
1/6/2006	W/H TAX DIV DIS	(6,968)	-	(6,968)	-	-	113,260,924	-	-	(6,968)	(6,968)
1/13/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(10)	-	(10)	-	-	113,260,914	-	-	(10)	(10)
1/31/2006	W/H TAX DIV MS	(3,579)	-	(3,579)	-	-	113,257,335	-	-	(3,579)	(3,579)
1/31/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(6)	-	(6)	-	-	113,257,329	-	-	(6)	(6)
2/1/2006	W/H TAX DIV T	(3,716)	-	(3,716)	-	-	113,253,613	-	-	(3,716)	(3,716)
2/1/2006	W/H TAX DIV VZ	(3,233)	-	(3,233)	-	-	113,250,380	-	-	(3,233)	(3,233)
2/13/2006	W/H TAX DIV TXN	(584)	-	(584)	-	-	113,249,796	-	-	(584)	(584)
2/15/2006	W/H TAX DIV PG	(11,444)	-	(11,444)	-	-	113,238,352	-	-	(11,444)	(11,444)
2/15/2006	W/H TAX DIV ABT	(5,164)	-	(5,164)	-	-	113,233,188	-	-	(5,164)	(5,164)
2/23/2006	W/H TAX DIV GS	(1,381)	-	(1,381)	-	-	113,231,807	-	-	(1,381)	(1,381)
2/24/2006	W/H TAX DIV C	(29,983)	-	(29,983)	-	-	113,201,824	-	-	(29,983)	(29,983)
2/28/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(14)	-	(14)	-	-	113,201,810	-	-	(14)	(14)
2/28/2006	W/H TAX DIV MER	(2,762)	-	(2,762)	-	-	113,199,048	-	-	(2,762)	(2,762)
3/1/2006	W/H TAX DIV WFC	(10,339)	-	(10,339)	-	-	113,188,709	-	-	(10,339)	(10,339)
3/1/2006	W/H TAX DIV INTC	(7,267)	-	(7,267)	-	-	113,181,442	-	-	(7,267)	(7,267)
3/3/2006	W/H TAX DIV BA	(2,982)	-	(2,982)	-	-	113,178,459	-	-	(2,982)	(2,982)
3/7/2006	W/H TAX DIV PFE	(21,418)	-	(21,418)	-	-	113,157,041	-	-	(21,418)	(21,418)
3/7/2006	W/H TAX DIV UPS	(5,037)	-	(5,037)	-	-	113,152,004	-	-	(5,037)	(5,037)
3/9/2006	W/H TAX DIV MSFT	(10,017)	-	(10,017)	-	-	113,141,987	-	-	(10,017)	(10,017)
3/10/2006	W/H TAX DIV TGT	(1,105)	-	(1,105)	-	-	113,140,883	-	-	(1,105)	(1,105)
3/10/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(6)	-	(6)	-	-	113,140,876	-	-	(6)	(6)
3/10/2006	W/H TAX DIV CYX	(12,246)	-	(12,246)	-	-	113,128,630	-	-	(12,246)	(12,246)
3/10/2006	W/H TAX DIV UTX	(2,673)	-	(2,673)	-	-	113,125,957	-	-	(2,673)	(2,673)
3/10/2006	W/H TAX DIV XOM	(23,977)	-	(23,977)	-	-	113,101,980	-	-	(23,977)	(23,977)
3/10/2006	W/H TAX DIV IBM	(3,799)	-	(3,799)	-	-	113,098,181	-	-	(3,799)	(3,799)
3/13/2006	W/H TAX DIV MMM	(4,065)	-	(4,065)	-	-	113,094,116	-	-	(4,065)	(4,065)
3/14/2006	W/H TAX DIV JNJ	(12,029)	-	(12,029)	-	-	113,082,087	-	-	(12,029)	(12,029)
3/15/2006	W/H TAX DIV TWX	(2,828)	-	(2,828)	-	-	113,079,259	-	-	(2,828)	(2,828)
3/16/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(2)	-	(2)	-	-	113,079,257	-	-	(2)	(2)
3/17/2006	W/H TAX DIV AIG	(4,672)	-	(4,672)	-	-	113,074,585	-	-	(4,672)	(4,672)
3/23/2006	W/H TAX DIV HD	(3,811)	-	(3,811)	-	-	113,070,774	-	-	(3,811)	(3,811)
3/24/2006	W/H TAX DIV BAC	(28,167)	-	(28,167)	-	-	113,042,607	-	-	(28,167)	(28,167)
3/30/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(13)	-	(13)	-	-	113,042,594	-	-	(13)	(13)
3/31/2006	W/H TAX DIV PEP	(5,267)	-	(5,267)	-	-	113,037,327	-	-	(5,267)	(5,267)

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
Date	Transaction Description	Transaction Amount Reported in Customer Statement	Cash Deposits	Cash Withdrawals	Transfers of Principal In	Transfers of Principal Out	Balance of Principal	90-Day Preferential Transfers	2-Year Fraudulent Transfers	6-Year Fraudulent Transfers	Full History Fraudulent Transfers
3/31/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(0)	-	(0)	-	-	113,037,327	-	-	(0)	(0)
3/31/2006	W/H TAX DIV S	(918)	-	(918)	-	-	113,036,409	-	-	(918)	(918)
4/3/2006	W/H TAX DIV WMT	(5,238)	-	(5,238)	-	-	113,031,171	-	-	(5,238)	(5,238)
4/3/2006	W/H TAX DIV KO	(7,894)	-	(7,894)	-	-	113,023,277	-	-	(7,894)	(7,894)
4/3/2006	W/H TAX DIV MRK	(10,260)	-	(10,260)	-	-	113,013,017	-	-	(10,260)	(10,260)
4/5/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	113,013,016	-	-	(1)	(1)
4/5/2006	W/H TAX DIV HPQ	(2,826)	-	(2,826)	-	-	113,010,190	-	-	(2,826)	(2,826)
4/7/2006	W/H TAX DIV SLB	(1,711)	-	(1,711)	-	-	113,008,479	-	-	-	-
4/7/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	113,008,477	-	-	(1)	(1)
4/10/2006	W/H TAX DIV MO	(20,701)	-	(20,701)	-	-	112,987,776	-	-	(20,701)	(20,701)
4/21/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(5)	-	(5)	-	-	112,987,771	-	-	(5)	(5)
4/25/2006	W/H TAX DIV GE	(31,987)	-	(31,987)	-	-	112,955,784	-	-	(31,987)	(31,987)
4/28/2006	CXL W/H TAX DIV SLB	1,711	-	1,711	-	-	112,957,495	-	-	-	-
4/28/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(11)	-	(11)	-	-	112,957,484	-	-	(11)	(11)
4/28/2006	W/H TAX DIV MS	(3,594)	-	(3,594)	-	-	112,953,890	-	-	(3,594)	(3,594)
4/28/2006	W/H TAX DIV MDT	(1,417)	-	(1,417)	-	-	112,952,473	-	-	(1,417)	(1,417)
5/1/2006	W/H TAX DIV JPM	(10,753)	-	(10,753)	-	-	112,941,720	-	-	(10,753)	(10,753)
5/1/2006	W/H TAX DIV VZ	(14,674)	-	(14,674)	-	-	112,927,046	-	-	(14,674)	(14,674)
5/1/2006	W/H TAX DIV T	(15,862)	-	(15,862)	-	-	112,911,185	-	-	(15,862)	(15,862)
5/5/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(12)	-	(12)	-	-	112,911,173	-	-	(12)	(12)
5/10/2006	W/H TAX DIV AXP	(1,864)	-	(1,864)	-	-	112,909,309	-	-	(1,864)	(1,864)
5/10/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(4)	-	(4)	-	-	112,909,305	-	-	(4)	(4)
5/15/2006	W/H TAX DIV ABT	(5,564)	-	(5,564)	-	-	112,903,741	-	-	(5,564)	(5,564)
5/15/2006	W/H TAX DIV PG	(12,725)	-	(12,725)	-	-	112,891,016	-	-	(12,725)	(12,725)
5/22/2006	W/H TAX DIV CAT	(2,124)	-	(2,124)	-	-	112,888,892	-	-	(2,124)	(2,124)
5/22/2006	W/H TAX DIV TXN	(599)	-	(599)	-	-	112,888,293	-	-	(599)	(599)
5/24/2006	W/H TAX DIV MER	(2,812)	-	(2,812)	-	-	112,885,481	-	-	(2,812)	(2,812)
5/25/2006	W/H TAX DIV GS	(1,941)	-	(1,941)	-	-	112,883,540	-	-	(1,941)	(1,941)
5/26/2006	W/H TAX DIV C	(30,442)	-	(30,442)	-	-	112,853,098	-	-	(30,442)	(30,442)
5/31/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(47)	-	(47)	-	-	112,853,051	-	-	(47)	(47)
5/31/2006	W/H TAX DIV UPS	(5,129)	-	(5,129)	-	-	112,847,923	-	-	(5,129)	(5,129)
6/1/2006	W/H TAX DIV INTC	(7,311)	-	(7,311)	-	-	112,840,612	-	-	(7,311)	(7,311)
6/1/2006	W/H TAX DIV WFC	(11,112)	-	(11,112)	-	-	112,829,500	-	-	(11,112)	(11,112)
6/2/2006	W/H TAX DIV BA	(3,037)	-	(3,037)	-	-	112,826,463	-	-	(3,037)	(3,037)
6/5/2006	W/H TAX DIV WMT	(5,275)	-	(5,275)	-	-	112,821,188	-	-	(5,275)	(5,275)
6/6/2006	W/H TAX DIV PFE	(22,134)	-	(22,134)	-	-	112,799,054	-	-	(22,134)	(22,134)
6/6/2006	W/H TAX DIV BMY	(6,834)	-	(6,834)	-	-	112,792,220	-	-	(6,834)	(6,834)
6/8/2006	W/H TAX DIV MSFT	(10,021)	-	(10,021)	-	-	112,782,199	-	-	(10,021)	(10,021)
6/9/2006	W/H TAX DIV XOM	(24,569)	-	(24,569)	-	-	112,757,630	-	-	(24,569)	(24,569)
6/12/2006	W/H TAX DIV IBM	(5,871)	-	(5,871)	-	-	112,751,760	-	-	(5,871)	(5,871)
6/12/2006	W/H TAX DIV UTX	(1,639)	-	(1,639)	-	-	112,750,121	-	-	(1,639)	(1,639)
6/12/2006	W/H TAX DIV MMM	(4,139)	-	(4,139)	-	-	112,745,982	-	-	(4,139)	(4,139)
6/13/2006	W/H TAX DIV JNJ	(13,918)	-	(13,918)	-	-	112,732,064	-	-	(13,918)	(13,918)
6/13/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(20)	-	(20)	-	-	112,732,044	-	-	(20)	(20)
6/15/2006	W/H TAX DIV TWX	(2,813)	-	(2,813)	-	-	112,729,231	-	-	(2,813)	(2,813)
6/22/2006	CHECK WIRE	5,000,000	5,000,000	-	-	-	117,729,231	-	-	-	-
6/22/2006	W/H TAX DIV HD	(4,049)	-	(4,049)	-	-	117,725,182	-	-	(4,049)	(4,049)
6/23/2006	W/H TAX DIV BAC	(29,242)	-	(29,242)	-	-	117,695,940	-	-	(29,242)	(29,242)
6/30/2006	W/H TAX DIV S	(928)	-	(928)	-	-	117,695,012	-	-	(928)	(928)
6/30/2006	W/H TAX DIV PEP	(6,078)	-	(6,078)	-	-	117,688,934	-	-	(6,078)	(6,078)
6/30/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(68)	-	(68)	-	-	117,688,866	-	-	(68)	(68)
7/3/2006	W/H TAX DIV KO	(5,533)	-	(5,533)	-	-	117,683,333	-	-	(5,533)	(5,533)
7/3/2006	W/H TAX DIV AIG	(4,892)	-	(4,892)	-	-	117,678,441	-	-	(4,892)	(4,892)
7/3/2006	W/H TAX DIV MRK	(10,257)	-	(10,257)	-	-	117,668,183	-	-	(10,257)	(10,257)
7/3/2006	W/H TAX DIV CVX	(14,621)	-	(14,621)	-	-	117,653,562	-	-	(14,621)	(14,621)
7/5/2006	W/H TAX DIV HPQ	(2,855)	-	(2,855)	-	-	117,650,707	-	-	(2,855)	(2,855)
7/7/2006	W/H TAX DIV SLB	(1,966)	-	(1,966)	-	-	117,648,741	-	-	-	-
7/10/2006	W/H TAX DIV MO	(14,279)	-	(14,279)	-	-	117,634,461	-	-	(14,279)	(14,279)
7/14/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(19)	-	(19)	-	-	117,634,442	-	-	(19)	(19)
7/21/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(5)	-	(5)	-	-	117,634,437	-	-	(5)	(5)
7/31/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(33)	-	(33)	-	-	117,634,404	-	-	(33)	(33)
7/31/2006	W/H TAX DIV MS	(1,548)	-	(1,548)	-	-	117,632,855	-	-	(1,548)	(1,548)
8/7/2006	CXL W/H TAX DIV SLB	1,966	-	1,966	-	-	117,634,822	-	-	-	-
8/15/2006	W/H TAX DIV ABT	(9,700)	-	(9,700)	-	-	117,625,122	-	-	(9,700)	(9,700)
8/15/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(188)	-	(188)	-	-	117,625,107	-	-	(188)	(188)
8/21/2006	W/H TAX DIV CAT	(11,004)	-	(11,004)	-	-	117,621,304	-	-	(11,004)	(11,004)
8/21/2006	W/H TAX DIV TXN	(442)	-	(442)	-	-	117,621,301	-	-	(442)	(442)
8/23/2006	W/H TAX DIV MER	(2,114)	-	(2,114)	-	-	117,619,147	-	-	(2,114)	(2,114)
8/24/2006	W/H TAX DIV GS	(1,480)	-	(1,480)	-	-	117,617,667	-	-	(1,480)	(1,480)
8/25/2006	W/H TAX DIV C	(23,026)	-	(23,026)	-	-	117,594,641	-	-	(23,026)	(23,026)

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
Date	Transaction Description	Transaction Amount Reported in Customer Statement	Cash Deposits	Cash Withdrawals	Transfers of Principal In	Transfers of Principal Out	Balance of Principal	90-Day Preferential Transfers	2-Year Fraudulent Transfers	6-Year Fraudulent Transfers	Full History Fraudulent Transfers
9/1/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(20)	-	(20)	-	-	117,594.621	-	-	(20)	(20)
9/1/2006	W/H TAX DIV BA	(2,283)	-	(2,283)	-	-	117,592.337	-	-	(2,283)	(2,283)
9/1/2006	W/H TAX DIV WFC	(8,998)	-	(8,998)	-	-	117,583.339	-	-	(8,998)	(8,998)
9/1/2006	W/H TAX DIV INTC	(5,534)	-	(5,534)	-	-	117,577.805	-	-	(5,534)	(5,534)
9/5/2006	W/H TAX DIV PFE	(16,670)	-	(16,670)	-	-	117,561.136	-	-	(16,670)	(16,670)
9/5/2006	W/H TAX DIV WMT	(3,966)	-	(3,966)	-	-	117,557.169	-	-	(3,966)	(3,966)
9/6/2006	W/H TAX DIV LPS	(3,856)	-	(3,856)	-	-	117,553.313	-	-	(3,856)	(3,856)
9/11/2006	W/H TAX DIV CVX	(10,994)	-	(10,994)	-	-	117,542.319	-	-	(10,994)	(10,994)
9/11/2006	W/H TAX DIV IBM	(4,313)	-	(4,313)	-	-	117,538.006	-	-	(4,313)	(4,313)
9/11/2006	W/H TAX DIV XOM	(18,250)	-	(18,250)	-	-	117,519.756	-	-	(18,250)	(18,250)
9/11/2006	W/H TAX DIV UTX	(2,465)	-	(2,465)	-	-	117,517.291	-	-	(2,465)	(2,465)
9/12/2006	W/H TAX DIV JNJ	(10,466)	-	(10,466)	-	-	117,506.825	-	-	(10,466)	(10,466)
9/12/2006	W/H TAX DIV MMM	(3,112)	-	(3,112)	-	-	117,503.713	-	-	(3,112)	(3,112)
9/14/2006	W/H TAX DIV MSFT	(7,502)	-	(7,502)	-	-	117,496.211	-	-	(7,502)	(7,502)
9/15/2006	W/H TAX DIV TWX	(2,259)	-	(2,259)	-	-	117,493.952	-	-	(2,259)	(2,259)
9/15/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(7)	-	(7)	-	-	117,493.945	-	-	(7)	(7)
9/15/2006	W/H TAX DIV AIG	(4,047)	-	(4,047)	-	-	117,489.899	-	-	(4,047)	(4,047)
9/21/2006	W/H TAX DIV HD	(2,918)	-	(2,918)	-	-	117,486.981	-	-	(2,918)	(2,918)
9/22/2006	W/H TAX DIV BAC	(24,153)	-	(24,153)	-	-	117,462.828	-	-	(24,153)	(24,153)
9/27/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(24)	-	(24)	-	-	117,462.804	-	-	(24)	(24)
9/29/2006	W/H TAX DIV S	(710)	-	(710)	-	-	117,462.094	-	-	(710)	(710)
9/29/2006	W/H TAX DIV PEP	(4,677)	-	(4,677)	-	-	117,457.417	-	-	(4,677)	(4,677)
10/2/2006	W/H TAX DIV MRK	(7,713)	-	(7,713)	-	-	117,449.704	-	-	(7,713)	(7,713)
10/2/2006	W/H TAX DIV KO	(6,030)	-	(6,030)	-	-	117,443.675	-	-	(6,030)	(6,030)
10/4/2006	CHECK WIRE	(10,000.000)	-	(10,000.000)	-	-	107,443.675	-	-	(10,000.000)	(10,000.000)
10/4/2006	W/H TAX DIV HPQ	(2,097)	-	(2,097)	-	-	107,441.577	-	-	(2,097)	(2,097)
10/10/2006	W/H TAX DIV MO	(17,044)	-	(17,044)	-	-	107,424.533	-	-	(17,044)	(17,044)
10/17/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(25)	-	(25)	-	-	107,424.508	-	-	(25)	(25)
10/25/2006	W/H TAX DIV GE	(24,645)	-	(24,645)	-	-	107,399.863	-	-	(24,645)	(24,645)
10/26/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(7)	-	(7)	-	-	107,399.856	-	-	(7)	(7)
10/27/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(0)	-	(0)	-	-	107,399.856	-	-	(0)	(0)
10/30/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(5)	-	(5)	-	-	107,399.851	-	-	(5)	(5)
10/31/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(0)	-	(0)	-	-	107,399.850	-	-	(0)	(0)
11/20/2006	W/H TAX DIV TXN	(733)	-	(733)	-	-	107,399.118	-	-	(733)	(733)
11/20/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(0)	-	(0)	-	-	107,399.117	-	-	(0)	(0)
11/22/2006	W/H TAX DIV C	(27,993)	-	(27,993)	-	-	107,371.124	-	-	(27,993)	(27,993)
11/22/2006	W/H TAX DIV MER	(2,695)	-	(2,695)	-	-	107,368.429	-	-	(2,695)	(2,695)
11/27/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(2)	-	(2)	-	-	107,368.427	-	-	(2)	(2)
11/30/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	107,368.426	-	-	(1)	(1)
1/2/2007	W/H TAX DIV MRK	(9,665)	-	(9,665)	-	-	107,358.761	-	(9,665)	(9,665)	(9,665)
1/2/2007	W/H TAX DIV PEP	(5,894)	-	(5,894)	-	-	107,352.867	-	(5,894)	(5,894)	(5,894)
1/2/2007	W/H TAX DIV WMT	(4,871)	-	(4,871)	-	-	107,347.996	-	(4,871)	(4,871)	(4,871)
1/3/2007	W/H TAX DIV EXC	(3,018)	-	(3,018)	-	-	107,344.978	-	(3,018)	(3,018)	(3,018)
1/3/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	107,344.977	-	(1)	(1)	(1)
1/3/2007	W/H TAX DIV MSFT	(10,058)	-	(10,058)	-	-	107,334.919	-	(10,058)	(10,058)	(10,058)
1/3/2007	W/H TAX DIV XOM	(22,182)	-	(22,182)	-	-	107,312.737	-	(22,182)	(22,182)	(22,182)
1/3/2007	W/H TAX DIV TGT	(1,164)	-	(1,164)	-	-	107,311.573	-	(1,164)	(1,164)	(1,164)
1/3/2007	W/H TAX DIV BAC	(29,940)	-	(29,940)	-	-	107,281.633	-	(29,940)	(29,940)	(29,940)
1/3/2007	W/H TAX DIV UTX	(3,142)	-	(3,142)	-	-	107,278.491	-	(3,142)	(3,142)	(3,142)
1/3/2007	W/H TAX DIV HD	(5,402)	-	(5,402)	-	-	107,273.088	-	(5,402)	(5,402)	(5,402)
1/3/2007	W/H TAX DIV WFC	(10,958)	-	(10,958)	-	-	107,262.130	-	(10,958)	(10,958)	(10,958)
1/3/2007	W/H TAX DIV WB	(12,827)	-	(12,827)	-	-	107,249.302	-	(12,827)	(12,827)	(12,827)
1/3/2007	W/H TAX DIV IBM	(5,274)	-	(5,274)	-	-	107,244.029	-	(5,274)	(5,274)	(5,274)
1/3/2007	W/H TAX DIV KO	(7,443)	-	(7,443)	-	-	107,236.585	-	(7,443)	(7,443)	(7,443)
1/3/2007	W/H TAX DIV HPQ	(2,590)	-	(2,590)	-	-	107,233.996	-	(2,590)	(2,590)	(2,590)
1/3/2007	W/H TAX DIV BA	(2,910)	-	(2,910)	-	-	107,231.085	-	(2,910)	(2,910)	(2,910)
1/3/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(11)	-	(11)	-	-	107,231.074	-	(11)	(11)	(11)
1/3/2007	W/H TAX DIV MMM	(3,967)	-	(3,967)	-	-	107,227.108	-	(3,967)	(3,967)	(3,967)
1/3/2007	W/H TAX DIV S	(873)	-	(873)	-	-	107,226.234	-	(873)	(873)	(873)
1/3/2007	W/H TAX DIV JNJ	(12,935)	-	(12,935)	-	-	107,213.300	-	(12,935)	(12,935)	(12,935)
1/3/2007	W/H TAX DIV PFE	(20,530)	-	(20,530)	-	-	107,192.769	-	(20,530)	(20,530)	(20,530)
1/3/2007	W/H TAX DIV TWX	(2,641)	-	(2,641)	-	-	107,190.128	-	(2,641)	(2,641)	(2,641)
1/3/2007	W/H TAX DIV MCD	(14,013)	-	(14,013)	-	-	107,176.115	-	(14,013)	(14,013)	(14,013)
1/3/2007	W/H TAX DIV INTC	(6,716)	-	(6,716)	-	-	107,169.399	-	(6,716)	(6,716)	(6,716)
1/3/2007	W/H TAX DIV AIG	(5,042)	-	(5,042)	-	-	107,164.357	-	(5,042)	(5,042)	(5,042)
1/3/2007	W/H TAX DIV CVX	(13,452)	-	(13,452)	-	-	107,150.905	-	(13,452)	(13,452)	(13,452)
1/4/2007	W/H TAX DIV UPS	(4,915)	-	(4,915)	-	-	107,145.990	-	(4,915)	(4,915)	(4,915)
1/10/2007	W/H TAX DIV MO	(5,804)	-	(5,804)	-	-	107,140.186	-	(5,804)	(5,804)	(5,804)
1/12/2007	W/H TAX DIV DIS	(7,667)	-	(7,667)	-	-	107,132.519	-	(7,667)	(7,667)	(7,667)
1/25/2007	W/H TAX DIV GE	(19,728)	-	(19,728)	-	-	107,112.790	-	(19,728)	(19,728)	(19,728)
1/29/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(24)	-	(24)	-	-	107,112.767	-	(24)	(24)	(24)

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
Date	Transaction Description	Transaction Amount Reported in Customer Statement	Cash Deposits	Cash Withdrawals	Transfers of Principal In	Transfers of Principal Out	Balance of Principal	90-Day Preferential Transfers	2-Year Fraudulent Transfers	6-Year Fraudulent Transfers	Full History Fraudulent Transfers
1/31/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	107,112,766	-	(1)	(1)	(1)
2/6/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(3)	-	(3)	-	-	107,112,763	-	(3)	(3)	(3)
2/13/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(7)	-	(7)	-	-	107,112,756	-	(7)	(7)	(7)
2/16/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(3)	-	(3)	-	-	107,112,754	-	(3)	(3)	(3)
2/20/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(4)	-	(4)	-	-	107,112,750	-	(4)	(4)	(4)
2/22/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(0)	-	(0)	-	-	107,112,749	-	(0)	(0)	(0)
2/23/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	107,112,748	-	(1)	(1)	(1)
2/27/2007	W/H TAX DIV CMCSA	(4)	-	(4)	-	-	107,112,744	-	(4)	(4)	(4)
2/28/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(6)	-	(6)	-	-	107,112,738	-	(6)	(6)	(6)
3/1/2007	W/H TAX DIV COP	(4,274)	-	(4,274)	-	-	107,108,464	-	(4,274)	(4,274)	(4,274)
3/6/2007	W/H TAX DIV UPS	(2,833)	-	(2,833)	-	-	107,105,631	-	(2,833)	(2,833)	(2,833)
3/9/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(11)	-	(11)	-	-	107,105,620	-	(11)	(11)	(11)
3/12/2007	W/H TAX DIV CVX	(3,997)	-	(3,997)	-	-	107,101,623	-	(3,997)	(3,997)	(3,997)
3/12/2007	W/H TAX DIV MMM	(3,508)	-	(3,508)	-	-	107,098,115	-	(3,508)	(3,508)	(3,508)
3/12/2007	W/H TAX DIV TGT	(662)	-	(662)	-	-	107,097,453	-	(662)	(662)	(662)
3/12/2007	W/H TAX DIV UTX	(974)	-	(974)	-	-	107,096,478	-	(974)	(974)	(974)
3/13/2007	W/H TAX DIV JNJ	(10,619)	-	(10,619)	-	-	107,085,859	-	(10,619)	(10,619)	(10,619)
3/15/2007	W/H TAX DIV TWX	(2,110)	-	(2,110)	-	-	107,083,749	-	(2,110)	(2,110)	(2,110)
3/15/2007	W/H TAX DIV WB	(10,231)	-	(10,231)	-	-	107,073,518	-	(10,231)	(10,231)	(10,231)
3/16/2007	W/H TAX DIV AIG	(4,070)	-	(4,070)	-	-	107,069,448	-	(4,070)	(4,070)	(4,070)
3/20/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(26)	-	(26)	-	-	107,069,422	-	(26)	(26)	(26)
3/22/2007	W/H TAX DIV HD	(4,522)	-	(4,522)	-	-	107,064,901	-	(4,522)	(4,522)	(4,522)
3/23/2007	W/H TAX DIV BAC	(24,043)	-	(24,043)	-	-	107,040,857	-	(24,043)	(24,043)	(24,043)
3/28/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(5)	-	(5)	-	-	107,040,852	-	(5)	(5)	(5)
3/30/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(3)	-	(3)	-	-	107,040,849	-	(3)	(3)	(3)
3/30/2007	W/H TAX DIV PEP	(5,525)	-	(5,525)	-	-	107,035,325	-	(5,525)	(5,525)	(5,525)
3/30/2007	W/H TAX DIV S	(809)	-	(809)	-	-	107,034,515	-	(809)	(809)	(809)
4/2/2007	W/H TAX DIV MRK	(9,468)	-	(9,468)	-	-	107,025,047	-	(9,468)	(9,468)	(9,468)
4/2/2007	W/H TAX DIV WMT	(6,130)	-	(6,130)	-	-	107,018,917	-	(6,130)	(6,130)	(6,130)
4/2/2007	W/H TAX DIV KO	(7,932)	-	(7,932)	-	-	107,010,985	-	(7,932)	(7,932)	(7,932)
4/4/2007	W/H TAX DIV HPQ	(2,513)	-	(2,513)	-	-	107,008,472	-	(2,513)	(2,513)	(2,513)
4/10/2007	W/H TAX DIV MO	(20,496)	-	(20,496)	-	-	106,987,976	-	(20,496)	(20,496)	(20,496)
4/19/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(36)	-	(36)	-	-	106,987,939	-	(36)	(36)	(36)
4/20/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(0)	-	(0)	-	-	106,987,939	-	(0)	(0)	(0)
4/25/2007	W/H TAX DIV GE	(27,880)	-	(27,880)	-	-	106,960,059	-	(27,880)	(27,880)	(27,880)
5/4/2007	W/H TAX DIV CVS	(732)	-	(732)	-	-	106,959,327	-	(732)	(732)	(732)
5/15/2007	W/H TAX DIV PG	(12,977)	-	(12,977)	-	-	106,946,350	-	(12,977)	(12,977)	(12,977)
5/21/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(19)	-	(19)	-	-	106,946,331	-	(19)	(19)	(19)
5/23/2007	W/H TAX DIV MER	(3,435)	-	(3,435)	-	-	106,942,896	-	(3,435)	(3,435)	(3,435)
5/24/2007	W/H TAX DIV GS	(1,005)	-	(1,005)	-	-	106,941,891	-	(1,005)	(1,005)	(1,005)
5/25/2007	W/H TAX DIV C	(30,621)	-	(30,621)	-	-	106,911,270	-	(30,621)	(30,621)	(30,621)
5/31/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(8)	-	(8)	-	-	106,911,263	-	(8)	(8)	(8)
6/1/2007	W/H TAX DIV INTC	(7,606)	-	(7,606)	-	-	106,903,656	-	(7,606)	(7,606)	(7,606)
6/1/2007	W/H TAX DIV BA	(3,171)	-	(3,171)	-	-	106,900,486	-	(3,171)	(3,171)	(3,171)
6/1/2007	W/H TAX DIV WFC	(10,992)	-	(10,992)	-	-	106,889,493	-	(10,992)	(10,992)	(10,992)
6/1/2007	W/H TAX DIV COP	(7,895)	-	(7,895)	-	-	106,881,598	-	(7,895)	(7,895)	(7,895)
6/4/2007	W/H TAX DIV WMT	(6,238)	-	(6,238)	-	-	106,875,361	-	(6,238)	(6,238)	(6,238)
6/5/2007	W/H TAX DIV PFE	(24,035)	-	(24,035)	-	-	106,851,326	-	(24,035)	(24,035)	(24,035)
6/5/2007	W/H TAX DIV UPS	(5,038)	-	(5,038)	-	-	106,846,288	-	(5,038)	(5,038)	(5,038)
6/6/2007	W/H TAX DIV TYC	(2,324)	-	(2,324)	-	-	106,843,964	-	(2,324)	(2,324)	(2,324)
6/11/2007	W/H TAX DIV IBM	(6,979)	-	(6,979)	-	-	106,836,985	-	(6,979)	(6,979)	(6,979)
6/11/2007	W/H TAX DIV CVX	(14,547)	-	(14,547)	-	-	106,822,438	-	(14,547)	(14,547)	(14,547)
6/11/2007	W/H TAX DIV UTX	(3,179)	-	(3,179)	-	-	106,819,259	-	(3,179)	(3,179)	(3,179)
6/11/2007	W/H TAX DIV XOM	(23,152)	-	(23,152)	-	-	106,796,107	-	(23,152)	(23,152)	(23,152)
6/12/2007	W/H TAX DIV JNJ	(13,890)	-	(13,890)	-	-	106,782,217	-	(13,890)	(13,890)	(13,890)
6/12/2007	W/H TAX DIV MMM	(4,188)	-	(4,188)	-	-	106,778,030	-	(4,188)	(4,188)	(4,188)
6/14/2007	W/H TAX DIV MSFT	(10,104)	-	(10,104)	-	-	106,767,925	-	(10,104)	(10,104)	(10,104)
6/15/2007	W/H TAX DIV TWX	(2,478)	-	(2,478)	-	-	106,765,448	-	(2,478)	(2,478)	(2,478)
6/15/2007	W/H TAX DIV WB	(12,214)	-	(12,214)	-	-	106,753,234	-	(12,214)	(12,214)	(12,214)
6/15/2007	W/H TAX DIV AIG	(5,038)	-	(5,038)	-	-	106,748,196	-	(5,038)	(5,038)	(5,038)
6/15/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(8)	-	(8)	-	-	106,748,188	-	(8)	(8)	(8)
6/21/2007	W/H TAX DIV HD	(5,398)	-	(5,398)	-	-	106,742,790	-	(5,398)	(5,398)	(5,398)
6/22/2007	W/H TAX DIV BAC	(29,313)	-	(29,313)	-	-	106,713,478	-	(29,313)	(29,313)	(29,313)
6/29/2007	W/H TAX DIV S	(845)	-	(845)	-	-	106,712,632	-	(845)	(845)	(845)
6/29/2007	W/H TAX DIV PEP	(7,221)	-	(7,221)	-	-	106,705,411	-	(7,221)	(7,221)	(7,221)
6/29/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(18)	-	(18)	-	-	106,705,393	-	(18)	(18)	(18)
7/2/2007	W/H TAX DIV KO	(7,916)	-	(7,916)	-	-	106,697,477	-	(7,916)	(7,916)	(7,916)
7/2/2007	W/H TAX DIV MRK	(9,531)	-	(9,531)	-	-	106,687,946	-	(9,531)	(9,531)	(9,531)
7/5/2007	W/H TAX DIV HPQ	(2,530)	-	(2,530)	-	-	106,685,416	-	(2,530)	(2,530)	(2,530)
7/10/2007	W/H TAX DIV MO	(16,785)	-	(16,785)	-	-	106,668,631	-	(16,785)	(16,785)	(16,785)
7/17/2007	CXL W/H TAX DIV TYC	2,324	-	2,324	-	-	106,670,954	-	-	-	-

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
Date	Transaction Description	Transaction Amount Reported in Customer Statement	Cash Deposits	Cash Withdrawals	Transfers of Principal In	Transfers of Principal Out	Balance of Principal	90-Day Preferential Transfers	2-Year Fraudulent Transfers	6-Year Fraudulent Transfers	Full History Fraudulent Transfers
8/17/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(25)	-	(25)	-	-	106,870,947	-	(25)	(25)	(25)
8/17/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(23)	-	(23)	-	-	106,870,947	-	(23)	(23)	(23)
8/22/2007	WH TAX DIV C	(12,664)	-	(12,664)	-	-	106,858,282	-	(12,664)	(12,664)	(12,664)
9/4/2007	WH TAX DIV WMT	(2,531)	-	(2,531)	-	-	106,855,751	-	(2,531)	(2,531)	(2,531)
9/4/2007	WH TAX DIV WFC	(4,958)	-	(4,958)	-	-	106,850,793	-	(4,958)	(4,958)	(4,958)
9/4/2007	WH TAX DIV INTC	(3,136)	-	(3,136)	-	-	106,847,657	-	(3,136)	(3,136)	(3,136)
9/5/2007	WH TAX DIV PTE	(9,753)	-	(9,753)	-	-	106,837,884	-	(9,753)	(9,753)	(9,753)
9/7/2007	WH TAX DIV BA	(1,239)	-	(1,239)	-	-	106,836,645	-	(1,239)	(1,239)	(1,239)
9/10/2007	WH TAX DIV XOM	(9,447)	-	(9,447)	-	-	106,827,198	-	(9,447)	(9,447)	(9,447)
9/10/2007	WH TAX DIV UTX	(1,558)	-	(1,558)	-	-	106,825,640	-	(1,558)	(1,558)	(1,558)
9/10/2007	WH TAX DIV CVX	(5,903)	-	(5,903)	-	-	106,819,737	-	(5,903)	(5,903)	(5,903)
9/10/2007	WH TAX DIV IBM	(2,655)	-	(2,655)	-	-	106,817,082	-	(2,655)	(2,655)	(2,655)
9/13/2007	WH TAX DIV MSFT	(4,027)	-	(4,027)	-	-	106,813,055	-	(4,027)	(4,027)	(4,027)
9/14/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(30)	-	(30)	-	-	106,813,026	-	(30)	(30)	(30)
9/18/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(3)	-	(3)	-	-	106,813,023	-	(3)	(3)	(3)
9/26/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(17)	-	(17)	-	-	106,813,005	-	(17)	(17)	(17)
10/1/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(11)	-	(11)	-	-	106,812,995	-	(11)	(11)	(11)
10/1/2007	WH TAX DIV KO	(3,007)	-	(3,007)	-	-	106,609,988	-	(3,007)	(3,007)	(3,007)
10/1/2007	CHECK WIRE	(10,000,000)	-	(10,000,000)	-	-	96,609,988	-	(10,000,000)	(10,000,000)	(10,000,000)
10/10/2007	WH TAX DIV MO	(6,950)	-	(6,950)	-	-	96,603,038	-	(6,950)	(6,950)	(6,950)
10/25/2007	WH TAX DIV GE	(18,355)	-	(18,355)	-	-	96,584,683	-	(18,355)	(18,355)	(18,355)
10/31/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(9)	-	(9)	-	-	96,584,674	-	(9)	(9)	(9)
11/7/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(8)	-	(8)	-	-	96,584,666	-	(8)	(8)	(8)
11/13/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(17)	-	(17)	-	-	96,584,649	-	(17)	(17)	(17)
11/15/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(6)	-	(6)	-	-	96,584,643	-	(6)	(6)	(6)
11/21/2007	WH TAX DIV C	(8,010)	-	(8,010)	-	-	96,576,633	-	(8,010)	(8,010)	(8,010)
11/21/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(4)	-	(4)	-	-	96,576,628	-	(4)	(4)	(4)
11/21/2007	WH TAX DIV MER	(944)	-	(944)	-	-	96,575,684	-	(944)	(944)	(944)
11/30/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(12)	-	(12)	-	-	96,575,672	-	(12)	(12)	(12)
12/3/2007	WH TAX DIV MCD	(7,804)	-	(7,804)	-	-	96,567,868	-	(7,804)	(7,804)	(7,804)
12/3/2007	WH TAX DIV COP	(1,990)	-	(1,990)	-	-	96,565,878	-	(1,990)	(1,990)	(1,990)
12/10/2007	WH TAX DIV UTX	(1,409)	-	(1,409)	-	-	96,564,469	-	(1,409)	(1,409)	(1,409)
12/10/2007	WH TAX DIV EXC	(1,233)	-	(1,233)	-	-	96,563,237	-	(1,233)	(1,233)	(1,233)
12/10/2007	WH TAX DIV CVX	(5,339)	-	(5,339)	-	-	96,557,898	-	(5,339)	(5,339)	(5,339)
12/11/2007	WH TAX DIV JNJ	(10,100)	-	(10,100)	-	-	96,547,798	-	(10,100)	(10,100)	(10,100)
12/11/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(19)	-	(19)	-	-	96,547,779	-	(19)	(19)	(19)
12/12/2007	WH TAX DIV MMM	(3,015)	-	(3,015)	-	-	96,544,764	-	(3,015)	(3,015)	(3,015)
12/13/2007	WH TAX DIV MSFT	(3,874)	-	(3,874)	-	-	96,540,890	-	(3,874)	(3,874)	(3,874)
12/20/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(8)	-	(8)	-	-	96,540,882	-	(8)	(8)	(8)
12/31/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(15)	-	(15)	-	-	96,540,868	-	(15)	(15)	(15)
1/2/2008	WH TAX DIV HPQ	(584)	-	(584)	-	-	96,540,284	-	(584)	(584)	(584)
1/2/2008	WH TAX DIV WMT	(1,491)	-	(1,491)	-	-	96,538,792	-	(1,491)	(1,491)	(1,491)
1/3/2008	WH TAX DIV UPS	(1,849)	-	(1,849)	-	-	96,536,943	-	(1,849)	(1,849)	(1,849)
1/28/2008	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(6)	-	(6)	-	-	96,536,937	-	(6)	(6)	(6)
2/20/2008	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(11)	-	(11)	-	-	96,536,926	-	(11)	(11)	(11)
2/22/2008	WH TAX DIV C	(8,808)	-	(8,808)	-	-	96,528,119	-	(8,808)	(8,808)	(8,808)
2/28/2008	WH TAX DIV GS	(714)	-	(714)	-	-	96,527,405	-	(714)	(714)	(714)
3/3/2008	CHECK WIRE	5,000,000	5,000,000	-	-	-	101,527,405	-	-	-	-
3/3/2008	WH TAX DIV INTC	(4,094)	-	(4,094)	-	-	101,523,311	-	(4,094)	(4,094)	(4,094)
3/3/2008	WH TAX DIV WFC	(5,846)	-	(5,846)	-	-	101,517,465	-	(5,846)	(5,846)	(5,846)
3/3/2008	WH TAX DIV COP	(4,073)	-	(4,073)	-	-	101,513,392	-	(4,073)	(4,073)	(4,073)
3/4/2008	WH TAX DIV PPE	(11,743)	-	(11,743)	-	-	101,501,649	-	(11,743)	(11,743)	(11,743)
3/4/2008	WH TAX DIV UPS	(2,523)	-	(2,523)	-	-	101,499,126	-	(2,523)	(2,523)	(2,523)
3/5/2008	WH TAX DIV MER	(1,606)	-	(1,606)	-	-	101,497,520	-	(1,606)	(1,606)	(1,606)
3/7/2008	WH TAX DIV BA	(1,631)	-	(1,631)	-	-	101,495,889	-	(1,631)	(1,631)	(1,631)
3/10/2008	WH TAX DIV EXC	(1,784)	-	(1,784)	-	-	101,494,105	-	(1,784)	(1,784)	(1,784)
3/10/2008	WH TAX DIV CVX	(6,799)	-	(6,799)	-	-	101,487,306	-	(6,799)	(6,799)	(6,799)
3/10/2008	WH TAX DIV UTX	(1,794)	-	(1,794)	-	-	101,485,512	-	(1,794)	(1,794)	(1,794)
3/10/2008	WH TAX DIV IBM	(3,058)	-	(3,058)	-	-	101,482,453	-	(3,058)	(3,058)	(3,058)
3/10/2008	WH TAX DIV XOM	(10,704)	-	(10,704)	-	-	101,471,750	-	(10,704)	(10,704)	(10,704)
3/11/2008	WH TAX DIV JNJ	(6,557)	-	(6,557)	-	-	101,465,192	-	(6,557)	(6,557)	(6,557)
3/12/2008	WH TAX DIV MMM	(2,039)	-	(2,039)	-	-	101,463,154	-	(2,039)	(2,039)	(2,039)
3/12/2008	WH TAX DIV MSFT	(4,878)	-	(4,878)	-	-	101,458,276	-	(4,878)	(4,878)	(4,878)
3/17/2008	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(33)	-	(33)	-	-	101,458,243	-	(33)	(33)	(33)
3/17/2008	WH TAX DIV WFC	(2,885)	-	(2,885)	-	-	101,455,358	-	(2,885)	(2,885)	(2,885)
3/17/2008	WH TAX DIV WMT	(1,242)	-	(1,242)	-	-	101,454,116	-	(1,242)	(1,242)	(1,242)
3/17/2008	WH TAX DIV HPQ	(7,177)	-	(7,177)	-	-	101,447,309	-	(7,177)	(7,177)	(7,177)
3/19/2008	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(0)	-	(0)	-	-	101,447,309	-	(0)	(0)	(0)
3/26/2008	WH TAX DIV HD	(2,064)	-	(2,064)	-	-	101,444,304	-	(2,064)	(2,064)	(2,064)
3/27/2008	WH TAX DIV HD	(2,064)	-	(2,064)	-	-	101,442,420	-	(2,064)	(2,064)	(2,064)
3/28/2008	WH TAX DIV BAC	(15,658)	-	(15,658)	-	-	101,426,762	-	(15,658)	(15,658)	(15,658)

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
Date	Transaction Description	Transaction Amount Reported in Customer Statement	Cash Deposits	Cash Withdrawals	Transfers of Principal In	Transfers of Principal Out	Balance of Principal	90-Day Preferential Transfers	2-Year Fraudulent Transfers	6-Year Fraudulent Transfers	Full History Fraudulent Transfers
3/31/2008	W/H TAX DIV PEP	(3,249)	-	(3,249)	-	-	101,423,513	-	(3,249)	(3,249)	(3,249)
4/1/2008	W/H TAX DIV KO	(4,261)	-	(4,261)	-	-	101,419,252	-	(4,261)	(4,261)	(4,261)
4/1/2008	W/H TAX DIV MRK	(4,648)	-	(4,648)	-	-	101,414,603	-	(4,648)	(4,648)	(4,648)
4/2/2008	W/H TAX DIV HPQ	(1,142)	-	(1,142)	-	-	101,413,461	-	(1,142)	(1,142)	(1,142)
4/4/2008	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(2)	-	(2)	-	-	101,413,459	-	(2)	(2)	(2)
4/4/2008	W/H TAX DIV KFI	(2,340)	-	(2,340)	-	-	101,411,119	-	(2,340)	(2,340)	(2,340)
4/7/2008	W/H TAX DIV WMT	(3,026)	-	(3,026)	-	-	101,408,093	-	(3,026)	(3,026)	(3,026)
4/23/2008	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(8)	-	(8)	-	-	101,408,085	-	(8)	(8)	(8)
4/25/2008	W/H TAX DIV GE	(17,223)	-	(17,223)	-	-	101,390,863	-	(17,223)	(17,223)	(17,223)
4/25/2008	W/H TAX DIV MDT	(689)	-	(689)	-	-	101,390,173	-	(689)	(689)	(689)
4/30/2008	W/H TAX DIV JPM	(6,287)	-	(6,287)	-	-	101,383,886	-	(6,287)	(6,287)	(6,287)
4/30/2008	W/H TAX DIV MS	(1,365)	-	(1,365)	-	-	101,382,521	-	(1,365)	(1,365)	(1,365)
5/1/2008	W/H TAX DIV VZ	(6,126)	-	(6,126)	-	-	101,376,394	-	(6,126)	(6,126)	(6,126)
5/1/2008	W/H TAX DIV T	(11,950)	-	(11,950)	-	-	101,364,445	-	(11,950)	(11,950)	(11,950)
5/2/2008	W/H TAX DIV BK	(1,324)	-	(1,324)	-	-	101,363,121	-	(1,324)	(1,324)	(1,324)
5/2/2008	W/H TAX DIV CVS	(441)	-	(441)	-	-	101,362,680	-	(441)	(441)	(441)
5/9/2008	W/H TAX DIV AXP	(993)	-	(993)	-	-	101,361,687	-	(993)	(993)	(993)
5/15/2008	W/H TAX DIV PG	(6,251)	-	(6,251)	-	-	101,355,437	-	(6,251)	(6,251)	(6,251)
5/15/2008	W/H TAX DIV ABT	(2,813)	-	(2,813)	-	-	101,352,624	-	(2,813)	(2,813)	(2,813)
5/20/2008	W/H TAX DIV CAT	(1,158)	-	(1,158)	-	-	101,351,466	-	(1,158)	(1,158)	(1,158)
5/23/2008	W/H TAX DIV C	(7,942)	-	(7,942)	-	-	101,343,524	-	(7,942)	(7,942)	(7,942)
5/28/2008	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(28)	-	(28)	-	-	101,343,496	-	(28)	(28)	(28)
5/29/2008	W/H TAX DIV GS	(643)	-	(643)	-	-	101,342,852	-	(643)	(643)	(643)
6/2/2008	W/H TAX DIV WFC	(9,259)	-	(9,259)	-	-	101,333,593	-	(9,259)	(9,259)	(9,259)
6/2/2008	W/H TAX DIV INTC	(4,054)	-	(4,054)	-	-	101,329,540	-	(4,054)	(4,054)	(4,054)
6/2/2008	W/H TAX DIV WMT	(5,202)	-	(5,202)	-	-	101,324,338	-	(5,202)	(5,202)	(5,202)
6/2/2008	W/H TAX DIV COP	(2,289)	-	(2,289)	-	-	101,322,049	-	(2,289)	(2,289)	(2,289)
6/3/2008	W/H TAX DIV LPS	(4,170)	-	(4,170)	-	-	101,317,880	-	(4,170)	(4,170)	(4,170)
6/3/2008	W/H TAX DIV PFE	(19,948)	-	(19,948)	-	-	101,297,931	-	(19,948)	(19,948)	(19,948)
6/6/2008	W/H TAX DIV BA	(2,696)	-	(2,696)	-	-	101,295,236	-	(2,696)	(2,696)	(2,696)
6/10/2008	W/H TAX DIV UTX	(2,965)	-	(2,965)	-	-	101,292,271	-	(2,965)	(2,965)	(2,965)
6/10/2008	W/H TAX DIV EXC	(2,948)	-	(2,948)	-	-	101,289,322	-	(2,948)	(2,948)	(2,948)
6/10/2008	W/H TAX DIV CVX	(12,594)	-	(12,594)	-	-	101,276,728	-	(12,594)	(12,594)	(12,594)
6/10/2008	W/H TAX DIV JNJ	(4,084)	-	(4,084)	-	-	101,272,644	-	(4,084)	(4,084)	(4,084)
6/10/2008	W/H TAX DIV XOM	(19,728)	-	(19,728)	-	-	101,252,916	-	(19,728)	(19,728)	(19,728)
6/10/2008	W/H TAX DIV IBM	(6,318)	-	(6,318)	-	-	101,246,598	-	(6,318)	(6,318)	(6,318)
6/12/2008	W/H TAX DIV MMM	(3,370)	-	(3,370)	-	-	101,243,229	-	(3,370)	(3,370)	(3,370)
6/12/2008	W/H TAX DIV MSFT	(8,062)	-	(8,062)	-	-	101,235,167	-	(8,062)	(8,062)	(8,062)
7/21/2008	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(20)	-	(20)	-	-	101,235,147	-	(20)	(20)	(20)
7/23/2008	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(0)	-	(0)	-	-	101,235,147	-	(0)	(0)	(0)
7/31/2008	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(2)	-	(2)	-	-	101,235,145	-	(2)	(2)	(2)
7/31/2008	CHECK WIRE	(30,000,000)	-	(30,000,000)	-	-	71,235,145	-	(30,000,000)	(30,000,000)	(30,000,000)
8/1/2008	W/H TAX DIV CVS	(640)	-	(640)	-	-	71,234,505	-	(640)	(640)	(640)
8/8/2008	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(2)	-	(2)	-	-	71,234,503	-	(2)	(2)	(2)
8/13/2008	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	71,234,502	-	(1)	(1)	(1)
8/20/2008	W/H TAX DIV CAT	(1,703)	-	(1,703)	-	-	71,232,799	-	(1,703)	(1,703)	(1,703)
8/22/2008	W/H TAX DIV C	(10,937)	-	(10,937)	-	-	71,221,862	-	(10,937)	(10,937)	(10,937)
8/28/2008	W/H TAX DIV GS	(811)	-	(811)	-	-	71,221,051	-	(811)	(811)	(811)
10/1/2008	CHECK WIRE	(1,250,000)	-	(1,250,000)	-	-	69,971,051	(1,250,000)	(1,250,000)	(1,250,000)	(1,250,000)
10/2/2008	W/H TAX DIV INTC	(5,028)	-	(5,028)	-	-	69,966,023	(5,028)	(5,028)	(5,028)	(5,028)
10/2/2008	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(10)	-	(10)	-	-	69,966,013	(10)	(10)	(10)	(10)
10/2/2008	W/H TAX DIV BA	(1,854)	-	(1,854)	-	-	69,964,159	(1,854)	(1,854)	(1,854)	(1,854)
10/2/2008	W/H TAX DIV WMT	(4,726)	-	(4,726)	-	-	69,959,433	(4,726)	(4,726)	(4,726)	(4,726)
10/2/2008	W/H TAX DIV MSFT	(7,680)	-	(7,680)	-	-	69,951,753	(7,680)	(7,680)	(7,680)	(7,680)
10/2/2008	W/H TAX DIV BUD	(1,715)	-	(1,715)	-	-	69,950,038	(1,715)	(1,715)	(1,715)	(1,715)
10/2/2008	W/H TAX DIV MMM	(3,184)	-	(3,184)	-	-	69,946,855	(3,184)	(3,184)	(3,184)	(3,184)
10/2/2008	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(6)	-	(6)	-	-	69,946,849	(6)	(6)	(6)	(6)
10/2/2008	W/H TAX DIV QCOM	(624)	-	(624)	-	-	69,946,225	(624)	(624)	(624)	(624)
10/2/2008	W/H TAX DIV COP	(4,629)	-	(4,629)	-	-	69,941,596	(4,629)	(4,629)	(4,629)	(4,629)
10/2/2008	W/H TAX DIV HD	(926)	-	(926)	-	-	69,940,670	(926)	(926)	(926)	(926)
10/2/2008	W/H TAX DIV WFC	(6,106)	-	(6,106)	-	-	69,934,565	(6,106)	(6,106)	(6,106)	(6,106)
10/2/2008	W/H TAX DIV PFE	(13,718)	-	(13,718)	-	-	69,920,847	(13,718)	(13,718)	(13,718)	(13,718)
10/2/2008	W/H TAX DIV UPS	(3,940)	-	(3,940)	-	-	69,916,907	(3,940)	(3,940)	(3,940)	(3,940)
10/2/2008	W/H TAX DIV IBM	(4,345)	-	(4,345)	-	-	69,912,562	(4,345)	(4,345)	(4,345)	(4,345)
10/2/2008	W/H TAX DIV MCD	(3,663)	-	(3,663)	-	-	69,908,900	(3,663)	(3,663)	(3,663)	(3,663)
10/2/2008	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	69,908,899	(1)	(1)	(1)	(1)
10/2/2008	W/H TAX DIV EXC	(2,786)	-	(2,786)	-	-	69,906,113	(2,786)	(2,786)	(2,786)	(2,786)
10/2/2008	W/H TAX DIV XOM	(18,378)	-	(18,378)	-	-	69,887,735	(18,378)	(18,378)	(18,378)	(18,378)
10/2/2008	W/H TAX DIV TWX	(1,967)	-	(1,967)	-	-	69,885,768	(1,967)	(1,967)	(1,967)	(1,967)
10/2/2008	W/H TAX DIV CYX	(11,758)	-	(11,758)	-	-	69,874,010	(11,758)	(11,758)	(11,758)	(11,758)
10/2/2008	W/H TAX DIV JNJ	(11,250)	-	(11,250)	-	-	69,862,760	(11,250)	(11,250)	(11,250)	(11,250)

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
Date	Transaction Description	Transaction Amount Reported in Customer Statement	Cash Deposits	Cash Withdrawals	Transfers of Principal In	Transfers of Principal Out	Balance of Principal	90-Day Preferential Transfers	2-Year Fraudulent Transfers	6-Year Fraudulent Transfers	Full History Fraudulent Transfers
10/2/2008	W/H TAX DIV DTS	(2,862)	-	(2,862)	-	-	69,859,956	(2,862)	(2,862)	(2,862)	(2,862)
10/2/2008	W/H TAX DIV AHG	(5,125)	-	(5,125)	-	-	69,854,833	(5,125)	(5,125)	(5,125)	(5,125)
10/2/2008	W/H TAX DIV FEF	(5,750)	-	(5,750)	-	-	69,849,083	(5,750)	(5,750)	(5,750)	(5,750)
10/2/2008	W/H TAX DIV BAL	(24,727)	-	(24,727)	-	-	69,824,355	(24,727)	(24,727)	(24,727)	(24,727)
10/28/2008	CHECKS WRIT	(7,500,000)	-	(7,500,000)	-	-	62,324,355	(7,500,000)	(7,500,000)	(7,500,000)	(7,500,000)
11/4/2008	W/H TAX DIV PM	(3,163)	-	(3,163)	-	-	62,321,192	(3,163)	(3,163)	(3,163)	(3,163)
11/4/2008	W/H TAX DIV MRK	(6,956)	-	(6,956)	-	-	62,314,236	(6,956)	(6,956)	(6,956)	(6,956)
11/4/2008	W/H TAX DIV HPQ	(1,702)	-	(1,702)	-	-	62,312,534	(1,702)	(1,702)	(1,702)	(1,702)
11/4/2008	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(2)	-	(2)	-	-	62,312,533	(2)	(2)	(2)	(2)
11/4/2008	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	62,312,532	(1)	(1)	(1)	(1)
11/4/2008	W/H TAX DIV BAX	(1,212)	-	(1,212)	-	-	62,311,320	(1,212)	(1,212)	(1,212)	(1,212)
11/4/2008	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(0)	-	(0)	-	-	62,311,320	(0)	(0)	(0)	(0)
11/4/2008	W/H TAX DIV MO	(1,364)	-	(1,364)	-	-	62,309,955	(1,364)	(1,364)	(1,364)	(1,364)
11/4/2008	W/H TAX DIV KO	(2,129)	-	(2,129)	-	-	62,307,826	(2,129)	(2,129)	(2,129)	(2,129)
12/3/2008	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	62,307,825	(1)	(1)	(1)	(1)
12/3/2008	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	62,307,825	(1)	(1)	(1)	(1)
12/3/2008	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(0)	-	(0)	-	-	62,307,824	(0)	(0)	(0)	(0)
12/3/2008	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	62,307,824	(1)	(1)	(1)	(1)
12/3/2008	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	62,307,823	(1)	(1)	(1)	(1)
Total:			\$ 274,950,000	\$ (130,152,177)	\$ 2,000,000	\$ (84,490,000)	\$ 62,307,823	\$ (8,913,228)	\$ (50,060,603)	\$ (93,932,290)	\$ (130,152,177)

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
Date	Transaction Description	Transaction Amount Reported in Customer Statement	Cash Deposits	Cash Withdrawals	Transfers of Principal In	Transfers of Principal Out	Balance of Principal	90-Day Preferential Transfers	2-Year Fraudulent Transfers	6-Year Fraudulent Transfers	Full History Fraudulent Transfers
9/4/2001	CHECK WIRE	1,240,000	1,240,000	-	-	-	1,240,000	-	-	-	-
9/4/2001	CHECK WIRE	5,000,000	5,000,000	-	-	-	6,240,000	-	-	-	-
9/4/2001	CHECK WIRE	1,252,000	1,252,000	-	-	-	7,492,000	-	-	-	-
9/4/2001	CHECK WIRE	1,240,000	1,240,000	-	-	-	8,732,000	-	-	-	-
9/4/2001	TRANS FROM IFR01030 (IFR010)	4,000,000	-	-	4,000,000	-	12,732,000	-	-	-	-
10/4/2001	CHECK WIRE	6,000,000	6,000,000	-	-	-	18,732,000	-	-	-	-
10/15/2001	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(33)	-	(33)	-	-	18,731,967	-	-	-	(33)
11/19/2001	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(6)	-	(6)	-	-	18,731,961	-	-	-	(6)
12/10/2001	CHECK WIRE	5,000,000	5,000,000	-	-	-	23,731,961	-	-	-	-
12/31/2001	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(12)	-	(12)	-	-	23,731,949	-	-	-	(12)
1/2/2002	TRANS FROM IFR01030 (IFR010)	61,000,000	-	-	61,000,000	-	84,731,949	-	-	-	-
1/7/2002	W/H TAX DIV WMT	(375)	-	(375)	-	-	84,731,574	-	-	-	(375)
1/8/2002	CHECK WIRE	20,000,000	20,000,000	-	-	-	104,731,574	-	-	-	-
1/10/2002	CHECK WIRE	27,000,000	27,000,000	-	-	-	131,731,574	-	-	-	-
1/10/2002	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	131,731,573	-	-	-	(1)
1/25/2002	W/H TAX DIV MWD	(225)	-	(225)	-	-	131,731,348	-	-	-	(225)
2/1/2002	W/H TAX DIV SBC	(758)	-	(758)	-	-	131,730,590	-	-	-	(758)
2/1/2002	W/H TAX DIV PHA	(152)	-	(152)	-	-	131,730,437	-	-	-	(152)
2/1/2002	W/H TAX DIV VZ	(916)	-	(916)	-	-	131,729,521	-	-	-	(916)
2/8/2002	CHECK WIRE	8,000,000	8,000,000	-	-	-	139,729,521	-	-	-	-
2/11/2002	W/H TAX DIV TXN	(228)	-	(228)	-	-	139,729,294	-	-	-	(228)
2/15/2002	W/H TAX DIV PG	(3,046)	-	(3,046)	-	-	139,726,248	-	-	-	(3,046)
2/21/2002	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(14)	-	(14)	-	-	139,726,234	-	-	-	(14)
2/21/2002	TRANS FROM IFR01030 (IFR010)	10,000,000	-	-	10,000,000	-	149,726,234	-	-	-	-
2/22/2002	W/H TAX DIV C	(5,120)	-	(5,120)	-	-	149,721,114	-	-	-	(5,120)
3/1/2002	W/H TAX DIV WFC	(2,778)	-	(2,778)	-	-	149,718,336	-	-	-	(2,778)
3/1/2002	W/H TAX DIV INTC	(864)	-	(864)	-	-	149,717,472	-	-	-	(864)
3/6/2002	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	149,717,471	-	-	-	(1)
3/7/2002	W/H TAX DIV PFE	(5,131)	-	(5,131)	-	-	149,712,340	-	-	-	(5,131)
3/8/2002	CHECK WIRE	6,000,000	6,000,000	-	-	-	155,712,340	-	-	-	-
3/11/2002	W/H TAX DIV BUD	(1,104)	-	(1,104)	-	-	155,711,236	-	-	-	(1,104)
3/11/2002	W/H TAX DIV XOM	(9,926)	-	(9,926)	-	-	155,701,309	-	-	-	(9,926)
3/11/2002	W/H TAX DIV IBM	(1,496)	-	(1,496)	-	-	155,699,813	-	-	-	(1,496)
3/12/2002	W/H TAX DIV JNJ	(2,144)	-	(2,144)	-	-	155,697,669	-	-	-	(2,144)
3/14/2002	W/H TAX DIV DD	(2,244)	-	(2,244)	-	-	155,695,425	-	-	-	(2,244)
3/15/2002	W/H TAX DIV AIG	(442)	-	(442)	-	-	155,694,984	-	-	-	(442)
3/22/2002	W/H TAX DIV BAC	(3,855)	-	(3,855)	-	-	155,691,129	-	-	-	(3,855)
3/28/2002	W/H TAX DIV HD	(1,081)	-	(1,081)	-	-	155,690,048	-	-	-	(1,081)
4/1/2002	W/H TAX DIV KO	(4,695)	-	(4,695)	-	-	155,685,353	-	-	-	(4,695)
4/1/2002	W/H TAX DIV ONE	(1,265)	-	(1,265)	-	-	155,684,089	-	-	-	(1,265)
4/1/2002	W/H TAX DIV MRK	(7,526)	-	(7,526)	-	-	155,676,563	-	-	-	(7,526)
4/1/2002	W/H TAX DIV PEP	(2,347)	-	(2,347)	-	-	155,674,215	-	-	-	(2,347)
4/3/2002	CHECK WIRE	10,000,000	10,000,000	-	-	-	165,674,215	-	-	-	-
4/10/2002	W/H TAX DIV MO	(11,736)	-	(11,736)	-	-	165,662,479	-	-	-	(11,736)
4/18/2002	W/H TAX DIV WMT	(3,139)	-	(3,139)	-	-	165,659,340	-	-	-	(3,139)
4/23/2002	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(2)	-	(2)	-	-	165,659,338	-	-	-	(2)
4/25/2002	W/H TAX DIV GE	(7,337)	-	(7,337)	-	-	165,652,000	-	-	-	(7,337)
4/26/2002	W/H TAX DIV MWD	(2,366)	-	(2,366)	-	-	165,649,634	-	-	-	(2,366)
4/26/2002	W/H TAX DIV MDT	(652)	-	(652)	-	-	165,648,982	-	-	-	(652)
4/30/2002	W/H TAX DIV JPM	(6,330)	-	(6,330)	-	-	165,642,653	-	-	-	(6,330)
5/1/2002	W/H TAX DIV BMY	(5,115)	-	(5,115)	-	-	165,637,537	-	-	-	(5,115)
5/1/2002	W/H TAX DIV TYC	(237)	-	(237)	-	-	165,637,300	-	-	-	(237)
5/1/2002	W/H TAX DIV T	(1,244)	-	(1,244)	-	-	165,636,056	-	-	-	(1,244)
5/1/2002	W/H TAX DIV SBC	(8,555)	-	(8,555)	-	-	165,627,501	-	-	-	(8,555)
5/1/2002	W/H TAX DIV PHA	(1,639)	-	(1,639)	-	-	165,625,862	-	-	-	(1,639)
5/1/2002	W/H TAX DIV VZ	(9,883)	-	(9,883)	-	-	165,615,979	-	-	-	(9,883)
5/10/2002	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(4)	-	(4)	-	-	165,615,975	-	-	-	(4)
5/15/2002	W/H TAX DIV PG	(2,438)	-	(2,438)	-	-	165,613,537	-	-	-	(2,438)
5/24/2002	W/H TAX DIV C	(5,313)	-	(5,313)	-	-	165,608,224	-	-	-	(5,313)
6/3/2002	W/H TAX DIV INTC	(754)	-	(754)	-	-	165,607,470	-	-	-	(754)
6/3/2002	W/H TAX DIV WFC	(5,494)	-	(5,494)	-	-	165,601,977	-	-	-	(5,494)
6/5/2002	CHECK WIRE	11,000,000	11,000,000	-	-	-	176,601,977	-	-	-	-
6/6/2002	W/H TAX DIV PFE	(9,566)	-	(9,566)	-	-	176,592,410	-	-	-	(9,566)
6/10/2002	W/H TAX DIV XOM	(18,276)	-	(18,276)	-	-	176,574,134	-	-	-	(18,276)
6/10/2002	W/H TAX DIV BUD	(1,348)	-	(1,348)	-	-	176,572,786	-	-	-	(1,348)
6/10/2002	W/H TAX DIV IBM	(3,057)	-	(3,057)	-	-	176,569,730	-	-	-	(3,057)
6/11/2002	W/H TAX DIV JNJ	(2,624)	-	(2,624)	-	-	176,567,106	-	-	-	(2,624)
6/12/2002	W/H TAX DIV DD	(3,044)	-	(3,044)	-	-	176,564,062	-	-	-	(3,044)
6/25/2002	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(3)	-	(3)	-	-	176,564,058	-	-	-	(3)
7/1/2002	TRANS FROM IFR01030 (IFR010)	9,490,000	-	-	9,490,000	-	186,054,058	-	-	-	-
7/5/2002	CHECK WIRE	6,000,000	6,000,000	-	-	-	192,054,058	-	-	-	-

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
Date	Transaction Description	Transaction Amount Reported in Customer Statement	Cash Deposits	Cash Withdrawals	Transfers of Principal In	Transfers of Principal Out	Balance of Principal	90-Day Preferential Transfers	2-Year Fraudulent Transfers	6-Year Fraudulent Transfers	Full History Fraudulent Transfers
3/10/2003	W/H TAX DIV XOM	(23,434)	-	(23,434)	-	-	197,280,393	-	-	(23,434)	(23,434)
3/10/2003	W/H TAX DIV IBM	(3,815)	-	(3,815)	-	-	197,276,579	-	-	(3,815)	(3,815)
3/11/2003	W/H TAX DIV JNJ	(9,189)	-	(9,189)	-	-	197,267,389	-	-	(9,189)	(9,189)
3/12/2003	W/H TAX DIV MMM	(2,866)	-	(2,866)	-	-	197,264,523	-	-	(2,866)	(2,866)
3/14/2003	W/H TAX DIV DD	(5,358)	-	(5,358)	-	-	197,259,165	-	-	(5,358)	(5,358)
3/17/2003	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(44)	-	(44)	-	-	197,259,121	-	-	(44)	(44)
4/7/2003	W/H TAX DIV WMT	(6,905)	-	(6,905)	-	-	197,252,216	-	-	(6,905)	(6,905)
4/9/2003	W/H TAX DIV HPQ	(4,354)	-	(4,354)	-	-	197,247,863	-	-	(4,354)	(4,354)
4/15/2003	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(40)	-	(40)	-	-	197,247,822	-	-	(40)	(40)
5/9/2003	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(3)	-	(3)	-	-	197,247,819	-	-	(3)	(3)
5/19/2003	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(4)	-	(4)	-	-	197,247,815	-	-	(4)	(4)
5/28/2003	W/H TAX DIV MER	(1,700)	-	(1,700)	-	-	197,246,114	-	-	(1,700)	(1,700)
5/30/2003	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	197,246,114	-	-	(1)	(1)
6/2/2003	W/H TAX DIV WFC	(6,376)	-	(6,376)	-	-	197,239,737	-	-	(6,376)	(6,376)
6/2/2003	W/H TAX DIV INTC	(920)	-	(920)	-	-	197,238,817	-	-	(920)	(920)
6/5/2003	W/H TAX DIV PFE	(15,267)	-	(15,267)	-	-	197,223,551	-	-	(15,267)	(15,267)
6/9/2003	CHECK WIRE	10,000,000	10,000,000	-	-	-	207,223,551	-	-	-	-
6/9/2003	W/H TAX DIV BUD	(2,072)	-	(2,072)	-	-	207,221,478	-	-	(2,072)	(2,072)
6/10/2003	W/H TAX DIV XOM	(21,390)	-	(21,390)	-	-	207,200,089	-	-	(21,390)	(21,390)
6/10/2003	W/H TAX DIV JNJ	(9,069)	-	(9,069)	-	-	207,191,020	-	-	(9,069)	(9,069)
6/10/2003	W/H TAX DIV UTX	(1,594)	-	(1,594)	-	-	207,189,426	-	-	(1,594)	(1,594)
6/10/2003	W/H TAX DIV IBM	(3,401)	-	(3,401)	-	-	207,186,025	-	-	(3,401)	(3,401)
6/12/2003	W/H TAX DIV DD	(4,546)	-	(4,546)	-	-	207,181,479	-	-	(4,546)	(4,546)
6/12/2003	W/H TAX DIV MMM	(3,117)	-	(3,117)	-	-	207,178,362	-	-	(3,117)	(3,117)
6/20/2003	W/H TAX DIV AIG	(1,914)	-	(1,914)	-	-	207,176,448	-	-	(1,914)	(1,914)
6/25/2003	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(5)	-	(5)	-	-	207,176,443	-	-	(5)	(5)
6/26/2003	W/H TAX DIV HD	(2,186)	-	(2,186)	-	-	207,174,257	-	-	(2,186)	(2,186)
6/27/2003	W/H TAX DIV BAC	(14,936)	-	(14,936)	-	-	207,159,321	-	-	(14,936)	(14,936)
6/30/2003	W/H TAX DIV PEP	(4,320)	-	(4,320)	-	-	207,155,002	-	-	(4,320)	(4,320)
7/1/2003	W/H TAX DIV ALL	(2,173)	-	(2,173)	-	-	207,152,829	-	-	(2,173)	(2,173)
7/1/2003	W/H TAX DIV KO	(8,589)	-	(8,589)	-	-	207,144,240	-	-	(8,589)	(8,589)
7/1/2003	W/H TAX DIV ONE	(3,870)	-	(3,870)	-	-	207,140,369	-	-	(3,870)	(3,870)
7/1/2003	W/H TAX DIV MRK	(12,513)	-	(12,513)	-	-	207,127,856	-	-	(12,513)	(12,513)
7/3/2003	W/H TAX DIV SLB	(1,328)	-	(1,328)	-	-	207,126,528	-	-	(1,328)	(1,328)
7/7/2003	CHECK WIRE	12,000,000	12,000,000	-	-	-	219,126,528	-	-	-	-
7/7/2003	W/H TAX DIV WMT	(2,896)	-	(2,896)	-	-	219,123,632	-	-	(2,896)	(2,896)
7/8/2003	W/H TAX DIV MO	(20,722)	-	(20,722)	-	-	219,102,910	-	-	(20,722)	(20,722)
7/9/2003	W/H TAX DIV HPQ	(3,828)	-	(3,828)	-	-	219,099,081	-	-	(3,828)	(3,828)
7/10/2003	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(3)	-	(3)	-	-	219,099,078	-	-	(3)	(3)
7/21/2003	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	219,099,077	-	-	(1)	(1)
7/31/2003	W/H TAX DIV MWD	(3,845)	-	(3,845)	-	-	219,095,232	-	-	(3,845)	(3,845)
8/1/2003	W/H TAX DIV VZ	(16,091)	-	(16,091)	-	-	219,079,141	-	-	(16,091)	(16,091)
8/1/2003	W/H TAX DIV SBC	(19,184)	-	(19,184)	-	-	219,059,956	-	-	(19,184)	(19,184)
8/15/2003	W/H TAX DIV CL	(2,006)	-	(2,006)	-	-	219,057,950	-	-	(2,006)	(2,006)
8/15/2003	W/H TAX DIV PG	(8,875)	-	(8,875)	-	-	219,049,075	-	-	(8,875)	(8,875)
8/18/2003	W/H TAX DIV TXN	(554)	-	(554)	-	-	219,048,522	-	-	(554)	(554)
8/22/2003	W/H TAX DIV C	(27,467)	-	(27,467)	-	-	219,021,055	-	-	(27,467)	(27,467)
8/27/2003	W/H TAX DIV MER	(2,229)	-	(2,229)	-	-	219,018,825	-	-	(2,229)	(2,229)
8/28/2003	W/H TAX DIV GS	(1,742)	-	(1,742)	-	-	219,017,084	-	-	(1,742)	(1,742)
9/2/2003	W/H TAX DIV WFC	(11,285)	-	(11,285)	-	-	219,005,799	-	-	(11,285)	(11,285)
9/2/2003	W/H TAX DIV INTC	(1,986)	-	(1,986)	-	-	219,003,813	-	-	(1,986)	(1,986)
9/4/2003	CHECK WIRE	18,000,000	18,000,000	-	-	-	237,003,813	-	-	-	-
9/4/2003	W/H TAX DIV PFE	(11,073)	-	(11,073)	-	-	236,992,739	-	-	(11,073)	(11,073)
9/5/2003	W/H TAX DIV G	(2,490)	-	(2,490)	-	-	236,990,249	-	-	(2,490)	(2,490)
9/5/2003	W/H TAX DIV BA	(1,322)	-	(1,322)	-	-	236,988,927	-	-	(1,322)	(1,322)
9/5/2003	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(15)	-	(15)	-	-	236,988,912	-	-	(15)	(15)
9/9/2003	W/H TAX DIV BUD	(2,759)	-	(2,759)	-	-	236,986,153	-	-	(2,759)	(2,759)
9/10/2003	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(0)	-	(0)	-	-	236,986,153	-	-	(0)	(0)
9/10/2003	W/H TAX DIV XOM	(25,341)	-	(25,341)	-	-	236,960,812	-	-	(25,341)	(25,341)
9/10/2003	W/H TAX DIV IBM	(4,235)	-	(4,235)	-	-	236,956,577	-	-	(4,235)	(4,235)
9/12/2003	W/H TAX DIV DD	(3,326)	-	(3,326)	-	-	236,953,251	-	-	(3,326)	(3,326)
9/19/2003	W/H TAX DIV AIG	(911)	-	(911)	-	-	236,952,340	-	-	(911)	(911)
9/23/2003	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(7)	-	(7)	-	-	236,952,333	-	-	(7)	(7)
9/26/2003	W/H TAX DIV BAC	(6,573)	-	(6,573)	-	-	236,945,760	-	-	(6,573)	(6,573)
9/30/2003	W/H TAX DIV PEP	(3,559)	-	(3,559)	-	-	236,942,202	-	-	(3,559)	(3,559)
10/1/2003	W/H TAX DIV KO	(7,060)	-	(7,060)	-	-	236,935,142	-	-	(7,060)	(7,060)
10/1/2003	W/H TAX DIV ONE	(3,804)	-	(3,804)	-	-	236,931,337	-	-	(3,804)	(3,804)
10/1/2003	W/H TAX DIV MRK	(4,471)	-	(4,471)	-	-	236,926,867	-	-	(4,471)	(4,471)
10/1/2003	W/H TAX DIV VIA.B	(985)	-	(985)	-	-	236,925,882	-	-	(985)	(985)
10/2/2003	CHECK WIRE	7,000,000	7,000,000	-	-	-	243,925,882	-	-	-	-
10/8/2003	W/H TAX DIV HPQ	(3,184)	-	(3,184)	-	-	243,922,698	-	-	(3,184)	(3,184)

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
Date	Transaction Description	Transaction Amount Reported in Customer Statement	Cash Deposits	Cash Withdrawals	Transfers of Principal In	Transfers of Principal Out	Balance of Principal	90-Day Preferential Transfers	2-Year Fraudulent Transfers	6-Year Fraudulent Transfers	Full History Fraudulent Transfers
10/9/2003	WH TAX DIV MCD	(18,308)	-	(18,308)	-	-	243,904,391	-	-	(18,308)	(18,308)
10/14/2003	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(9)	-	(9)	-	-	243,904,391	-	-	(9)	(9)
10/16/2003	WH TAX DIV MWD	(2,961)	-	(2,961)	-	-	243,904,391	-	-	(2,961)	(2,961)
11/3/2003	WH TAX DIV VZ	(12,804)	-	(12,804)	-	-	243,888,819	-	-	(12,804)	(12,804)
11/5/2003	WH TAX DIV MCD	(11,213)	-	(11,213)	-	-	243,877,402	-	-	(11,213)	(11,213)
11/3/2003	WH TAX DIV SBC	(3,969)	-	(3,969)	-	-	243,873,433	-	-	(3,969)	(3,969)
11/5/2003	CHUCK WIRE	8,000,000	8,000,000	-	-	-	251,873,433	-	-	-	-
11/7/2003	WH TAX DIV MSFT	(32,151)	-	(32,151)	-	-	251,841,282	-	-	(32,151)	(32,151)
11/14/2003	WH TAX DIV PG	(10,826)	-	(10,826)	-	-	251,830,456	-	-	(10,826)	(10,826)
11/17/2003	WH TAX DIV TXN	(693)	-	(693)	-	-	251,829,762	-	-	(693)	(693)
11/24/2003	WH TAX DIV GS	(2,076)	-	(2,076)	-	-	251,827,686	-	-	(2,076)	(2,076)
11/25/2003	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(17)	-	(17)	-	-	251,827,669	-	-	(17)	(17)
11/26/2003	WH TAX DIV C	(33,529)	-	(33,529)	-	-	251,794,140	-	-	(33,529)	(33,529)
11/26/2003	WH TAX DIV MER	(2,829)	-	(2,829)	-	-	251,791,312	-	-	(2,829)	(2,829)
12/1/2003	WH TAX DIV MCD	(9,300)	-	(9,300)	-	-	251,782,011	-	-	(9,300)	(9,300)
12/1/2003	WH TAX DIV WFC	(14,200)	-	(14,200)	-	-	251,767,811	-	-	(14,200)	(14,200)
12/1/2003	WH TAX DIV INTC	(2,466)	-	(2,466)	-	-	251,765,345	-	-	(2,466)	(2,466)
12/2/2003	CHECK WIRE	8,000,000	8,000,000	-	-	-	259,765,345	-	-	-	-
12/4/2003	WH TAX DIV PFE	(21,594)	-	(21,594)	-	-	259,743,751	-	-	(21,594)	(21,594)
12/5/2003	WH TAX DIV G	(2,969)	-	(2,969)	-	-	259,740,782	-	-	(2,969)	(2,969)
12/9/2003	WH TAX DIV JNJ	(13,154)	-	(13,154)	-	-	259,727,629	-	-	(13,154)	(13,154)
12/9/2003	WH TAX DIV BUD	(3,288)	-	(3,288)	-	-	259,724,340	-	-	(3,288)	(3,288)
12/10/2003	WH TAX DIV XOM	(30,860)	-	(30,860)	-	-	259,693,480	-	-	(30,860)	(30,860)
12/10/2003	WH TAX DIV IBM	(5,049)	-	(5,049)	-	-	259,688,431	-	-	(5,049)	(5,049)
12/10/2003	WH TAX DIV UTX	(2,906)	-	(2,906)	-	-	259,685,525	-	-	(2,906)	(2,906)
12/12/2003	WH TAX DIV MMM	(2,621)	-	(2,621)	-	-	259,682,904	-	-	(2,621)	(2,621)
12/15/2003	WH TAX DIV DD	(6,394)	-	(6,394)	-	-	259,676,510	-	-	(6,394)	(6,394)
12/16/2003	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(5)	-	(5)	-	-	259,676,505	-	-	(5)	(5)
12/31/2003	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	259,676,504	-	-	(1)	(1)
1/2/2004	WH TAX DIV ONE	(1,108)	-	(1,108)	-	-	259,675,396	-	-	(1,108)	(1,108)
1/2/2004	WH TAX DIV PEP	(1,123)	-	(1,123)	-	-	259,674,274	-	-	(1,123)	(1,123)
1/5/2004	WH TAX DIV WMT	(1,595)	-	(1,595)	-	-	259,672,678	-	-	(1,595)	(1,595)
1/6/2004	CHECK WIRE	15,000,000	15,000,000	-	-	-	274,672,678	-	-	-	-
1/6/2004	WH TAX DIV DIS	(1,784)	-	(1,784)	-	-	274,670,894	-	-	(1,784)	(1,784)
1/7/2004	WH TAX DIV HPQ	(1,005)	-	(1,005)	-	-	274,669,890	-	-	(1,005)	(1,005)
1/8/2004	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	274,669,889	-	-	(1)	(1)
1/9/2004	WH TAX DIV MO	(5,776)	-	(5,776)	-	-	274,664,113	-	-	(5,776)	(5,776)
1/15/2004	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	274,664,112	-	-	(1)	(1)
1/30/2004	WH TAX DIV MWD	(1,879)	-	(1,879)	-	-	274,662,233	-	-	(1,879)	(1,879)
2/2/2004	WH TAX DIV VZ	(7,476)	-	(7,476)	-	-	274,654,757	-	-	(7,476)	(7,476)
2/2/2004	WH TAX DIV SBC	(7,243)	-	(7,243)	-	-	274,647,514	-	-	(7,243)	(7,243)
2/17/2004	WH TAX DIV PG	(11,898)	-	(11,898)	-	-	274,635,616	-	-	(11,898)	(11,898)
2/26/2004	WH TAX DIV GS	(2,179)	-	(2,179)	-	-	274,633,437	-	-	(2,179)	(2,179)
2/27/2004	WH TAX DIV MER	(3,068)	-	(3,068)	-	-	274,630,369	-	-	(3,068)	(3,068)
2/27/2004	WH TAX DIV C	(40,445)	-	(40,445)	-	-	274,589,924	-	-	(40,445)	(40,445)
3/1/2004	WH TAX DIV WFC	(14,905)	-	(14,905)	-	-	274,575,019	-	-	(14,905)	(14,905)
3/1/2004	WH TAX DIV INTC	(5,070)	-	(5,070)	-	-	274,569,949	-	-	(5,070)	(5,070)
3/4/2004	CHECK WIRE	20,000,000	20,000,000	-	-	-	294,569,949	-	-	-	-
3/5/2004	WH TAX DIV G	(3,116)	-	(3,116)	-	-	294,566,833	-	-	(3,116)	(3,116)
3/5/2004	WH TAX DIV PFE	(25,279)	-	(25,279)	-	-	294,541,554	-	-	(25,279)	(25,279)
3/5/2004	WH TAX DIV BA	(2,667)	-	(2,667)	-	-	294,538,887	-	-	(2,667)	(2,667)
3/9/2004	WH TAX DIV JNJ	(13,951)	-	(13,951)	-	-	294,524,936	-	-	(13,951)	(13,951)
3/9/2004	WH TAX DIV BUD	(3,452)	-	(3,452)	-	-	294,521,484	-	-	(3,452)	(3,452)
3/10/2004	WH TAX DIV UTX	(1,922)	-	(1,922)	-	-	294,519,562	-	-	(1,922)	(1,922)
3/10/2004	WH TAX DIV IBM	(5,300)	-	(5,300)	-	-	294,514,263	-	-	(5,300)	(5,300)
3/10/2004	WH TAX DIV XOM	(32,380)	-	(32,380)	-	-	294,481,883	-	-	(32,380)	(32,380)
3/12/2004	WH TAX DIV MMM	(3,558)	-	(3,558)	-	-	294,478,324	-	-	(3,558)	(3,558)
3/15/2004	WH TAX DIV DD	(6,712)	-	(6,712)	-	-	294,471,612	-	-	(6,712)	(6,712)
3/22/2004	CHECK WIRE	(13,000,000)	-	(13,000,000)	-	-	281,471,612	-	-	(13,000,000)	(13,000,000)
4/6/2004	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(60)	-	(60)	-	-	281,471,552	-	-	(60)	(60)
4/8/2004	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(0)	-	(0)	-	-	281,471,552	-	-	(0)	(0)
4/30/2004	WH TAX DIV MWD	(4,295)	-	(4,295)	-	-	281,467,257	-	-	(4,295)	(4,295)
4/30/2004	WH TAX DIV JPM	(3,298)	-	(3,298)	-	-	281,463,959	-	-	(3,298)	(3,298)
5/3/2004	WH TAX DIV VZ	(16,535)	-	(16,535)	-	-	281,447,424	-	-	(16,535)	(16,535)
5/3/2004	WH TAX DIV SBC	(16,269)	-	(16,269)	-	-	281,431,155	-	-	(16,269)	(16,269)
5/7/2004	CHECK WIRE	8,000,000	8,000,000	-	-	-	289,431,155	-	-	-	-
5/14/2004	WH TAX DIV PG	(12,646)	-	(12,646)	-	-	289,418,509	-	-	(12,646)	(12,646)
5/17/2004	WH TAX DIV TXN	(737)	-	(737)	-	-	289,417,772	-	-	(737)	(737)
5/26/2004	WH TAX DIV MER	(3,180)	-	(3,180)	-	-	289,414,592	-	-	(3,180)	(3,180)
5/27/2004	WH TAX DIV GS	(2,258)	-	(2,258)	-	-	289,412,334	-	-	(2,258)	(2,258)
5/28/2004	WH TAX DIV C	(41,190)	-	(41,190)	-	-	289,371,143	-	-	(41,190)	(41,190)

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
Date	Transaction Description	Transaction Amount Reported in Customer Statement	Cash Deposits	Cash Withdrawals	Transfers of Principal In	Transfers of Principal Out	Balance of Principal	90-Day Preferential Transfers	2-Year Fraudulent Transfers	6-Year Fraudulent Transfers	Full History Fraudulent Transfers
6/1/2004	W/H TAX DIV INTC	(5,146)	-	(5,146)	-	-	289,365,998	-	-	(5,146)	(5,146)
6/1/2004	W/H TAX DIV WFC	(15,446)	-	(15,446)	-	-	289,350,551	-	-	(15,446)	(15,446)
6/4/2004	W/H TAX DIV G	(3,229)	-	(3,229)	-	-	289,347,322	-	-	(3,229)	(3,229)
6/4/2004	W/H TAX DIV PFE	(25,727)	-	(25,727)	-	-	289,321,595	-	-	(25,727)	(25,727)
6/7/2004	W/H TAX DIV WMT	(7,585)	-	(7,585)	-	-	289,314,010	-	-	(7,585)	(7,585)
6/7/2004	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(10)	-	(10)	-	-	289,314,000	-	-	(10)	(10)
6/8/2004	W/H TAX DIV JNJ	(16,871)	-	(16,871)	-	-	289,297,129	-	-	(16,871)	(16,871)
6/9/2004	W/H TAX DIV BLD	(3,577)	-	(3,577)	-	-	289,293,552	-	-	(3,577)	(3,577)
6/10/2004	W/H TAX DIV UTX	(2,580)	-	(2,580)	-	-	289,290,972	-	-	(2,580)	(2,580)
6/10/2004	W/H TAX DIV XOM	(35,120)	-	(35,120)	-	-	289,255,852	-	-	(35,120)	(35,120)
6/10/2004	W/H TAX DIV IBM	(6,179)	-	(6,179)	-	-	289,249,674	-	-	(6,179)	(6,179)
6/11/2004	W/H TAX DIV BA	(2,211)	-	(2,211)	-	-	289,247,462	-	-	(2,211)	(2,211)
6/14/2004	W/H TAX DIV DD	(6,955)	-	(6,955)	-	-	289,240,507	-	-	(6,955)	(6,955)
6/14/2004	W/H TAX DIV MMM	(3,980)	-	(3,980)	-	-	289,236,527	-	-	(3,980)	(3,980)
6/18/2004	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	289,236,526	-	-	(1)	(1)
6/24/2004	CHECK WIRE	8,000,000	8,000,000	-	-	-	297,236,526	-	-	-	-
6/24/2004	W/H TAX DIV HD	(4,044)	-	(4,044)	-	-	297,232,481	-	-	(4,044)	(4,044)
6/30/2004	W/H TAX DIV PEP	(8,317)	-	(8,317)	-	-	297,224,164	-	-	(8,317)	(8,317)
7/1/2004	W/H TAX DIV KO	(12,847)	-	(12,847)	-	-	297,211,318	-	-	(12,847)	(12,847)
7/7/2004	W/H TAX DIV HPQ	(5,177)	-	(5,177)	-	-	297,206,141	-	-	(5,177)	(5,177)
7/9/2004	W/H TAX DIV MO	(29,313)	-	(29,313)	-	-	297,176,828	-	-	(29,313)	(29,313)
7/12/2004	CHECK WIRE	15,000,000	15,000,000	-	-	-	312,176,828	-	-	-	-
7/26/2004	W/H TAX DIV GE	(4,752)	-	(4,752)	-	-	312,172,076	-	-	(4,752)	(4,752)
8/5/2004	CHECK WIRE	20,000,000	20,000,000	-	-	-	332,172,076	-	-	-	-
8/18/2004	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(74)	-	(74)	-	-	332,172,002	-	-	(74)	(74)
8/23/2004	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	332,172,002	-	-	(1)	(1)
9/7/2004	W/H TAX DIV WMT	(10,375)	-	(10,375)	-	-	332,161,627	-	-	(10,375)	(10,375)
9/10/2004	W/H TAX DIV UTX	(3,491)	-	(3,491)	-	-	332,158,136	-	-	(3,491)	(3,491)
9/13/2004	W/H TAX DIV MMM	(5,387)	-	(5,387)	-	-	332,152,749	-	-	(5,387)	(5,387)
9/14/2004	W/H TAX DIV MSFT	(21,762)	-	(21,762)	-	-	332,130,987	-	-	(21,762)	(21,762)
9/16/2004	W/H TAX DIV HD	(4,839)	-	(4,839)	-	-	332,126,148	-	-	(4,839)	(4,839)
9/17/2004	W/H TAX DIV AIG	(4,953)	-	(4,953)	-	-	332,121,195	-	-	(4,953)	(4,953)
9/24/2004	W/H TAX DIV BAC	(47,140)	-	(47,140)	-	-	332,074,054	-	-	(47,140)	(47,140)
9/30/2004	W/H TAX DIV PEP	(9,952)	-	(9,952)	-	-	332,064,103	-	-	(9,952)	(9,952)
10/1/2004	W/H TAX DIV KO	(15,372)	-	(15,372)	-	-	332,048,731	-	-	(15,372)	(15,372)
10/1/2004	W/H TAX DIV VIAB	(2,671)	-	(2,671)	-	-	332,046,060	-	-	(2,671)	(2,671)
10/1/2004	W/H TAX DIV MRK	(21,634)	-	(21,634)	-	-	332,024,425	-	-	(21,634)	(21,634)
10/4/2004	CHECK WIRE	10,000,000	10,000,000	-	-	-	342,024,425	-	-	-	-
10/6/2004	W/H TAX DIV HPQ	(6,194)	-	(6,194)	-	-	342,018,231	-	-	(6,194)	(6,194)
10/12/2004	W/H TAX DIV MO	(38,236)	-	(38,236)	-	-	341,979,995	-	-	(38,236)	(38,236)
11/2/2004	CHECK WIRE	5,000,000	5,000,000	-	-	-	346,979,995	-	-	-	-
11/3/2004	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(85)	-	(85)	-	-	346,979,910	-	-	(85)	(85)
11/4/2004	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(0)	-	(0)	-	-	346,979,910	-	-	(0)	(0)
11/9/2004	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	346,979,909	-	-	(1)	(1)
11/24/2004	W/H TAX DIV MER	(1,996)	-	(1,996)	-	-	346,977,913	-	-	(1,996)	(1,996)
12/1/2004	W/H TAX DIV INTC	(3,285)	-	(3,285)	-	-	346,974,628	-	-	(3,285)	(3,285)
12/1/2004	W/H TAX DIV WFC	(10,342)	-	(10,342)	-	-	346,964,286	-	-	(10,342)	(10,342)
12/3/2004	W/H TAX DIV BA	(3,336)	-	(3,336)	-	-	346,960,950	-	-	(3,336)	(3,336)
12/3/2004	W/H TAX DIV PFE	(26,608)	-	(26,608)	-	-	346,934,342	-	-	(26,608)	(26,608)
12/7/2004	W/H TAX DIV JNJ	(6,711)	-	(6,711)	-	-	346,927,631	-	-	(6,711)	(6,711)
12/10/2004	W/H TAX DIV IBM	(6,339)	-	(6,339)	-	-	346,921,292	-	-	(6,339)	(6,339)
12/10/2004	W/H TAX DIV XOM	(36,531)	-	(36,531)	-	-	346,884,762	-	-	(36,531)	(36,531)
12/13/2004	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(57)	-	(57)	-	-	346,884,704	-	-	(57)	(57)
12/14/2004	W/H TAX DIV DD	(7,136)	-	(7,136)	-	-	346,877,569	-	-	(7,136)	(7,136)
12/16/2004	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	346,877,568	-	-	(1)	(1)
12/31/2004	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(9)	-	(9)	-	-	346,877,559	-	-	(9)	(9)
1/3/2005	W/H TAX DIV WMT	(3,609)	-	(3,609)	-	-	346,873,949	-	-	(3,609)	(3,609)
1/5/2005	CHECK WIRE	25,000,000	25,000,000	-	-	-	371,873,949	-	-	-	-
2/14/2005	W/H TAX DIV TXN	(1,163)	-	(1,163)	-	-	371,872,787	-	-	(1,163)	(1,163)
2/24/2005	W/H TAX DIV GS	(485)	-	(485)	-	-	371,872,302	-	-	(485)	(485)
2/25/2005	W/H TAX DIV C	(61,381)	-	(61,381)	-	-	371,810,922	-	-	(61,381)	(61,381)
2/28/2005	W/H TAX DIV MER	(3,916)	-	(3,916)	-	-	371,807,006	-	-	(3,916)	(3,916)
3/1/2005	W/H TAX DIV INTC	(13,656)	-	(13,656)	-	-	371,793,350	-	-	(13,656)	(13,656)
3/1/2005	W/H TAX DIV WFC	(22,320)	-	(22,320)	-	-	371,771,029	-	-	(22,320)	(22,320)
3/4/2005	W/H TAX DIV G	(4,375)	-	(4,375)	-	-	371,766,655	-	-	(4,375)	(4,375)
3/4/2005	W/H TAX DIV BA	(5,507)	-	(5,507)	-	-	371,761,148	-	-	(5,507)	(5,507)
3/7/2005	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(81)	-	(81)	-	-	371,761,066	-	-	(81)	(81)
3/8/2005	W/H TAX DIV PFE	(38,596)	-	(38,596)	-	-	371,722,471	-	-	(38,596)	(38,596)
3/8/2005	W/H TAX DIV JNJ	(22,843)	-	(22,843)	-	-	371,699,628	-	-	(22,843)	(22,843)
3/9/2005	W/H TAX DIV BLD	(5,397)	-	(5,397)	-	-	371,694,232	-	-	(5,397)	(5,397)
3/10/2005	W/H TAX DIV IBM	(7,930)	-	(7,930)	-	-	371,686,302	-	-	(7,930)	(7,930)

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
Date	Transaction Description	Transaction Amount Reported in Customer Statement	Cash Deposits	Cash Withdrawals	Transfers of Principal In	Transfers of Principal Out	Balance of Principal	90-Day Preferential Transfers	2-Year Fraudulent Transfers	6-Year Fraudulent Transfers	Full History Fraudulent Transfers
3/10/2005	W/H TAX DIV UTX	(6,461)	-	(6,461)	-	-	371,679,841	-	-	(6,461)	(6,461)
3/10/2005	W/H TAX DIV MSFT	(23,397)	-	(23,397)	-	-	371,656,444	-	-	(23,397)	(23,397)
3/10/2005	W/H TAX DIV XOM	(46,917)	-	(46,917)	-	-	371,609,527	-	-	(46,917)	(46,917)
3/14/2005	W/H TAX DIV MMM	(9,251)	-	(9,251)	-	-	371,600,276	-	-	(9,251)	(9,251)
3/14/2005	W/H TAX DIV DD	(9,422)	-	(9,422)	-	-	371,590,854	-	-	(9,422)	(9,422)
3/18/2005	W/H TAX DIV AIG	(8,872)	-	(8,872)	-	-	371,581,982	-	-	(8,872)	(8,872)
3/24/2005	W/H TAX DIV HD	(5,874)	-	(5,874)	-	-	371,576,108	-	-	(5,874)	(5,874)
3/28/2005	W/H TAX DIV BAC	(49,007)	-	(49,007)	-	-	371,527,101	-	-	(49,007)	(49,007)
3/31/2005	W/H TAX DIV PEP	(10,695)	-	(10,695)	-	-	371,516,406	-	-	(10,695)	(10,695)
4/1/2005	W/H TAX DIV MRK	(22,320)	-	(22,320)	-	-	371,494,085	-	-	(22,320)	(22,320)
4/1/2005	W/H TAX DIV KO	(14,432)	-	(14,432)	-	-	371,479,653	-	-	(14,432)	(14,432)
4/1/2005	W/H TAX DIV VIA.B	(3,255)	-	(3,255)	-	-	371,476,398	-	-	(3,255)	(3,255)
4/7/2005	W/H TAX DIV HPQ	(3,225)	-	(3,225)	-	-	371,473,173	-	-	(3,225)	(3,225)
4/11/2005	W/H TAX DIV MO	(32,052)	-	(32,052)	-	-	371,441,121	-	-	(32,052)	(32,052)
4/13/2005	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(39)	-	(39)	-	-	371,441,083	-	-	(39)	(39)
4/25/2005	W/H TAX DIV GE	(62,591)	-	(62,591)	-	-	371,378,492	-	-	(62,591)	(62,591)
5/23/2005	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(45)	-	(45)	-	-	371,378,446	-	-	(45)	(45)
6/6/2005	W/H TAX DIV WMT	(4,043)	-	(4,043)	-	-	371,374,404	-	-	(4,043)	(4,043)
6/10/2005	W/H TAX DIV UTX	(1,923)	-	(1,923)	-	-	371,372,481	-	-	(1,923)	(1,923)
6/13/2005	W/H TAX DIV MMM	(2,753)	-	(2,753)	-	-	371,369,727	-	-	(2,753)	(2,753)
6/17/2005	W/H TAX DIV AIG	(6,710)	-	(6,710)	-	-	371,363,018	-	-	(6,710)	(6,710)
6/20/2005	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(33)	-	(33)	-	-	371,362,985	-	-	(33)	(33)
6/23/2005	W/H TAX DIV HD	(4,495)	-	(4,495)	-	-	371,358,490	-	-	(4,495)	(4,495)
6/24/2005	W/H TAX DIV BAC	(37,483)	-	(37,483)	-	-	371,321,007	-	-	(37,483)	(37,483)
6/30/2005	W/H TAX DIV PEP	(9,144)	-	(9,144)	-	-	371,311,864	-	-	(9,144)	(9,144)
7/1/2005	W/H TAX DIV MRK	(16,881)	-	(16,881)	-	-	371,294,982	-	-	(16,881)	(16,881)
7/1/2005	W/H TAX DIV VIA.B	(2,462)	-	(2,462)	-	-	371,292,521	-	-	(2,462)	(2,462)
7/1/2005	W/H TAX DIV ALL	(4,547)	-	(4,547)	-	-	371,287,974	-	-	(4,547)	(4,547)
7/1/2005	W/H TAX DIV KO	(12,957)	-	(12,957)	-	-	371,275,017	-	-	(12,957)	(12,957)
7/6/2005	W/H TAX DIV HPQ	(4,839)	-	(4,839)	-	-	371,270,178	-	-	(4,839)	(4,839)
7/8/2005	W/H TAX DIV SLB	(2,721)	-	(2,721)	-	-	371,267,457	-	-	(2,721)	(2,721)
7/11/2005	W/H TAX DIV MO	(31,078)	-	(31,078)	-	-	371,236,379	-	-	(31,078)	(31,078)
7/25/2005	W/H TAX DIV GE	(47,920)	-	(47,920)	-	-	371,188,458	-	-	(47,920)	(47,920)
7/29/2005	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(83)	-	(83)	-	-	371,188,375	-	-	(83)	(83)
7/29/2005	CHECK WIRE	(30,000,000)	-	(30,000,000)	-	-	341,188,375	-	-	(30,000,000)	(30,000,000)
8/8/2005	CHECK WIRE	15,000,000	15,000,000	-	-	-	356,188,375	-	-	-	-
9/8/2005	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(46)	-	(46)	-	-	356,188,329	-	-	(46)	(46)
9/12/2005	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(4)	-	(4)	-	-	356,188,324	-	-	(4)	(4)
9/30/2005	W/H TAX DIV S	(1,037)	-	(1,037)	-	-	356,187,287	-	-	(1,037)	(1,037)
9/30/2005	W/H TAX DIV PEP	(6,210)	-	(6,210)	-	-	356,181,078	-	-	(6,210)	(6,210)
10/3/2005	W/H TAX DIV KO	(17,443)	-	(17,443)	-	-	356,163,634	-	-	(17,443)	(17,443)
10/5/2005	W/H TAX DIV HPQ	(6,323)	-	(6,323)	-	-	356,157,312	-	-	(6,323)	(6,323)
10/11/2005	W/H TAX DIV MO	(44,977)	-	(44,977)	-	-	356,112,335	-	-	(44,977)	(44,977)
10/12/2005	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(116)	-	(116)	-	-	356,112,218	-	-	(116)	(116)
10/13/2005	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(0)	-	(0)	-	-	356,112,218	-	-	(0)	(0)
10/14/2005	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	356,112,217	-	-	(1)	(1)
10/19/2005	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(2)	-	(2)	-	-	356,112,215	-	-	(2)	(2)
10/25/2005	W/H TAX DIV GE	(46,776)	-	(46,776)	-	-	356,065,439	-	-	(46,776)	(46,776)
10/31/2005	W/H TAX DIV MWD	(5,525)	-	(5,525)	-	-	356,059,914	-	-	(5,525)	(5,525)
11/4/2005	CHECK WIRE	(50,000,000)	-	(50,000,000)	-	-	306,059,914	-	-	(50,000,000)	(50,000,000)
11/15/2005	W/H TAX DIV PG	(27,898)	-	(27,898)	-	-	306,032,016	-	-	(27,898)	(27,898)
11/15/2005	W/H TAX DIV ABT	(8,441)	-	(8,441)	-	-	306,023,575	-	-	(8,441)	(8,441)
11/17/2005	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(43)	-	(43)	-	-	306,023,532	-	-	(43)	(43)
11/21/2005	W/H TAX DIV GS	(3,194)	-	(3,194)	-	-	306,020,338	-	-	(3,194)	(3,194)
11/21/2005	W/H TAX DIV TXN	(1,433)	-	(1,433)	-	-	306,018,906	-	-	(1,433)	(1,433)
11/23/2005	W/H TAX DIV MER	(5,110)	-	(5,110)	-	-	306,013,796	-	-	(5,110)	(5,110)
11/23/2005	W/H TAX DIV C	(65,199)	-	(65,199)	-	-	305,948,598	-	-	(65,199)	(65,199)
11/30/2005	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(4)	-	(4)	-	-	305,948,594	-	-	(4)	(4)
12/1/2005	W/H TAX DIV WFC	(25,241)	-	(25,241)	-	-	305,923,352	-	-	(25,241)	(25,241)
12/1/2005	W/H TAX DIV INTC	(13,972)	-	(13,972)	-	-	305,909,381	-	-	(13,972)	(13,972)
12/2/2005	W/H TAX DIV BA	(5,748)	-	(5,748)	-	-	305,903,632	-	-	(5,748)	(5,748)
12/6/2005	W/H TAX DIV PFE	(40,613)	-	(40,613)	-	-	305,863,019	-	-	(40,613)	(40,613)
12/8/2005	W/H TAX DIV MSFT	(18,010)	-	(18,010)	-	-	305,845,009	-	-	(18,010)	(18,010)
12/9/2005	W/H TAX DIV XOM	(52,788)	-	(52,788)	-	-	305,792,221	-	-	(52,788)	(52,788)
12/12/2005	W/H TAX DIV CVX	(25,106)	-	(25,106)	-	-	305,767,115	-	-	(25,106)	(25,106)
12/12/2005	W/H TAX DIV MMM	(8,209)	-	(8,209)	-	-	305,758,907	-	-	(8,209)	(8,209)
12/12/2005	W/H TAX DIV UTX	(5,574)	-	(5,574)	-	-	305,753,332	-	-	(5,574)	(5,574)
12/12/2005	W/H TAX DIV IBM	(9,197)	-	(9,197)	-	-	305,744,135	-	-	(9,197)	(9,197)
12/13/2005	W/H TAX DIV JNJ	(24,286)	-	(24,286)	-	-	305,719,849	-	-	(24,286)	(24,286)
12/15/2005	W/H TAX DIV HD	(5,212)	-	(5,212)	-	-	305,714,637	-	-	(5,212)	(5,212)
12/15/2005	W/H TAX DIV TWX	(5,719)	-	(5,719)	-	-	305,708,918	-	-	(5,719)	(5,719)

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
Date	Transaction Description	Transaction Amount Reported in Customer Statement	Cash Deposits	Cash Withdrawals	Transfers of Principal In	Transfers of Principal Out	Balance of Principal	90-Day Preferential Transfers	2-Year Fraudulent Transfers	6-Year Fraudulent Transfers	Full History Fraudulent Transfers
12/15/2005	W/H TAX DIV KO	(14,052)	-	(14,052)	-	-	305,694,866	-	-	(14,052)	(14,052)
12/16/2005	W/H TAX DIV AIG	(9,446)	-	(9,446)	-	-	305,685,420	-	-	(9,446)	(9,446)
12/16/2005	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(11)	-	(11)	-	-	305,685,409	-	-	(11)	(11)
12/22/2005	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(18)	-	(18)	-	-	305,685,391	-	-	(18)	(18)
12/23/2005	W/H TAX DIV BAC	(48,861)	-	(48,861)	-	-	305,636,531	-	-	(48,861)	(48,861)
12/28/2005	CHECK WIRE	(15,000,000)	-	(15,000,000)	-	-	290,636,531	-	-	(15,000,000)	(15,000,000)
12/30/2005	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(3)	-	(3)	-	-	290,636,527	-	-	(3)	(3)
12/30/2005	W/H TAX DIV S	(1,792)	-	(1,792)	-	-	290,634,736	-	-	(1,792)	(1,792)
1/3/2006	W/H TAX DIV MRK	(20,630)	-	(20,630)	-	-	290,614,106	-	-	(20,630)	(20,630)
1/3/2006	W/H TAX DIV VIA B	(2,736)	-	(2,736)	-	-	290,611,370	-	-	(2,736)	(2,736)
1/3/2006	W/H TAX DIV WMT	(6,020)	-	(6,020)	-	-	290,605,350	-	-	(6,020)	(6,020)
1/3/2006	W/H TAX DIV PEP	(10,728)	-	(10,728)	-	-	290,594,622	-	-	(10,728)	(10,728)
1/4/2006	W/H TAX DIV HPQ	(5,622)	-	(5,622)	-	-	290,589,001	-	-	(5,622)	(5,622)
1/6/2006	W/H TAX DIV DIS	(13,486)	-	(13,486)	-	-	290,575,515	-	-	(13,486)	(13,486)
1/13/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(19)	-	(19)	-	-	290,575,496	-	-	(19)	(19)
1/31/2006	W/H TAX DIV MS	(7,048)	-	(7,048)	-	-	290,568,448	-	-	(7,048)	(7,048)
1/31/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(21)	-	(21)	-	-	290,568,427	-	-	(21)	(21)
2/1/2006	W/H TAX DIV T	(7,323)	-	(7,323)	-	-	290,561,104	-	-	(7,323)	(7,323)
2/1/2006	CHECK WIRE	(6,000,000)	-	(6,000,000)	-	-	284,561,104	-	-	(6,000,000)	(6,000,000)
2/1/2006	W/H TAX DIV VZ	(6,371)	-	(6,371)	-	-	284,554,732	-	-	(6,371)	(6,371)
2/13/2006	W/H TAX DIV TXN	(1,151)	-	(1,151)	-	-	284,553,581	-	-	(1,151)	(1,151)
2/13/2006	W/H TAX DIV PG	(22,536)	-	(22,536)	-	-	284,531,045	-	-	(22,536)	(22,536)
2/15/2006	W/H TAX DIV ABT	(10,170)	-	(10,170)	-	-	284,520,876	-	-	(10,170)	(10,170)
2/21/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(31)	-	(31)	-	-	284,520,845	-	-	(31)	(31)
2/23/2006	W/H TAX DIV GS	(2,719)	-	(2,719)	-	-	284,518,125	-	-	(2,719)	(2,719)
2/24/2006	W/H TAX DIV C	(59,046)	-	(59,046)	-	-	284,459,079	-	-	(59,046)	(59,046)
2/28/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(4)	-	(4)	-	-	284,459,075	-	-	(4)	(4)
2/28/2006	W/H TAX DIV MER	(5,438)	-	(5,438)	-	-	284,453,637	-	-	(5,438)	(5,438)
2/28/2006	CHECK WIRE	(40,000,000)	-	(40,000,000)	-	-	244,453,637	-	-	(40,000,000)	(40,000,000)
3/1/2006	W/H TAX DIV INTC	(14,312)	-	(14,312)	-	-	244,439,325	-	-	(14,312)	(14,312)
3/1/2006	W/H TAX DIV WFC	(20,361)	-	(20,361)	-	-	244,418,964	-	-	(20,361)	(20,361)
3/3/2006	W/H TAX DIV BA	(5,873)	-	(5,873)	-	-	244,413,091	-	-	(5,873)	(5,873)
3/7/2006	W/H TAX DIV UPS	(9,919)	-	(9,919)	-	-	244,403,171	-	-	(9,919)	(9,919)
3/7/2006	W/H TAX DIV PFE	(42,179)	-	(42,179)	-	-	244,360,992	-	-	(42,179)	(42,179)
3/9/2006	W/H TAX DIV MSFT	(19,726)	-	(19,726)	-	-	244,341,266	-	-	(19,726)	(19,726)
3/10/2006	W/H TAX DIV IBM	(7,481)	-	(7,481)	-	-	244,333,785	-	-	(7,481)	(7,481)
3/10/2006	W/H TAX DIV XOM	(47,218)	-	(47,218)	-	-	244,286,566	-	-	(47,218)	(47,218)
3/10/2006	W/H TAX DIV TGT	(2,175)	-	(2,175)	-	-	244,284,391	-	-	(2,175)	(2,175)
3/10/2006	W/H TAX DIV CVX	(24,117)	-	(24,117)	-	-	244,260,274	-	-	(24,117)	(24,117)
3/10/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	244,260,273	-	-	(1)	(1)
3/10/2006	W/H TAX DIV UTX	(5,264)	-	(5,264)	-	-	244,255,009	-	-	(5,264)	(5,264)
3/13/2006	W/H TAX DIV MMM	(8,005)	-	(8,005)	-	-	244,247,004	-	-	(8,005)	(8,005)
3/14/2006	W/H TAX DIV JNJ	(21,320)	-	(21,320)	-	-	244,225,684	-	-	(21,320)	(21,320)
3/15/2006	W/H TAX DIV TWX	(5,012)	-	(5,012)	-	-	244,220,672	-	-	(5,012)	(5,012)
3/16/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(4)	-	(4)	-	-	244,220,668	-	-	(4)	(4)
3/17/2006	W/H TAX DIV AIG	(8,280)	-	(8,280)	-	-	244,212,388	-	-	(8,280)	(8,280)
3/23/2006	W/H TAX DIV HD	(6,754)	-	(6,754)	-	-	244,205,633	-	-	(6,754)	(6,754)
3/24/2006	W/H TAX DIV BAC	(49,923)	-	(49,923)	-	-	244,155,710	-	-	(49,923)	(49,923)
3/30/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(25)	-	(25)	-	-	244,155,685	-	-	(25)	(25)
3/31/2006	W/H TAX DIV PEP	(9,242)	-	(9,242)	-	-	244,146,444	-	-	(9,242)	(9,242)
3/31/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	244,146,443	-	-	(1)	(1)
3/31/2006	W/H TAX DIV S	(1,611)	-	(1,611)	-	-	244,144,832	-	-	(1,611)	(1,611)
4/3/2006	W/H TAX DIV MRK	(18,006)	-	(18,006)	-	-	244,126,826	-	-	(18,006)	(18,006)
4/3/2006	W/H TAX DIV KO	(13,855)	-	(13,855)	-	-	244,112,971	-	-	(13,855)	(13,855)
4/3/2006	W/H TAX DIV WMT	(9,193)	-	(9,193)	-	-	244,103,778	-	-	(9,193)	(9,193)
4/5/2006	W/H TAX DIV HPQ	(4,959)	-	(4,959)	-	-	244,098,819	-	-	(4,959)	(4,959)
4/5/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(3)	-	(3)	-	-	244,098,816	-	-	(3)	(3)
4/7/2006	W/H TAX DIV SLB	(3,033)	-	(3,033)	-	-	244,095,783	-	-	-	-
4/7/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	244,095,782	-	-	(1)	(1)
4/10/2006	W/H TAX DIV MO	(36,329)	-	(36,329)	-	-	244,059,453	-	-	(36,329)	(36,329)
4/21/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(3)	-	(3)	-	-	244,059,449	-	-	(3)	(3)
4/25/2006	W/H TAX DIV GE	(62,993)	-	(62,993)	-	-	243,996,456	-	-	(62,993)	(62,993)
4/28/2006	CXL W/H TAX DIV SLB	3,033	-	3,033	-	-	243,999,489	-	-	-	-
4/28/2006	W/H TAX DIV MDT	(2,489)	-	(2,489)	-	-	243,997,001	-	-	(2,489)	(2,489)
4/28/2006	W/H TAX DIV MS	(6,313)	-	(6,313)	-	-	243,990,687	-	-	(6,313)	(6,313)
4/28/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(5)	-	(5)	-	-	243,990,682	-	-	(5)	(5)
5/1/2006	W/H TAX DIV JPM	(18,884)	-	(18,884)	-	-	243,971,799	-	-	(18,884)	(18,884)
5/1/2006	W/H TAX DIV T	(27,859)	-	(27,859)	-	-	243,943,940	-	-	(27,859)	(27,859)
5/1/2006	W/H TAX DIV VZ	(25,773)	-	(25,773)	-	-	243,918,167	-	-	(25,773)	(25,773)
5/5/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(8)	-	(8)	-	-	243,918,159	-	-	(8)	(8)
5/10/2006	W/H TAX DIV AXP	(3,273)	-	(3,273)	-	-	243,914,885	-	-	(3,273)	(3,273)

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
Date	Transaction Description	Transaction Amount Reported in Customer Statement	Cash Deposits	Cash Withdrawals	Transfers of Principal In	Transfers of Principal Out	Balance of Principal	90-Day Preferential Transfers	2-Year Fraudulent Transfers	6-Year Fraudulent Transfers	Full History Fraudulent Transfers
5/10/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(2)	-	(2)	-	-	243,914.883	-	-	(2)	(2)
5/15/2006	W/H TAX DIV ABT	(9,772)	-	(9,772)	-	-	243,905.112	-	-	(9,772)	(9,772)
5/15/2006	W/H TAX DIV PG	(22,349)	-	(22,349)	-	-	243,882.762	-	-	(22,349)	(22,349)
5/22/2006	W/H TAX DIV TXN	(1,052)	-	(1,052)	-	-	243,881.710	-	-	(1,052)	(1,052)
5/22/2006	W/H TAX DIV CAT	(3,731)	-	(3,731)	-	-	243,877.979	-	-	(3,731)	(3,731)
5/24/2006	W/H TAX DIV MER	(4,938)	-	(4,938)	-	-	243,873.041	-	-	(4,938)	(4,938)
5/25/2006	W/H TAX DIV GS	(3,410)	-	(3,410)	-	-	243,869.631	-	-	(3,410)	(3,410)
5/26/2006	W/H TAX DIV C	(53,467)	-	(53,467)	-	-	243,816.164	-	-	(53,467)	(53,467)
5/31/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(25)	-	(25)	-	-	243,816.140	-	-	(25)	(25)
5/31/2006	CHECK WIRE	(30,000,000)	-	(30,000,000)	-	-	213,816.140	-	-	(30,000,000)	(30,000,000)
5/31/2006	W/H TAX DIV UPS	(9,007)	-	(9,007)	-	-	213,807.133	-	-	(9,007)	(9,007)
6/1/2006	W/H TAX DIV INTC	(12,839)	-	(12,839)	-	-	213,794.294	-	-	(12,839)	(12,839)
6/1/2006	W/H TAX DIV WFC	(19,515)	-	(19,515)	-	-	213,774.779	-	-	(19,515)	(19,515)
6/2/2006	W/H TAX DIV BA	(5,333)	-	(5,333)	-	-	213,769.446	-	-	(5,333)	(5,333)
6/5/2006	W/H TAX DIV WMT	(9,264)	-	(9,264)	-	-	213,760.182	-	-	(9,264)	(9,264)
6/6/2006	W/H TAX DIV BMY	(12,003)	-	(12,003)	-	-	213,748.180	-	-	(12,003)	(12,003)
6/6/2006	W/H TAX DIV PFE	(38,872)	-	(38,872)	-	-	213,709.308	-	-	(38,872)	(38,872)
6/8/2006	W/H TAX DIV MSFT	(17,599)	-	(17,599)	-	-	213,691.709	-	-	(17,599)	(17,599)
6/9/2006	W/H TAX DIV XOM	(43,148)	-	(43,148)	-	-	213,648.561	-	-	(43,148)	(43,148)
6/12/2006	W/H TAX DIV UTX	(2,879)	-	(2,879)	-	-	213,645.682	-	-	(2,879)	(2,879)
6/12/2006	W/H TAX DIV IBM	(10,310)	-	(10,310)	-	-	213,635.372	-	-	(10,310)	(10,310)
6/12/2006	W/H TAX DIV MMM	(7,269)	-	(7,269)	-	-	213,628.103	-	-	(7,269)	(7,269)
6/13/2006	W/H TAX DIV JNJ	(24,443)	-	(24,443)	-	-	213,603.660	-	-	(24,443)	(24,443)
6/15/2006	W/H TAX DIV TWX	(4,445)	-	(4,445)	-	-	213,599.215	-	-	(4,445)	(4,445)
6/15/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(22)	-	(22)	-	-	213,599.193	-	-	(22)	(22)
6/22/2006	W/H TAX DIV HD	(6,400)	-	(6,400)	-	-	213,592.793	-	-	(6,400)	(6,400)
6/23/2006	W/H TAX DIV BAC	(46,220)	-	(46,220)	-	-	213,546.573	-	-	(46,220)	(46,220)
6/30/2006	W/H TAX DIV S	(1,630)	-	(1,630)	-	-	213,544.944	-	-	(1,630)	(1,630)
6/30/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(29)	-	(29)	-	-	213,544.915	-	-	(29)	(29)
6/30/2006	W/H TAX DIV PEP	(9,607)	-	(9,607)	-	-	213,535.308	-	-	(9,607)	(9,607)
6/30/2006	CHECK WIRE	(25,000,000)	-	(25,000,000)	-	-	188,535.308	-	-	(25,000,000)	(25,000,000)
7/3/2006	W/H TAX DIV MRK	(16,213)	-	(16,213)	-	-	188,519.096	-	-	(16,213)	(16,213)
7/3/2006	W/H TAX DIV CVX	(25,678)	-	(25,678)	-	-	188,493.418	-	-	(25,678)	(25,678)
7/3/2006	W/H TAX DIV AIG	(7,733)	-	(7,733)	-	-	188,485.685	-	-	(7,733)	(7,733)
7/3/2006	W/H TAX DIV KQ	(8,746)	-	(8,746)	-	-	188,476.939	-	-	(8,746)	(8,746)
7/5/2006	W/H TAX DIV HPQ	(4,513)	-	(4,513)	-	-	188,472.426	-	-	(4,513)	(4,513)
7/7/2006	W/H TAX DIV SLB	(3,108)	-	(3,108)	-	-	188,469.318	-	-	-	-
7/10/2006	W/H TAX DIV MO	(22,570)	-	(22,570)	-	-	188,446.749	-	-	(22,570)	(22,570)
7/14/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(18)	-	(18)	-	-	188,446.731	-	-	(18)	(18)
7/21/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(2)	-	(2)	-	-	188,446.729	-	-	(2)	(2)
7/27/2006	CHECK WIRE	(20,000,000)	-	(20,000,000)	-	-	168,446.729	-	-	(20,000,000)	(20,000,000)
7/31/2006	W/H TAX DIV MS	(2,290)	-	(2,290)	-	-	168,444.439	-	-	(2,290)	(2,290)
7/31/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(15)	-	(15)	-	-	168,444.424	-	-	(15)	(15)
8/7/2006	CXL W/H TAX DIV SLB	3,108	-	3,108	-	-	168,447.532	-	-	-	-
8/15/2006	W/H TAX DIV ABT	(3,545)	-	(3,545)	-	-	168,443.987	-	-	(3,545)	(3,545)
8/15/2006	W/H TAX DIV PG	(13,372)	-	(13,372)	-	-	168,430.615	-	-	(13,372)	(13,372)
8/17/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(25)	-	(25)	-	-	168,430.590	-	-	(25)	(25)
8/21/2006	W/H TAX DIV CAT	(1,484)	-	(1,484)	-	-	168,429.106	-	-	(1,484)	(1,484)
8/21/2006	W/H TAX DIV TXN	(608)	-	(608)	-	-	168,428.498	-	-	(608)	(608)
8/23/2006	W/H TAX DIV MER	(2,915)	-	(2,915)	-	-	168,425.583	-	-	(2,915)	(2,915)
8/24/2006	W/H TAX DIV GS	(2,040)	-	(2,040)	-	-	168,423.543	-	-	(2,040)	(2,040)
8/25/2006	W/H TAX DIV C	(31,765)	-	(31,765)	-	-	168,391.778	-	-	(31,765)	(31,765)
9/1/2006	W/H TAX DIV INTC	(7,624)	-	(7,624)	-	-	168,384.155	-	-	(7,624)	(7,624)
9/1/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(17)	-	(17)	-	-	168,384.138	-	-	(17)	(17)
9/1/2006	W/H TAX DIV WFC	(12,404)	-	(12,404)	-	-	168,371.734	-	-	(12,404)	(12,404)
9/1/2006	W/H TAX DIV BA	(3,148)	-	(3,148)	-	-	168,368.586	-	-	(3,148)	(3,148)
9/5/2006	W/H TAX DIV WMT	(5,468)	-	(5,468)	-	-	168,363.119	-	-	(5,468)	(5,468)
9/5/2006	W/H TAX DIV PFE	(23,002)	-	(23,002)	-	-	168,340.116	-	-	(23,002)	(23,002)
9/6/2006	W/H TAX DIV UPS	(5,316)	-	(5,316)	-	-	168,334.800	-	-	(5,316)	(5,316)
9/8/2006	CHECK WIRE	20,000,000	20,000,000	-	-	-	188,334.800	-	-	-	-
9/11/2006	W/H TAX DIV UTX	(3,398)	-	(3,398)	-	-	188,331.402	-	-	(3,398)	(3,398)
9/11/2006	W/H TAX DIV CVX	(15,155)	-	(15,155)	-	-	188,316.247	-	-	(15,155)	(15,155)
9/11/2006	W/H TAX DIV XOM	(25,142)	-	(25,142)	-	-	188,291.105	-	-	(25,142)	(25,142)
9/11/2006	W/H TAX DIV IBM	(5,946)	-	(5,946)	-	-	188,285.159	-	-	(5,946)	(5,946)
9/12/2006	W/H TAX DIV MMM	(4,290)	-	(4,290)	-	-	188,280.869	-	-	(4,290)	(4,290)
9/12/2006	W/H TAX DIV JNJ	(14,427)	-	(14,427)	-	-	188,266.443	-	-	(14,427)	(14,427)
9/14/2006	W/H TAX DIV MSFT	(10,346)	-	(10,346)	-	-	188,256.097	-	-	(10,346)	(10,346)
9/15/2006	W/H TAX DIV AIG	(5,578)	-	(5,578)	-	-	188,250.518	-	-	(5,578)	(5,578)
9/15/2006	W/H TAX DIV TWX	(3,117)	-	(3,117)	-	-	188,247.402	-	-	(3,117)	(3,117)
9/15/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(21)	-	(21)	-	-	188,247.381	-	-	(21)	(21)
9/21/2006	W/H TAX DIV HD	(4,022)	-	(4,022)	-	-	188,243.359	-	-	(4,022)	(4,022)

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
Date	Transaction Description	Transaction Amount Reported in Customer Statement	Cash Deposits	Cash Withdrawals	Transfers of Principal In	Transfers of Principal Out	Balance of Principal	90-Day Preferential Transfers	2-Year Fraudulent Transfers	6-Year Fraudulent Transfers	Full History Fraudulent Transfers
9/22/2006	W/H TAX DIV BAC	(33,295)	-	(33,295)	-	-	188,210,064	-	-	(33,295)	(33,295)
9/26/2006	CHECK WIRE	(30,000,000)	-	(30,000,000)	-	-	158,210,064	-	-	(30,000,000)	(30,000,000)
9/27/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(10)	-	(10)	-	-	158,210,054	-	-	(10)	(10)
9/29/2006	W/H TAX DIV S	(979)	-	(979)	-	-	158,209,074	-	-	(979)	(979)
9/29/2006	W/H TAX DIV PEP	(6,433)	-	(6,433)	-	-	158,202,641	-	-	(6,433)	(6,433)
10/2/2006	W/H TAX DIV KO	(8,312)	-	(8,312)	-	-	158,194,329	-	-	(8,312)	(8,312)
10/2/2006	W/H TAX DIV MRK	(10,632)	-	(10,632)	-	-	158,183,697	-	-	(10,632)	(10,632)
10/4/2006	CHECK WIRE	125,000,000	125,000,000	-	-	-	283,183,697	-	-	-	-
10/4/2006	W/H TAX DIV HPQ	(2,891)	-	(2,891)	-	-	283,180,806	-	-	(2,891)	(2,891)
10/10/2006	W/H TAX DIV MO	(23,454)	-	(23,454)	-	-	283,157,352	-	-	(23,454)	(23,454)
10/17/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(26)	-	(26)	-	-	283,157,325	-	-	(26)	(26)
10/25/2006	W/H TAX DIV GE	(33,985)	-	(33,985)	-	-	283,123,341	-	-	(33,985)	(33,985)
10/26/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(7)	-	(7)	-	-	283,123,333	-	-	(7)	(7)
10/27/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(0)	-	(0)	-	-	283,123,333	-	-	(0)	(0)
10/30/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(0)	-	(0)	-	-	283,123,333	-	-	(0)	(0)
10/31/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(0)	-	(0)	-	-	283,123,333	-	-	(0)	(0)
11/3/2006	CHECK WIRE	160,000,000	160,000,000	-	-	-	443,123,333	-	-	-	-
11/20/2006	W/H TAX DIV TXN	(1,434)	-	(1,434)	-	-	443,121,899	-	-	(1,434)	(1,434)
11/20/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(16)	-	(16)	-	-	443,121,883	-	-	(16)	(16)
11/22/2006	W/H TAX DIV C	(54,755)	-	(54,755)	-	-	443,067,128	-	-	(54,755)	(54,755)
11/22/2006	W/H TAX DIV MER	(5,271)	-	(5,271)	-	-	443,061,857	-	-	(5,271)	(5,271)
11/27/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(7)	-	(7)	-	-	443,061,850	-	-	(7)	(7)
11/30/2006	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(2)	-	(2)	-	-	443,061,848	-	-	(2)	(2)
1/2/2007	W/H TAX DIV WMT	(12,907)	-	(12,907)	-	-	443,048,941	-	(12,907)	(12,907)	(12,907)
1/2/2007	W/H TAX DIV MRK	(25,437)	-	(25,437)	-	-	443,023,504	-	(25,437)	(25,437)	(25,437)
1/2/2007	W/H TAX DIV PEP	(15,563)	-	(15,563)	-	-	443,007,940	-	(15,563)	(15,563)	(15,563)
1/3/2007	CHECK WIRE	75,000,000	75,000,000	-	-	-	518,007,940	-	-	-	-
1/3/2007	W/H TAX DIV TGT	(2,277)	-	(2,277)	-	-	518,005,663	-	(2,277)	(2,277)	(2,277)
1/3/2007	W/H TAX DIV MSFT	(19,673)	-	(19,673)	-	-	517,985,990	-	(19,673)	(19,673)	(19,673)
1/3/2007	W/H TAX DIV MMM	(7,759)	-	(7,759)	-	-	517,978,231	-	(7,759)	(7,759)	(7,759)
1/3/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(14)	-	(14)	-	-	517,978,217	-	(14)	(14)	(14)
1/3/2007	W/H TAX DIV HD	(14,266)	-	(14,266)	-	-	517,963,950	-	(14,266)	(14,266)	(14,266)
1/3/2007	W/H TAX DIV WB	(33,460)	-	(33,460)	-	-	517,930,490	-	(33,460)	(33,460)	(33,460)
1/3/2007	W/H TAX DIV INTX	(13,137)	-	(13,137)	-	-	517,917,353	-	(13,137)	(13,137)	(13,137)
1/3/2007	W/H TAX DIV BA	(5,693)	-	(5,693)	-	-	517,911,660	-	(5,693)	(5,693)	(5,693)
1/3/2007	W/H TAX DIV TWX	(6,975)	-	(6,975)	-	-	517,904,686	-	(6,975)	(6,975)	(6,975)
1/3/2007	W/H TAX DIV IBM	(10,316)	-	(10,316)	-	-	517,894,370	-	(10,316)	(10,316)	(10,316)
1/3/2007	W/H TAX DIV MCD	(27,409)	-	(27,409)	-	-	517,866,961	-	(27,409)	(27,409)	(27,409)
1/3/2007	W/H TAX DIV PFE	(40,158)	-	(40,158)	-	-	517,826,803	-	(40,158)	(40,158)	(40,158)
1/3/2007	W/H TAX DIV WFC	(21,435)	-	(21,435)	-	-	517,805,368	-	(21,435)	(21,435)	(21,435)
1/3/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(2)	-	(2)	-	-	517,805,366	-	(2)	(2)	(2)
1/3/2007	W/H TAX DIV S	(2,306)	-	(2,306)	-	-	517,803,061	-	(2,306)	(2,306)	(2,306)
1/3/2007	W/H TAX DIV AIG	(13,315)	-	(13,315)	-	-	517,789,745	-	(13,315)	(13,315)	(13,315)
1/3/2007	W/H TAX DIV KO	(19,656)	-	(19,656)	-	-	517,770,089	-	(19,656)	(19,656)	(19,656)
1/3/2007	W/H TAX DIV BAC	(78,652)	-	(78,652)	-	-	517,691,438	-	(78,652)	(78,652)	(78,652)
1/3/2007	W/H TAX DIV XOM	(43,388)	-	(43,388)	-	-	517,648,050	-	(43,388)	(43,388)	(43,388)
1/3/2007	W/H TAX DIV HPQ	(6,799)	-	(6,799)	-	-	517,641,250	-	(6,799)	(6,799)	(6,799)
1/3/2007	W/H TAX DIV JNJ	(25,301)	-	(25,301)	-	-	517,615,949	-	(25,301)	(25,301)	(25,301)
1/3/2007	W/H TAX DIV EXC	(5,904)	-	(5,904)	-	-	517,610,046	-	(5,904)	(5,904)	(5,904)
1/3/2007	W/H TAX DIV CVX	(26,313)	-	(26,313)	-	-	517,583,733	-	(26,313)	(26,313)	(26,313)
1/3/2007	W/H TAX DIV UTX	(6,146)	-	(6,146)	-	-	517,577,587	-	(6,146)	(6,146)	(6,146)
1/4/2007	W/H TAX DIV UPS	(9,614)	-	(9,614)	-	-	517,567,973	-	(9,614)	(9,614)	(9,614)
1/10/2007	W/H TAX DIV MO	(15,207)	-	(15,207)	-	-	517,552,766	-	(15,207)	(15,207)	(15,207)
1/12/2007	W/H TAX DIV DIS	(20,093)	-	(20,093)	-	-	517,532,673	-	(20,093)	(20,093)	(20,093)
1/25/2007	W/H TAX DIV GE	(52,060)	-	(52,060)	-	-	517,480,613	-	(52,060)	(52,060)	(52,060)
1/29/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(56)	-	(56)	-	-	517,480,557	-	(56)	(56)	(56)
1/31/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(0)	-	(0)	-	-	517,480,557	-	(0)	(0)	(0)
2/2/2007	CHECK WIRE	90,000,000	90,000,000	-	-	-	607,480,557	-	-	-	-
2/6/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(6)	-	(6)	-	-	607,480,551	-	(6)	(6)	(6)
2/13/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(10)	-	(10)	-	-	607,480,541	-	(10)	(10)	(10)
2/16/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(4)	-	(4)	-	-	607,480,537	-	(4)	(4)	(4)
2/20/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(2)	-	(2)	-	-	607,480,534	-	(2)	(2)	(2)
2/22/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	607,480,534	-	(1)	(1)	(1)
2/23/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	607,480,533	-	(1)	(1)	(1)
2/27/2007	W/H TAX DIV CMCSA	(4)	-	(4)	-	-	607,480,529	-	(4)	(4)	(4)
2/28/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(3)	-	(3)	-	-	607,480,525	-	(3)	(3)	(3)
3/1/2007	W/H TAX DIV COP	(14,300)	-	(14,300)	-	-	607,466,225	-	(14,300)	(14,300)	(14,300)
3/2/2007	CHECK WIRE	20,000,000	20,000,000	-	-	-	627,466,225	-	-	-	-
3/6/2007	W/H TAX DIV UPS	(9,479)	-	(9,479)	-	-	627,456,746	-	(9,479)	(9,479)	(9,479)
3/9/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(10)	-	(10)	-	-	627,456,737	-	(10)	(10)	(10)
3/12/2007	W/H TAX DIV MMM	(11,737)	-	(11,737)	-	-	627,445,000	-	(11,737)	(11,737)	(11,737)

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
Date	Transaction Description	Transaction Amount Reported in Customer Statement	Cash Deposits	Cash Withdrawals	Transfers of Principal In	Transfers of Principal Out	Balance of Principal	90-Day Preferential Transfers	2-Year Fraudulent Transfers	6-Year Fraudulent Transfers	Full History Fraudulent Transfers
3/12/2007	W/H TAX DIV UTX	(3,259)	-	(3,259)	-	-	627,441,741	-	(3,259)	(3,259)	(3,259)
3/12/2007	W/H TAX DIV CVX	(13,372)	-	(13,372)	-	-	627,428,368	-	(13,372)	(13,372)	(13,372)
3/12/2007	W/H TAX DIV TGT	(2,216)	-	(2,216)	-	-	627,426,152	-	(2,216)	(2,216)	(2,216)
3/13/2007	W/H TAX DIV JNJ	(35,531)	-	(35,531)	-	-	627,390,622	-	(35,531)	(35,531)	(35,531)
3/15/2007	W/H TAX DIV TWX	(7,060)	-	(7,060)	-	-	627,383,561	-	(7,060)	(7,060)	(7,060)
3/15/2007	W/H TAX DIV WB	(34,232)	-	(34,232)	-	-	627,349,330	-	(34,232)	(34,232)	(34,232)
3/16/2007	W/H TAX DIV AIG	(13,616)	-	(13,616)	-	-	627,335,713	-	(13,616)	(13,616)	(13,616)
3/20/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(14)	-	(14)	-	-	627,335,699	-	(14)	(14)	(14)
3/22/2007	W/H TAX DIV HD	(15,129)	-	(15,129)	-	-	627,320,570	-	(15,129)	(15,129)	(15,129)
3/23/2007	W/H TAX DIV BAC	(80,444)	-	(80,444)	-	-	627,240,126	-	(80,444)	(80,444)	(80,444)
3/28/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(12)	-	(12)	-	-	627,240,113	-	(12)	(12)	(12)
3/30/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(7)	-	(7)	-	-	627,240,106	-	(7)	(7)	(7)
3/30/2007	W/H TAX DIV S	(2,782)	-	(2,782)	-	-	627,237,324	-	(2,782)	(2,782)	(2,782)
3/30/2007	W/H TAX DIV PEP	(18,975)	-	(18,975)	-	-	627,218,349	-	(18,975)	(18,975)	(18,975)
4/2/2007	W/H TAX DIV MRK	(32,518)	-	(32,518)	-	-	627,185,831	-	(32,518)	(32,518)	(32,518)
4/2/2007	W/H TAX DIV KO	(27,224)	-	(27,224)	-	-	627,158,607	-	(27,224)	(27,224)	(27,224)
4/2/2007	W/H TAX DIV WMT	(21,061)	-	(21,061)	-	-	627,137,546	-	(21,061)	(21,061)	(21,061)
4/4/2007	W/H TAX DIV HPQ	(8,632)	-	(8,632)	-	-	627,128,914	-	(8,632)	(8,632)	(8,632)
4/10/2007	W/H TAX DIV MO	(70,394)	-	(70,394)	-	-	627,058,520	-	(70,394)	(70,394)	(70,394)
4/19/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(27)	-	(27)	-	-	627,058,493	-	(27)	(27)	(27)
4/20/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(0)	-	(0)	-	-	627,058,493	-	(0)	(0)	(0)
4/25/2007	W/H TAX DIV GE	(93,281)	-	(93,281)	-	-	626,965,212	-	(93,281)	(93,281)	(93,281)
4/30/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(10)	-	(10)	-	-	626,965,202	-	(10)	(10)	(10)
5/4/2007	W/H TAX DIV CVS	(2,513)	-	(2,513)	-	-	626,962,689	-	(2,513)	(2,513)	(2,513)
5/15/2007	W/H TAX DIV PG	(44,521)	-	(44,521)	-	-	626,918,168	-	(44,521)	(44,521)	(44,521)
5/21/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(12)	-	(12)	-	-	626,918,156	-	(12)	(12)	(12)
5/23/2007	W/H TAX DIV MER	(11,785)	-	(11,785)	-	-	626,906,370	-	(11,785)	(11,785)	(11,785)
5/24/2007	W/H TAX DIV GS	(3,449)	-	(3,449)	-	-	626,902,922	-	(3,449)	(3,449)	(3,449)
5/25/2007	W/H TAX DIV C	(105,056)	-	(105,056)	-	-	626,797,866	-	(105,056)	(105,056)	(105,056)
5/31/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(2)	-	(2)	-	-	626,797,864	-	(2)	(2)	(2)
6/1/2007	W/H TAX DIV COP	(27,087)	-	(27,087)	-	-	626,770,777	-	(27,087)	(27,087)	(27,087)
6/1/2007	W/H TAX DIV BA	(10,879)	-	(10,879)	-	-	626,759,898	-	(10,879)	(10,879)	(10,879)
6/1/2007	W/H TAX DIV INTC	(26,096)	-	(26,096)	-	-	626,733,803	-	(26,096)	(26,096)	(26,096)
6/1/2007	W/H TAX DIV WFC	(37,712)	-	(37,712)	-	-	626,696,091	-	(37,712)	(37,712)	(37,712)
6/4/2007	W/H TAX DIV WMT	(21,400)	-	(21,400)	-	-	626,674,690	-	(21,400)	(21,400)	(21,400)
6/5/2007	W/H TAX DIV PFE	(82,458)	-	(82,458)	-	-	626,592,232	-	(82,458)	(82,458)	(82,458)
6/5/2007	W/H TAX DIV UPS	(17,285)	-	(17,285)	-	-	626,574,947	-	(17,285)	(17,285)	(17,285)
6/6/2007	W/H TAX DIV TYC	(7,972)	-	(7,972)	-	-	626,566,975	-	-	-	-
6/11/2007	W/H TAX DIV LTX	(10,906)	-	(10,906)	-	-	626,556,069	-	(10,906)	(10,906)	(10,906)
6/11/2007	W/H TAX DIV XOM	(79,429)	-	(79,429)	-	-	626,476,640	-	(79,429)	(79,429)	(79,429)
6/11/2007	W/H TAX DIV CVX	(49,909)	-	(49,909)	-	-	626,426,731	-	(49,909)	(49,909)	(49,909)
6/11/2007	W/H TAX DIV IBM	(23,944)	-	(23,944)	-	-	626,402,787	-	(23,944)	(23,944)	(23,944)
6/12/2007	W/H TAX DIV JNJ	(47,654)	-	(47,654)	-	-	626,355,133	-	(47,654)	(47,654)	(47,654)
6/12/2007	W/H TAX DIV MMM	(14,367)	-	(14,367)	-	-	626,340,766	-	(14,367)	(14,367)	(14,367)
6/14/2007	W/H TAX DIV MSFT	(34,666)	-	(34,666)	-	-	626,306,100	-	(34,666)	(34,666)	(34,666)
6/15/2007	W/H TAX DIV AIG	(17,285)	-	(17,285)	-	-	626,288,815	-	(17,285)	(17,285)	(17,285)
6/15/2007	W/H TAX DIV TWX	(8,500)	-	(8,500)	-	-	626,280,315	-	(8,500)	(8,500)	(8,500)
6/15/2007	W/H TAX DIV WB	(41,903)	-	(41,903)	-	-	626,238,413	-	(41,903)	(41,903)	(41,903)
6/15/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(8)	-	(8)	-	-	626,238,405	-	(8)	(8)	(8)
6/21/2007	W/H TAX DIV HD	(18,519)	-	(18,519)	-	-	626,219,885	-	(18,519)	(18,519)	(18,519)
6/22/2007	W/H TAX DIV BAC	(100,566)	-	(100,566)	-	-	626,119,319	-	(100,566)	(100,566)	(100,566)
6/29/2007	W/H TAX DIV PEP	(24,775)	-	(24,775)	-	-	626,094,545	-	(24,775)	(24,775)	(24,775)
6/29/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(11)	-	(11)	-	-	626,094,533	-	(11)	(11)	(11)
6/29/2007	W/H TAX DIV S	(2,900)	-	(2,900)	-	-	626,091,634	-	(2,900)	(2,900)	(2,900)
7/2/2007	W/H TAX DIV KO	(27,159)	-	(27,159)	-	-	626,064,475	-	(27,159)	(27,159)	(27,159)
7/2/2007	W/H TAX DIV MRK	(32,699)	-	(32,699)	-	-	626,031,776	-	(32,699)	(32,699)	(32,699)
7/5/2007	W/H TAX DIV HPQ	(8,680)	-	(8,680)	-	-	626,023,096	-	(8,680)	(8,680)	(8,680)
7/10/2007	W/H TAX DIV MO	(57,587)	-	(57,587)	-	-	625,965,509	-	(57,587)	(57,587)	(57,587)
7/17/2007	CXL W/H TAX DIV TYC	7,972	-	7,972	-	-	625,973,480	-	-	-	-
7/17/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(28)	-	(28)	-	-	625,973,453	-	(28)	(28)	(28)
8/6/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(12)	-	(12)	-	-	625,973,441	-	(12)	(12)	(12)
8/24/2007	W/H TAX DIV C	(43,471)	-	(43,471)	-	-	625,929,970	-	(43,471)	(43,471)	(43,471)
9/4/2007	W/H TAX DIV WFC	(16,951)	-	(16,951)	-	-	625,913,019	-	(16,951)	(16,951)	(16,951)
9/4/2007	W/H TAX DIV WMT	(8,688)	-	(8,688)	-	-	625,904,331	-	(8,688)	(8,688)	(8,688)
9/4/2007	W/H TAX DIV INTC	(10,765)	-	(10,765)	-	-	625,893,566	-	(10,765)	(10,765)	(10,765)
9/5/2007	W/H TAX DIV PFE	(33,477)	-	(33,477)	-	-	625,860,089	-	(33,477)	(33,477)	(33,477)
9/7/2007	W/H TAX DIV BA	(4,253)	-	(4,253)	-	-	625,855,836	-	(4,253)	(4,253)	(4,253)
9/10/2007	W/H TAX DIV UTX	(5,347)	-	(5,347)	-	-	625,850,490	-	(5,347)	(5,347)	(5,347)
9/10/2007	W/H TAX DIV IBM	(9,113)	-	(9,113)	-	-	625,841,376	-	(9,113)	(9,113)	(9,113)
9/10/2007	W/H TAX DIV XOM	(32,429)	-	(32,429)	-	-	625,808,948	-	(32,429)	(32,429)	(32,429)
9/10/2007	W/H TAX DIV CVX	(20,262)	-	(20,262)	-	-	625,788,686	-	(20,262)	(20,262)	(20,262)

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
Date	Transaction Description	Transaction Amount Reported in Customer Statement	Cash Deposits	Cash Withdrawals	Transfers of Principal In	Transfers of Principal Out	Balance of Principal	90-Day Preferential Transfers	2-Year Fraudulent Transfers	6-Year Fraudulent Transfers	Full History Fraudulent Transfers
9/13/2007	W/H TAX DIV MSFT	(13,822)	-	(13,822)	-	-	625,774,864	-	(13,822)	(13,822)	(13,822)
9/14/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(41)	-	(41)	-	-	625,774,823	-	(41)	(41)	(41)
9/18/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	625,774,823	-	(1)	(1)	(1)
9/26/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(16)	-	(16)	-	-	625,774,806	-	(16)	(16)	(16)
10/1/2007	CHECK WIRE	20,000,000	20,000,000	-	-	-	645,774,806	-	-	-	-
10/1/2007	W/H TAX DIV KO	(10,322)	-	(10,322)	-	-	645,764,484	-	(10,322)	(10,322)	(10,322)
10/10/2007	W/H TAX DIV MO	(23,854)	-	(23,854)	-	-	645,740,630	-	(23,854)	(23,854)	(23,854)
10/25/2007	W/H TAX DIV GE	(62,998)	-	(62,998)	-	-	645,677,632	-	(62,998)	(62,998)	(62,998)
10/31/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(39)	-	(39)	-	-	645,677,592	-	(39)	(39)	(39)
11/1/2007	CHECK WIRE	50,000,000	50,000,000	-	-	-	695,677,592	-	-	-	-
11/7/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(18)	-	(18)	-	-	695,677,574	-	(18)	(18)	(18)
11/13/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(13)	-	(13)	-	-	695,677,561	-	(13)	(13)	(13)
11/15/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(5)	-	(5)	-	-	695,677,557	-	(5)	(5)	(5)
11/21/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(0)	-	(0)	-	-	695,677,557	-	(0)	(0)	(0)
11/21/2007	W/H TAX DIV MER	(3,448)	-	(3,448)	-	-	695,674,108	-	(3,448)	(3,448)	(3,448)
11/21/2007	W/H TAX DIV C	(29,260)	-	(29,260)	-	-	695,644,848	-	(29,260)	(29,260)	(29,260)
11/30/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(7)	-	(7)	-	-	695,644,840	-	(7)	(7)	(7)
12/3/2007	CHECK WIRE	30,000,000	30,000,000	-	-	-	725,644,840	-	-	-	-
12/3/2007	W/H TAX DIV COP	(7,271)	-	(7,271)	-	-	725,637,570	-	(7,271)	(7,271)	(7,271)
12/3/2007	W/H TAX DIV MCD	(30,122)	-	(30,122)	-	-	725,607,448	-	(30,122)	(30,122)	(30,122)
12/10/2007	W/H TAX DIV CVX	(20,606)	-	(20,606)	-	-	725,586,842	-	(20,606)	(20,606)	(20,606)
12/10/2007	W/H TAX DIV UTX	(5,437)	-	(5,437)	-	-	725,581,404	-	(5,437)	(5,437)	(5,437)
12/10/2007	W/H TAX DIV EXC	(4,758)	-	(4,758)	-	-	725,576,647	-	(4,758)	(4,758)	(4,758)
12/11/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(28)	-	(28)	-	-	725,576,619	-	(28)	(28)	(28)
12/11/2007	W/H TAX DIV JNJ	(38,969)	-	(38,969)	-	-	725,537,650	-	(38,969)	(38,969)	(38,969)
12/12/2007	W/H TAX DIV MMM	(11,632)	-	(11,632)	-	-	725,526,018	-	(11,632)	(11,632)	(11,632)
12/13/2007	W/H TAX DIV MSFT	(14,953)	-	(14,953)	-	-	725,511,065	-	(14,953)	(14,953)	(14,953)
12/20/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(10)	-	(10)	-	-	725,511,036	-	(10)	(10)	(10)
12/31/2007	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(19)	-	(19)	-	-	725,511,036	-	(19)	(19)	(19)
1/2/2008	CHECK WIRE	30,000,000	30,000,000	-	-	-	755,511,036	-	-	-	-
1/2/2008	W/H TAX DIV HPQ	(2,324)	-	(2,324)	-	-	755,508,712	-	(2,324)	(2,324)	(2,324)
1/2/2008	W/H TAX DIV WMT	(5,936)	-	(5,936)	-	-	755,502,776	-	(5,936)	(5,936)	(5,936)
1/3/2008	W/H TAX DIV UPS	(7,137)	-	(7,137)	-	-	755,495,640	-	(7,137)	(7,137)	(7,137)
1/28/2008	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(41)	-	(41)	-	-	755,495,599	-	(41)	(41)	(41)
2/1/2008	CHECK WIRE	25,000,000	25,000,000	-	-	-	780,495,599	-	-	-	-
2/20/2008	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(15)	-	(15)	-	-	780,495,584	-	(15)	(15)	(15)
2/22/2008	W/H TAX DIV C	(36,101)	-	(36,101)	-	-	780,459,482	-	(36,101)	(36,101)	(36,101)
2/28/2008	W/H TAX DIV GS	(2,925)	-	(2,925)	-	-	780,456,557	-	(2,925)	(2,925)	(2,925)
3/3/2008	CHECK WIRE	30,000,000	30,000,000	-	-	-	810,456,557	-	-	-	-
3/3/2008	W/H TAX DIV WFC	(23,963)	-	(23,963)	-	-	810,432,594	-	(23,963)	(23,963)	(23,963)
3/3/2008	W/H TAX DIV INTC	(16,782)	-	(16,782)	-	-	810,415,813	-	(16,782)	(16,782)	(16,782)
3/3/2008	W/H TAX DIV COP	(16,693)	-	(16,693)	-	-	810,399,120	-	(16,693)	(16,693)	(16,693)
3/4/2008	W/H TAX DIV UPS	(10,342)	-	(10,342)	-	-	810,388,779	-	(10,342)	(10,342)	(10,342)
3/4/2008	W/H TAX DIV PFE	(48,135)	-	(48,135)	-	-	810,340,643	-	(48,135)	(48,135)	(48,135)
3/5/2008	W/H TAX DIV MER	(6,581)	-	(6,581)	-	-	810,334,062	-	(6,581)	(6,581)	(6,581)
3/7/2008	W/H TAX DIV BA	(6,685)	-	(6,685)	-	-	810,327,377	-	(6,685)	(6,685)	(6,685)
3/10/2008	W/H TAX DIV XOM	(43,873)	-	(43,873)	-	-	810,283,504	-	(43,873)	(43,873)	(43,873)
3/10/2008	W/H TAX DIV EXC	(7,312)	-	(7,312)	-	-	810,276,192	-	(7,312)	(7,312)	(7,312)
3/10/2008	W/H TAX DIV CVX	(27,870)	-	(27,870)	-	-	810,248,322	-	(27,870)	(27,870)	(27,870)
3/10/2008	W/H TAX DIV UTX	(7,354)	-	(7,354)	-	-	810,240,968	-	(7,354)	(7,354)	(7,354)
3/10/2008	W/H TAX DIV IBM	(12,535)	-	(12,535)	-	-	810,228,432	-	(12,535)	(12,535)	(12,535)
3/11/2008	W/H TAX DIV JNJ	(26,878)	-	(26,878)	-	-	810,201,555	-	(26,878)	(26,878)	(26,878)
3/12/2008	W/H TAX DIV MMM	(8,357)	-	(8,357)	-	-	810,193,198	-	(8,357)	(8,357)	(8,357)
3/13/2008	W/H TAX DIV MSFT	(19,994)	-	(19,994)	-	-	810,173,204	-	(19,994)	(19,994)	(19,994)
3/17/2008	W/H TAX DIV MCD	(10,185)	-	(10,185)	-	-	810,163,020	-	(10,185)	(10,185)	(10,185)
3/17/2008	W/H TAX DIV TWX	(5,092)	-	(5,092)	-	-	810,157,927	-	(5,092)	(5,092)	(5,092)
3/17/2008	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(10)	-	(10)	-	-	810,157,917	-	(10)	(10)	(10)
3/17/2008	W/H TAX DIV WB	(29,416)	-	(29,416)	-	-	810,128,501	-	(29,416)	(29,416)	(29,416)
3/19/2008	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	810,128,500	-	(1)	(1)	(1)
3/24/2008	W/H TAX DIV AIG	(11,700)	-	(11,700)	-	-	810,116,801	-	(11,700)	(11,700)	(11,700)
3/27/2008	W/H TAX DIV HD	(8,461)	-	(8,461)	-	-	810,108,340	-	(8,461)	(8,461)	(8,461)
3/28/2008	W/H TAX DIV BAC	(64,180)	-	(64,180)	-	-	810,044,159	-	(64,180)	(64,180)	(64,180)
3/31/2008	W/H TAX DIV PEP	(13,319)	-	(13,319)	-	-	810,030,841	-	(13,319)	(13,319)	(13,319)
4/1/2008	W/H TAX DIV MRK	(19,054)	-	(19,054)	-	-	810,011,787	-	(19,054)	(19,054)	(19,054)
4/1/2008	W/H TAX DIV KO	(17,466)	-	(17,466)	-	-	809,994,322	-	(17,466)	(17,466)	(17,466)
4/2/2008	W/H TAX DIV HPQ	(4,680)	-	(4,680)	-	-	809,989,642	-	(4,680)	(4,680)	(4,680)
4/4/2008	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(3)	-	(3)	-	-	809,989,639	-	(3)	(3)	(3)
4/4/2008	W/H TAX DIV KFT	(9,589)	-	(9,589)	-	-	809,980,049	-	(9,589)	(9,589)	(9,589)
4/7/2008	W/H TAX DIV WMT	(12,405)	-	(12,405)	-	-	809,967,645	-	(12,405)	(12,405)	(12,405)
4/23/2008	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(11)	-	(11)	-	-	809,967,634	-	(11)	(11)	(11)
4/25/2008	W/H TAX DIV GE	(70,594)	-	(70,594)	-	-	809,897,039	-	(70,594)	(70,594)	(70,594)

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
Date	<u>Transaction Description</u>	<u>Transaction Amount Reported in Customer Statement</u>	<u>Cash Deposits</u>	<u>Cash Withdrawals</u>	<u>Transfers of Principal In</u>	<u>Transfers of Principal Out</u>	<u>Balance of Principal</u>	<u>90-Day Preferential Transfers</u>	<u>2-Year Fraudulent Transfers</u>	<u>6-Year Fraudulent Transfers</u>	<u>Full History Fraudulent Transfers</u>
11/4/2008	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(0)	-	(0)	-	-	708,551,363	(0)	(0)	(0)	(0)
11/4/2008	W/H TAX DIV PM	(13,553)	-	(13,553)	-	-	708,537,810	(13,553)	(13,553)	(13,553)	(13,553)
11/4/2008	W/H TAX DIV MRK	(29,804)	-	(29,804)	-	-	708,508,006	(29,804)	(29,804)	(29,804)	(29,804)
11/4/2008	W/H TAX DIV BAX	(5,192)	-	(5,192)	-	-	708,502,814	(5,192)	(5,192)	(5,192)	(5,192)
11/4/2008	W/H TAX DIV HPQ	(7,278)	-	(7,278)	-	-	708,495,536	(7,278)	(7,278)	(7,278)	(7,278)
11/4/2008	W/H TAX DIV MO	(5,442)	-	(5,442)	-	-	708,490,094	(5,442)	(5,442)	(5,442)	(5,442)
12/1/2008	CHECK WIRE	(210,000,000)	-	(210,000,000)	-	-	498,490,094	(210,000,000)	(210,000,000)	(210,000,000)	(210,000,000)
12/3/2008	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	498,490,093	(1)	(1)	(1)	(1)
12/3/2008	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(0)	-	(0)	-	-	498,490,093	(0)	(0)	(0)	(0)
12/3/2008	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	498,490,092	(1)	(1)	(1)	(1)
12/3/2008	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(0)	-	(0)	-	-	498,490,092	(0)	(0)	(0)	(0)
12/3/2008	FIDELITY SPARTAN U S TREASURY MONEY MARKET	(1)	-	(1)	-	-	498,490,091	(1)	(1)	(1)	(1)
Total:			\$ 1,042,232,000	\$ (628,231,909)	\$ 84,490,000	\$ -	\$ 498,490,091	\$ (275,689,103)	\$ (354,571,757)	\$ (617,944,432)	\$ (628,231,909)

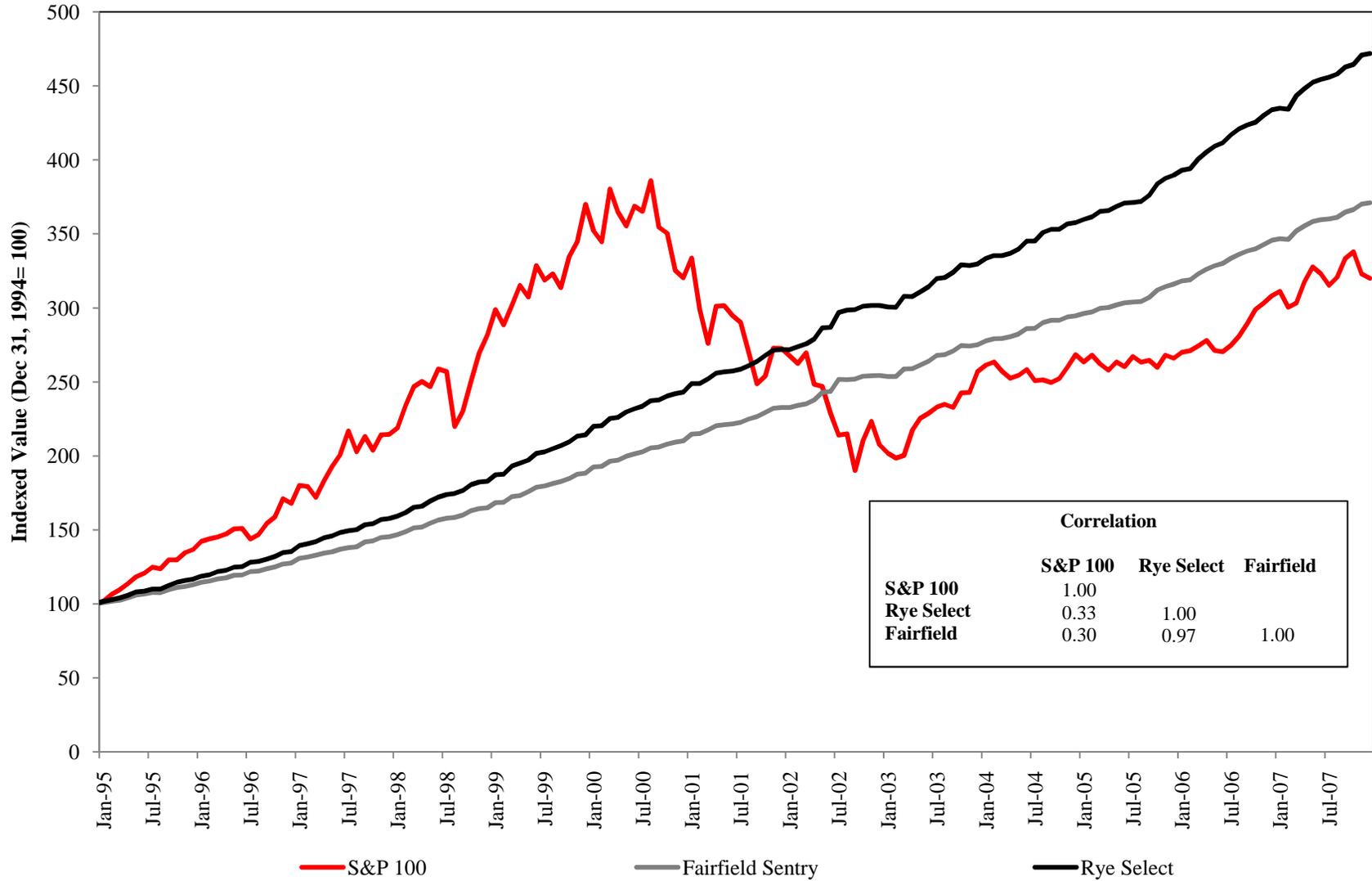
Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
<u>Date</u>	<u>Transaction Description</u>	<u>Transaction Amount Reported in Customer Statement</u>	<u>Cash Deposits</u>	<u>Cash Withdrawals</u>	<u>Transfers of Principal In</u>	<u>Transfers of Principal Out</u>	<u>Balance of Principal</u>	<u>90-Day Preferential Transfers</u>	<u>2-Year Fraudulent Transfers</u>	<u>6-Year Fraudulent Transfers</u>	<u>Full History Fraudulent Transfers</u>
10/1/2008	CHECK WIRE	40,000,000	40,000,000	-	-	-	40,000,000	-	-	-	-
		Total:	\$ 40,000,000	\$ -	\$ -	\$ -	\$ 40,000,000	\$ -	\$ -	\$ -	\$ -

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
Date	Transaction Description	Transaction Amount Reported in Customer Statement	Cash Deposits	Cash Withdrawals	Transfers of Principal In	Transfers of Principal Out	Balance of Principal	90-Day Preferential Transfers	2-Year Fraudulent Transfers	6-Year Fraudulent Transfers	Full History Fraudulent Transfers
1/6/1994	CHECK WIRE	1,200,000	1,200,000	-	-	-	1,200,000	-	-	-	-
1/6/1994	CHECK WIRE	4,566,000	4,566,000	-	-	-	5,766,000	-	-	-	-
2/3/1994	CHECK WIRE	900,000	900,000	-	-	-	6,666,000	-	-	-	-
2/23/1994	CHECK WIRE	250,000	250,000	-	-	-	6,916,000	-	-	-	-
3/8/1994	CHECK WIRE	500,000	500,000	-	-	-	7,416,000	-	-	-	-
3/28/1994	CHECK WIRE	250,000	250,000	-	-	-	7,666,000	-	-	-	-
4/5/1994	CHECK WIRE	1,900,000	1,900,000	-	-	-	9,566,000	-	-	-	-
5/4/1994	CHECK WIRE	700,000	700,000	-	-	-	10,266,000	-	-	-	-
5/5/1994	CHECK WIRE	4,000,000	4,000,000	-	-	-	14,266,000	-	-	-	-
6/15/1994	CHECK WIRE	150,000	150,000	-	-	-	14,416,000	-	-	-	-
7/1/1994	CHECK WIRE	500,000	500,000	-	-	-	14,916,000	-	-	-	-
7/14/1994	CHECK WIRE	1,500,000	1,500,000	-	-	-	16,416,000	-	-	-	-
10/4/1994	CHECK WIRE	3,250,000	3,250,000	-	-	-	19,666,000	-	-	-	-
12/2/1994	CHECK WIRE	2,000,000	2,000,000	-	-	-	21,666,000	-	-	-	-
12/5/1994	RETURN CK WIRE 12/2/94	(2,000,000)	(2,000,000)	-	-	-	19,666,000	-	-	-	-
12/8/1994	CHECK WIRE	2,000,000	2,000,000	-	-	-	21,666,000	-	-	-	-
1/3/1995	TRANS TO 1T002930 (1T0029)	(9,250,000)	-	-	-	(9,250,000)	12,416,000	-	-	-	-
1/5/1995	CHECK WIRE	880,000	880,000	-	-	-	13,296,000	-	-	-	-
1/9/1995	CHECK WIRE	390,000	390,000	-	-	-	13,686,000	-	-	-	-
1/11/1995	CHECK WIRE	500,000	500,000	-	-	-	14,186,000	-	-	-	-
2/8/1995	CHECK WIRE	(590,000)	-	(590,000)	-	-	13,596,000	-	-	-	(590,000)
3/3/1995	CHECK WIRE	500,000	500,000	-	-	-	14,096,000	-	-	-	-
3/7/1995	CHECK WIRE	600,000	600,000	-	-	-	14,696,000	-	-	-	-
4/3/1995	CHECK WIRE	650,000	650,000	-	-	-	15,346,000	-	-	-	-
4/4/1995	CHECK WIRE	850,000	850,000	-	-	-	16,196,000	-	-	-	-
4/10/1995	CHECK WIRE	130,000	130,000	-	-	-	16,326,000	-	-	-	-
5/3/1995	CHECK WIRE	2,200,000	2,200,000	-	-	-	18,526,000	-	-	-	-
6/5/1995	CHECK WIRE	747,625	747,625	-	-	-	19,273,625	-	-	-	-
6/6/1995	CHECK WIRE	1,000,000	1,000,000	-	-	-	20,273,625	-	-	-	-
6/7/1995	CHECK WIRE	200,000	200,000	-	-	-	20,473,625	-	-	-	-
6/30/1995	CHECK WIRE	2,000,000	2,000,000	-	-	-	22,473,625	-	-	-	-
6/30/1995	CHECK WIRE	950,000	950,000	-	-	-	23,423,625	-	-	-	-
8/3/1995	CHECK WIRE	1,400,000	1,400,000	-	-	-	24,823,625	-	-	-	-
9/5/1995	CHECK WIRE	4,300,000	4,300,000	-	-	-	29,123,625	-	-	-	-
10/6/1995	CHECK WIRE	(1,350,000)	-	(1,350,000)	-	-	27,773,625	-	-	-	(1,350,000)
10/12/1995	CHECK WIRE	300,000	300,000	-	-	-	28,073,625	-	-	-	-
11/6/1995	CHECK WIRE	1,000,000	1,000,000	-	-	-	29,073,625	-	-	-	-
12/4/1995	CHECK WIRE	2,644,000	2,644,000	-	-	-	31,717,625	-	-	-	-
12/4/1995	CHECK WIRE	1,370,000	1,370,000	-	-	-	33,087,625	-	-	-	-
1/4/1996	CHECK WIRE	1,700,000	1,700,000	-	-	-	34,787,625	-	-	-	-
1/4/1996	CHECK WIRE	2,000,000	2,000,000	-	-	-	36,787,625	-	-	-	-
1/8/1996	CHECK WIRE	150,000	150,000	-	-	-	36,937,625	-	-	-	-
1/12/1996	CHECK WIRE	500,000	500,000	-	-	-	37,437,625	-	-	-	-
2/2/1996	CHECK WIRE	990,000	990,000	-	-	-	38,427,625	-	-	-	-
2/6/1996	CHECK WIRE	950,000	950,000	-	-	-	39,377,625	-	-	-	-
3/7/1996	CHECK WIRE	1,300,000	1,300,000	-	-	-	40,677,625	-	-	-	-
3/29/1996	CHECK WIRE	(1,000,000)	-	(1,000,000)	-	-	39,677,625	-	-	-	(1,000,000)
4/1/1996	CHECK WIRE	1,500,000	1,500,000	-	-	-	41,177,625	-	-	-	-
4/3/1996	CHECK WIRE	500,000	500,000	-	-	-	41,677,625	-	-	-	-
4/29/1996	CHECK WIRE	(2,200,000)	-	(2,200,000)	-	-	39,477,625	-	-	-	(2,200,000)
5/2/1996	CHECK WIRE	790,000	790,000	-	-	-	40,267,625	-	-	-	-
8/2/1996	CHECK WIRE	2,950,000	2,950,000	-	-	-	43,217,625	-	-	-	-
9/5/1996	CHECK WIRE	1,770,000	1,770,000	-	-	-	44,987,625	-	-	-	-
9/10/1996	CHECK WIRE	2,000,000	2,000,000	-	-	-	46,987,625	-	-	-	-
9/10/1996	CHECK WIRE	1,600,000	1,600,000	-	-	-	48,587,625	-	-	-	-
10/3/1996	CHECK WIRE	2,000,000	2,000,000	-	-	-	50,587,625	-	-	-	-
10/3/1996	CHECK WIRE	1,300,000	1,300,000	-	-	-	51,887,625	-	-	-	-
10/3/1996	CHECK WIRE	2,000,000	2,000,000	-	-	-	53,887,625	-	-	-	-
11/5/1996	CHECK WIRE	3,500,000	3,500,000	-	-	-	57,387,625	-	-	-	-
11/7/1996	CHECK WIRE	(500,000)	-	(500,000)	-	-	56,887,625	-	-	-	(500,000)
1/8/1997	CHECK WIRE	4,000,000	4,000,000	-	-	-	60,887,625	-	-	-	-
1/8/1997	CHECK WIRE	5,000,000	5,000,000	-	-	-	65,887,625	-	-	-	-

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
Date	Transaction Description	Transaction Amount Reported in Customer Statement	Cash Deposits	Cash Withdrawals	Transfers of Principal In	Transfers of Principal Out	Balance of Principal	90-Day Preferential Transfers	2-Year Fraudulent Transfers	6-Year Fraudulent Transfers	Full History Fraudulent Transfers
1/13/1997	CHECK WIRE	2,500,000	2,500,000	-	-	-	68,387,625	-	-	-	-
2/4/1997	CHECK WIRE	2,500,000	2,500,000	-	-	-	70,887,625	-	-	-	-
2/4/1997	CHECK WIRE	2,200,000	2,200,000	-	-	-	73,087,625	-	-	-	-
2/10/1997	CHECK WIRE	3,700,000	3,700,000	-	-	-	76,787,625	-	-	-	-
2/11/1997	CHECK WIRE	3,000,000	3,000,000	-	-	-	79,787,625	-	-	-	-
2/11/1997	CHECK WIRE	3,000,000	3,000,000	-	-	-	82,787,625	-	-	-	-
3/4/1997	CHECK WIRE	3,000,000	3,000,000	-	-	-	85,787,625	-	-	-	-
3/31/1997	CHECK WIRE	(3,000,000)	-	(3,000,000)	-	-	82,787,625	-	-	-	(3,000,000)
4/4/1997	CHECK WIRE	5,000,000	5,000,000	-	-	-	87,787,625	-	-	-	-
4/4/1997	CHECK WIRE	5,000,000	5,000,000	-	-	-	92,787,625	-	-	-	-
7/7/1997	CHECK WIRE	4,000,000	4,000,000	-	-	-	96,787,625	-	-	-	-
7/11/1997	CHECK WIRE	1,000,000	1,000,000	-	-	-	97,787,625	-	-	-	-
8/4/1997	CHECK WIRE	1,000,000	1,000,000	-	-	-	98,787,625	-	-	-	-
8/6/1997	CHECK WIRE	1,500,000	1,500,000	-	-	-	100,287,625	-	-	-	-
9/4/1997	CHECK WIRE	500,000	500,000	-	-	-	100,787,625	-	-	-	-
10/6/1997	CHECK WIRE	3,900,000	3,900,000	-	-	-	104,687,625	-	-	-	-
11/5/1997	CHECK WIRE	5,000,000	5,000,000	-	-	-	109,687,625	-	-	-	-
12/3/1997	CHECK WIRE	5,000,000	5,000,000	-	-	-	114,687,625	-	-	-	-
12/3/1997	CHECK WIRE	5,000,000	5,000,000	-	-	-	119,687,625	-	-	-	-
12/31/1997	CHECK WIRE	(15,000,000)	-	(15,000,000)	-	-	104,687,625	-	-	-	(15,000,000)
1/9/1998	CHECK WIRE	5,000,000	5,000,000	-	-	-	109,687,625	-	-	-	-
2/3/1998	CHECK WIRE	5,000,000	5,000,000	-	-	-	114,687,625	-	-	-	-
2/3/1998	CHECK WIRE	2,000,000	2,000,000	-	-	-	116,687,625	-	-	-	-
3/5/1998	CHECK WIRE	(1,000,000)	-	(1,000,000)	-	-	115,687,625	-	-	-	(1,000,000)
4/1/1998	CHECK WIRE	(1,500,000)	-	(1,500,000)	-	-	114,187,625	-	-	-	(1,500,000)
5/5/1998	CHECK WIRE	5,000,000	5,000,000	-	-	-	119,187,625	-	-	-	-
5/5/1998	CHECK WIRE	5,000,000	5,000,000	-	-	-	124,187,625	-	-	-	-
5/5/1998	CHECK WIRE	1,000,000	1,000,000	-	-	-	125,187,625	-	-	-	-
10/2/1998	CHECK WIRE	5,000,000	5,000,000	-	-	-	130,187,625	-	-	-	-
1/8/1999	CHECK WIRE	1,000,000	1,000,000	-	-	-	131,187,625	-	-	-	-
1/8/1999	CHECK WIRE	5,000,000	5,000,000	-	-	-	136,187,625	-	-	-	-
2/2/1999	CHECK WIRE	5,000,000	5,000,000	-	-	-	141,187,625	-	-	-	-
2/2/1999	CHECK WIRE	3,000,000	3,000,000	-	-	-	144,187,625	-	-	-	-
3/1/1999	CHECK WIRE	5,000,000	5,000,000	-	-	-	149,187,625	-	-	-	-
3/1/1999	CHECK WIRE	1,500,000	1,500,000	-	-	-	150,687,625	-	-	-	-
4/1/1999	CHECK WIRE	1,500,000	1,500,000	-	-	-	152,187,625	-	-	-	-
5/4/1999	CHECK WIRE	5,000,000	5,000,000	-	-	-	157,187,625	-	-	-	-
7/8/1999	CHECK WIRE	(3,000,000)	-	(3,000,000)	-	-	154,187,625	-	-	-	(3,000,000)
8/3/1999	CHECK WIRE	3,000,000	3,000,000	-	-	-	157,187,625	-	-	-	-
8/3/1999	CHECK WIRE	5,000,000	5,000,000	-	-	-	162,187,625	-	-	-	-
9/2/1999	CHECK WIRE	4,000,000	4,000,000	-	-	-	166,187,625	-	-	-	-
10/4/1999	CHECK WIRE	5,000,000	5,000,000	-	-	-	171,187,625	-	-	-	-
10/4/1999	CHECK WIRE	5,000,000	5,000,000	-	-	-	176,187,625	-	-	-	-
11/2/1999	CHECK WIRE	5,000,000	5,000,000	-	-	-	181,187,625	-	-	-	-
11/2/1999	CHECK WIRE	5,000,000	5,000,000	-	-	-	186,187,625	-	-	-	-
11/2/1999	CHECK WIRE	2,000,000	2,000,000	-	-	-	188,187,625	-	-	-	-
12/2/1999	CHECK WIRE	2,500,000	2,500,000	-	-	-	190,687,625	-	-	-	-
2/4/2000	CHECK WIRE	3,000,000	3,000,000	-	-	-	193,687,625	-	-	-	-
10/2/2000	CHECK WIRE	(32,000,000)	-	(32,000,000)	-	-	161,687,625	-	-	-	(32,000,000)
11/1/2000	CHECK WIRE	(20,000,000)	-	(20,000,000)	-	-	141,687,625	-	-	-	(20,000,000)
11/2/2000	CHECK WIRE	4,000,000	4,000,000	-	-	-	145,687,625	-	-	-	-
12/1/2000	CHECK WIRE	(8,000,000)	-	(8,000,000)	-	-	137,687,625	-	-	-	(8,000,000)
12/4/2000	CHECK WIRE	1,000,000	1,000,000	-	-	-	138,687,625	-	-	-	-
12/5/2000	CHECK WIRE	5,000,000	5,000,000	-	-	-	143,687,625	-	-	-	-
2/2/2001	CHECK WIRE	5,000,000	5,000,000	-	-	-	148,687,625	-	-	-	-
2/2/2001	CHECK WIRE	2,000,000	2,000,000	-	-	-	150,687,625	-	-	-	-
3/2/2001	CHECK WIRE	5,000,000	5,000,000	-	-	-	155,687,625	-	-	-	-
3/2/2001	CHECK WIRE	2,000,000	2,000,000	-	-	-	157,687,625	-	-	-	-
3/2/2001	CHECK WIRE	5,000,000	5,000,000	-	-	-	162,687,625	-	-	-	-
3/2/2001	CHECK WIRE	5,000,000	5,000,000	-	-	-	167,687,625	-	-	-	-
3/2/2001	CHECK WIRE	5,000,000	5,000,000	-	-	-	172,687,625	-	-	-	-
3/30/2001	CHECK WIRE	(20,000,000)	-	(20,000,000)	-	-	152,687,625	-	-	-	(20,000,000)

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
Date	Transaction Description	Transaction Amount Reported in Customer Statement	Cash Deposits	Cash Withdrawals	Transfers of Principal In	Transfers of Principal Out	Balance of Principal	90-Day Preferential Transfers	2-Year Fraudulent Transfers	6-Year Fraudulent Transfers	Full History Fraudulent Transfers
7/2/2001	CHECK WIRE	(3,000,000)	-	(3,000,000)	-	-	149,687,625	-	-	-	(3,000,000)
7/12/2001	CHECK WIRE	5,000,000	5,000,000	-	-	-	154,687,625	-	-	-	-
8/3/2001	CHECK WIRE	3,000,000	3,000,000	-	-	-	157,687,625	-	-	-	-
9/7/2001	CHECK WIRE	4,000,000	4,000,000	-	-	-	161,687,625	-	-	-	-
10/3/2001	CHECK WIRE	5,000,000	5,000,000	-	-	-	166,687,625	-	-	-	-
10/3/2001	CHECK WIRE	1,000,000	1,000,000	-	-	-	167,687,625	-	-	-	-
11/2/2001	CHECK WIRE	5,000,000	5,000,000	-	-	-	172,687,625	-	-	-	-
12/4/2001	CHECK WIRE	2,000,000	2,000,000	-	-	-	174,687,625	-	-	-	-
12/4/2001	CHECK WIRE	5,000,000	5,000,000	-	-	-	179,687,625	-	-	-	-
1/2/2002	CHECK WIRE	(20,000,000)	-	(20,000,000)	-	-	159,687,625	-	-	-	(20,000,000)
2/1/2002	CHECK WIRE	5,000,000	5,000,000	-	-	-	164,687,625	-	-	-	-
2/1/2002	CHECK WIRE	5,000,000	5,000,000	-	-	-	169,687,625	-	-	-	-
6/30/2003	CHECK WIRE	(12,000,000)	-	(12,000,000)	-	-	157,687,625	-	-	(12,000,000)	(12,000,000)
7/3/2003	CHECK WIRE	2,000,000	2,000,000	-	-	-	159,687,625	-	-	-	-
8/6/2003	CHECK WIRE	5,000,000	5,000,000	-	-	-	164,687,625	-	-	-	-
8/13/2003	TRANS TO 1FR01030 (1FR010)	(2,000,000)	-	-	-	(2,000,000)	162,687,625	-	-	-	-
1/2/2004	CHECK WIRE	(21,000,000)	-	(21,000,000)	-	-	141,687,625	-	-	(21,000,000)	(21,000,000)
5/27/2004	CHECK WIRE	(10,000,000)	-	(10,000,000)	-	-	131,687,625	-	-	(10,000,000)	(10,000,000)
12/31/2004	CHECK WIRE	(36,000,000)	-	(36,000,000)	-	-	95,687,625	-	-	(36,000,000)	(36,000,000)
3/1/2005	CHECK WIRE	10,000,000	10,000,000	-	-	-	105,687,625	-	-	-	-
7/29/2005	CHECK WIRE	(25,000,000)	-	(25,000,000)	-	-	80,687,625	-	-	(25,000,000)	(25,000,000)
9/29/2005	CHECK WIRE	(25,000,000)	-	(25,000,000)	-	-	55,687,625	-	-	(25,000,000)	(25,000,000)
12/28/2005	CHECK WIRE	(20,000,000)	-	(20,000,000)	-	-	35,687,625	-	-	(20,000,000)	(20,000,000)
1/30/2006	CHECK WIRE	(28,000,000)	-	(28,000,000)	-	-	7,687,625	-	-	(28,000,000)	(28,000,000)
5/3/2006	CHECK WIRE	10,000,000	10,000,000	-	-	-	17,687,625	-	-	-	-
8/28/2006	CHECK WIRE	(15,000,000)	-	(15,000,000)	-	-	2,687,625	-	-	(15,000,000)	(15,000,000)
9/6/2006	CHECK WIRE	185,000,000	185,000,000	-	-	-	187,687,625	-	-	-	-
10/4/2006	CHECK WIRE	50,000,000	50,000,000	-	-	-	337,687,625	-	-	-	-
11/3/2006	CHECK WIRE	50,000,000	50,000,000	-	-	-	387,687,625	-	-	-	-
1/4/2007	CHECK WIRE	90,000,000	90,000,000	-	-	-	477,687,625	-	-	-	-
1/30/2007	CHECK WIRE	(20,000,000)	-	(20,000,000)	-	-	457,687,625	-	(20,000,000)	(20,000,000)	(20,000,000)
3/2/2007	CHECK WIRE	40,000,000	40,000,000	-	-	-	497,687,625	-	-	-	-
4/3/2007	CHECK WIRE	20,000,000	20,000,000	-	-	-	517,687,625	-	-	-	-
5/2/2007	CHECK WIRE	40,000,000	40,000,000	-	-	-	557,687,625	-	-	-	-
6/4/2007	CHECK WIRE	25,000,000	25,000,000	-	-	-	582,687,625	-	-	-	-
7/3/2007	CHECK WIRE	20,000,000	20,000,000	-	-	-	602,687,625	-	-	-	-
8/2/2007	CHECK WIRE	40,000,000	40,000,000	-	-	-	642,687,625	-	-	-	-
9/5/2007	CHECK WIRE	50,000,000	50,000,000	-	-	-	692,687,625	-	-	-	-
10/1/2007	CHECK WIRE	30,000,000	30,000,000	-	-	-	722,687,625	-	-	-	-
12/3/2007	CHECK WIRE	10,000,000	10,000,000	-	-	-	732,687,625	-	-	-	-
1/2/2008	CHECK WIRE	20,000,000	20,000,000	-	-	-	752,687,625	-	-	-	-
2/1/2008	CHECK WIRE	25,000,000	25,000,000	-	-	-	777,687,625	-	-	-	-
3/3/2008	CHECK WIRE	15,000,000	15,000,000	-	-	-	792,687,625	-	-	-	-
3/28/2008	CHECK WIRE	75,000,000	75,000,000	-	-	-	867,687,625	-	-	-	-
3/28/2008	CHECK WIRE	100,000,000	100,000,000	-	-	-	967,687,625	-	-	-	-
3/28/2008	CHECK WIRE	100,000,000	100,000,000	-	-	-	1,067,687,625	-	-	-	-
3/28/2008	CHECK WIRE	100,000,000	100,000,000	-	-	-	1,167,687,625	-	-	-	-
3/28/2008	CHECK WIRE	100,000,000	100,000,000	-	-	-	1,267,687,625	-	-	-	-
3/28/2008	CHECK WIRE	100,000,000	100,000,000	-	-	-	1,367,687,625	-	-	-	-
5/2/2008	CHECK WIRE	55,000,000	55,000,000	-	-	-	1,422,687,625	-	-	-	-
6/3/2008	CHECK WIRE	65,000,000	65,000,000	-	-	-	1,487,687,625	-	-	-	-
7/8/2008	CHECK WIRE	75,000,000	75,000,000	-	-	-	1,562,687,625	-	-	-	-
8/4/2008	CHECK WIRE	75,000,000	75,000,000	-	-	-	1,637,687,625	-	-	-	-
9/2/2008	CHECK WIRE	40,000,000	40,000,000	-	-	-	1,677,687,625	-	-	-	-
9/25/2008	CHECK WIRE	(40,000,000)	-	(40,000,000)	-	-	1,637,687,625	(40,000,000)	(40,000,000)	(40,000,000)	(40,000,000)
11/3/2008	CHECK WIRE	10,000,000	10,000,000	-	-	-	1,647,687,625	-	-	-	-
Total:		\$ 2,043,077,625	\$ (384,140,000)	\$ -	\$ (11,250,000)	\$ 1,647,687,625	\$ (40,000,000)	\$ (60,000,000)	\$ (252,000,000)	\$ (384,140,000)	

Value of Investment in Madoff Feeder Funds and S&P 100 Index 1995 - 2007



**Performance of Rye Select and Other Instruments
 During Periods of Market Stress**

Month End	Two Month Rolling Returns			
	S&P 100	All Hedge Funds	10 Year Treasury	Rye Select
8/31/1998	-15.0%	-6.7%	0.9%	1.4%
3/31/2001	-17.3%	-1.1%	0.8%	1.3%
9/30/2001	-14.3%	-1.8%	0.8%	2.1%
7/31/2002	-13.3%	-2.5%	0.8%	3.6%
<i>Average Annual Returns</i>				
1995 - 2002	9.6%	12.5%	5.7%	14.8%

**Summary of Impossible Equity Trades
 Tremont Accounts
 January 1996 - December 2007**

Equity	Date	Buy/Sell	Tremont ^a	Market ^b	Outlying ^c
1 Bell Atlantic Corp	01/19/99	Buy	75,192	8,101,300	600
2 Cisco Systems	01/20/99	Buy	46,475	18,238,000	4,000
3 Bristol Myers Squibb	03/05/99	Buy	125,550	3,233,900	600
4 Wells Fargo	03/05/99	Buy	105,300	4,283,800	8,100
5 Texas Instruments	03/03/00	Buy	40,560	6,605,600	600
6 Microsoft	04/17/02	Sell	317,667	27,581,400	76,400
7 Pfizer	05/01/02	Buy	464,250	15,881,100	71,400
8 Oracle Corporation	07/07/03	Buy	503,595	29,498,718	200
9 American Express	06/22/04	Sell	155,509	3,105,200	1,200
10 Citigroup	08/18/04	Buy	531,525	11,609,400	99,200

Notes: Data was reviewed for the following months: 07/96, 01/97, 09/97, 10/98, 1/99, 3/99, 6/99, 1/00, 3/00, 1/01, 4/02, 5/02, 7/02, 3/03, 6/03, 7/03, 9/03, 10/03, 6/04, 8/04. The equities in the chart are a representation of the findings.

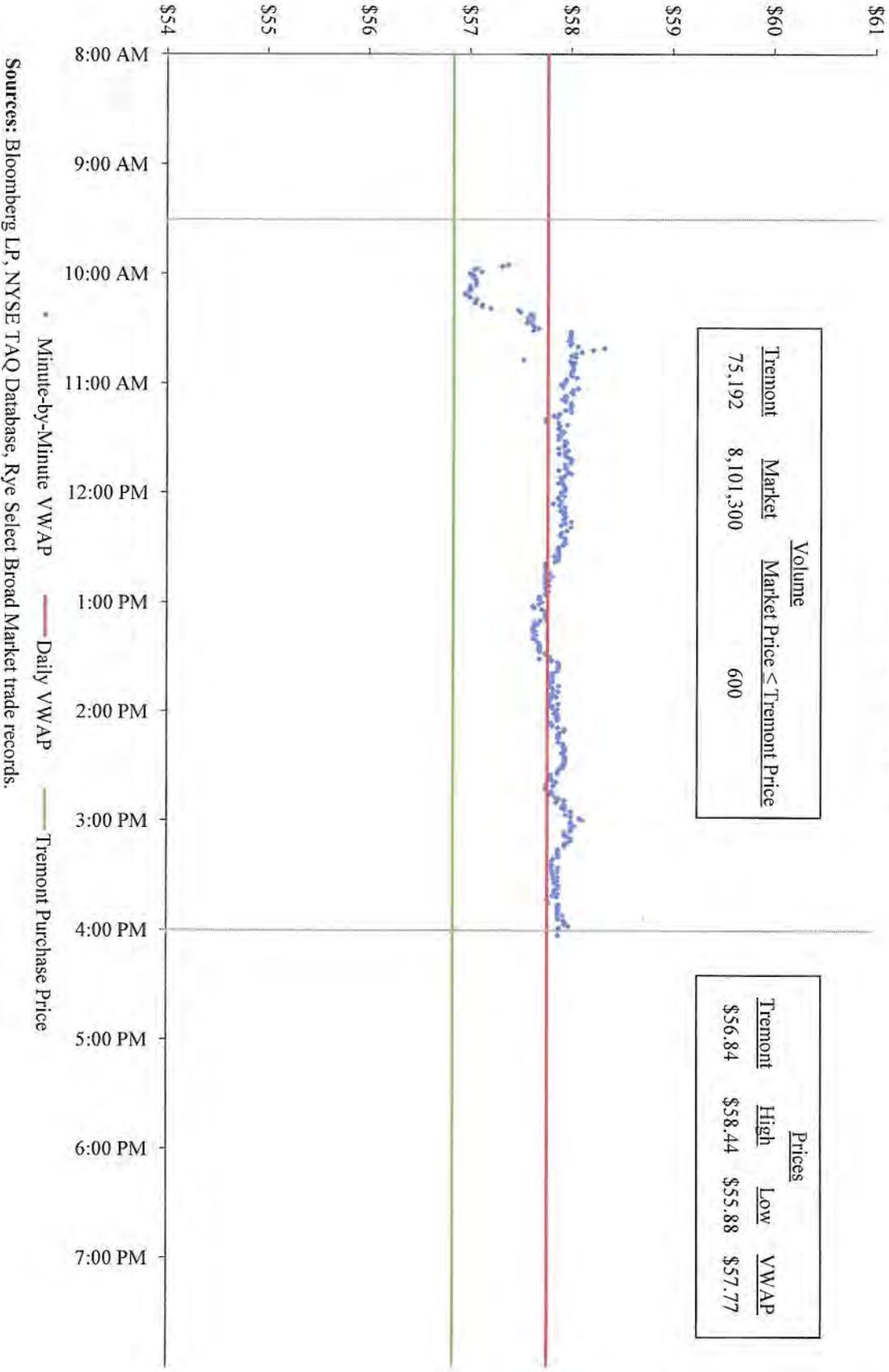
a. Tremont Volume is the combined volume of equities traded from Rye Select Broad Market, Rye Select Broad Market Prime Fund, Rye Select Broad Market Insurance Portfolio LDC, and Rye Select Broad Market Portfolio Limited.

b. Market Volume is the total volume reported in the NYSE TAQ database.

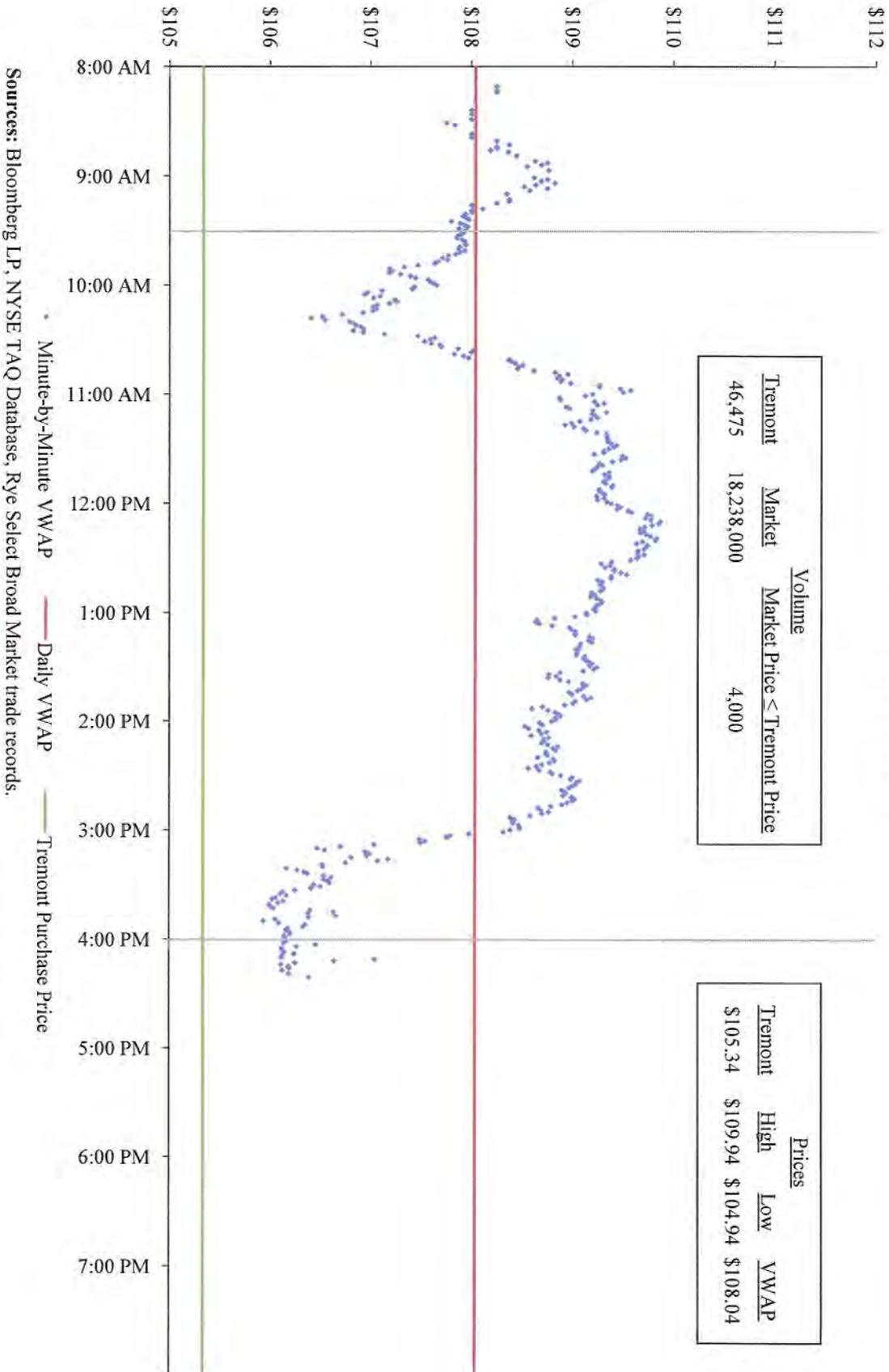
c. Outlying Volume is the number of market shares whose price was less than or equal to the Tremont price for buys and the number of market shares whose price was greater than or equal to the Tremont price for sells.

Sources: Bloomberg LP, NYSE TAQ Database, Rye Select Broad Market trade records.

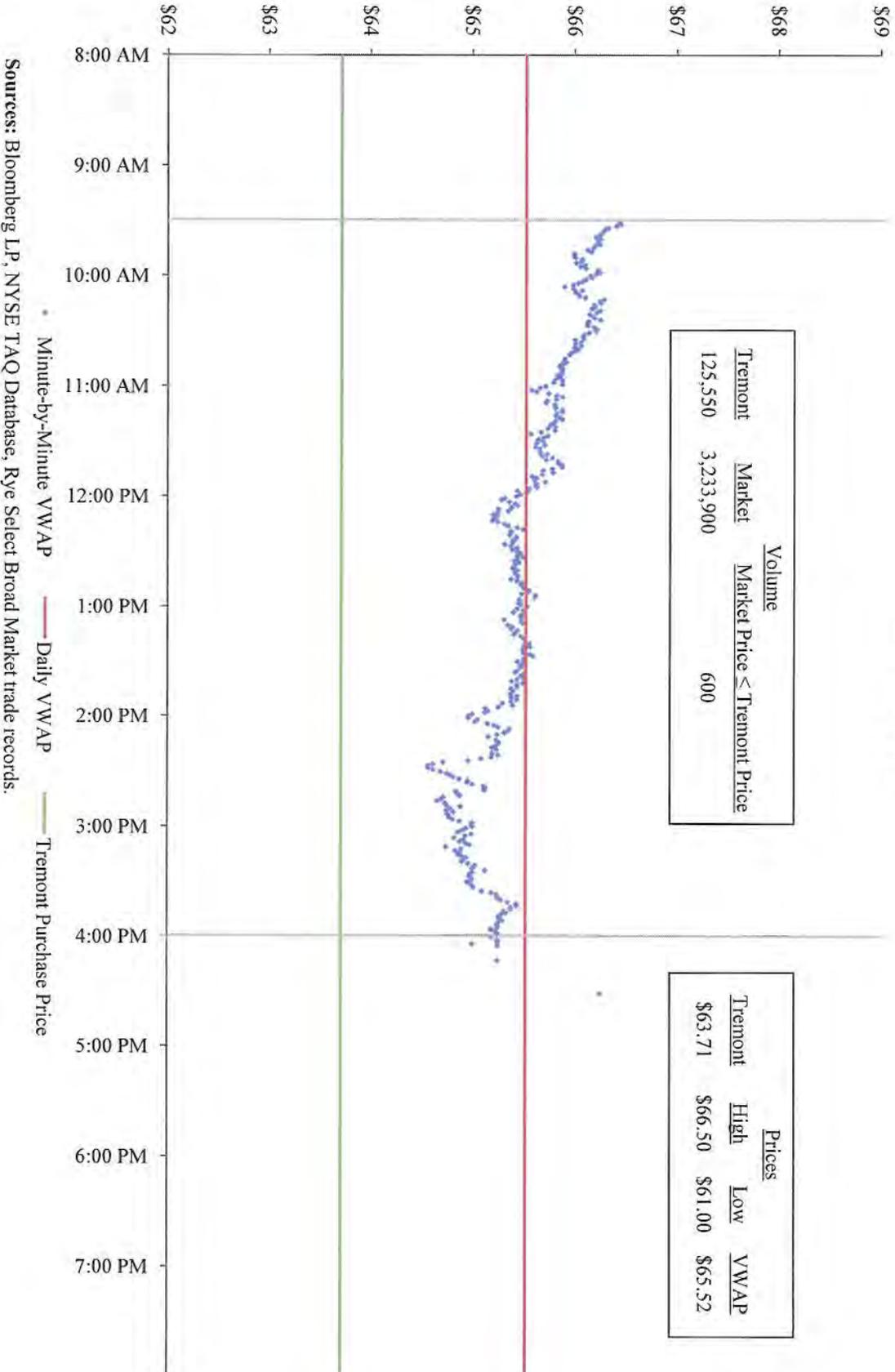
**Bell Atlantic Corp. (Verizon) Intraday Prices
 Tremont Funds Purchase Price vs. Volume Weighted Average Price
 January 19, 1999**



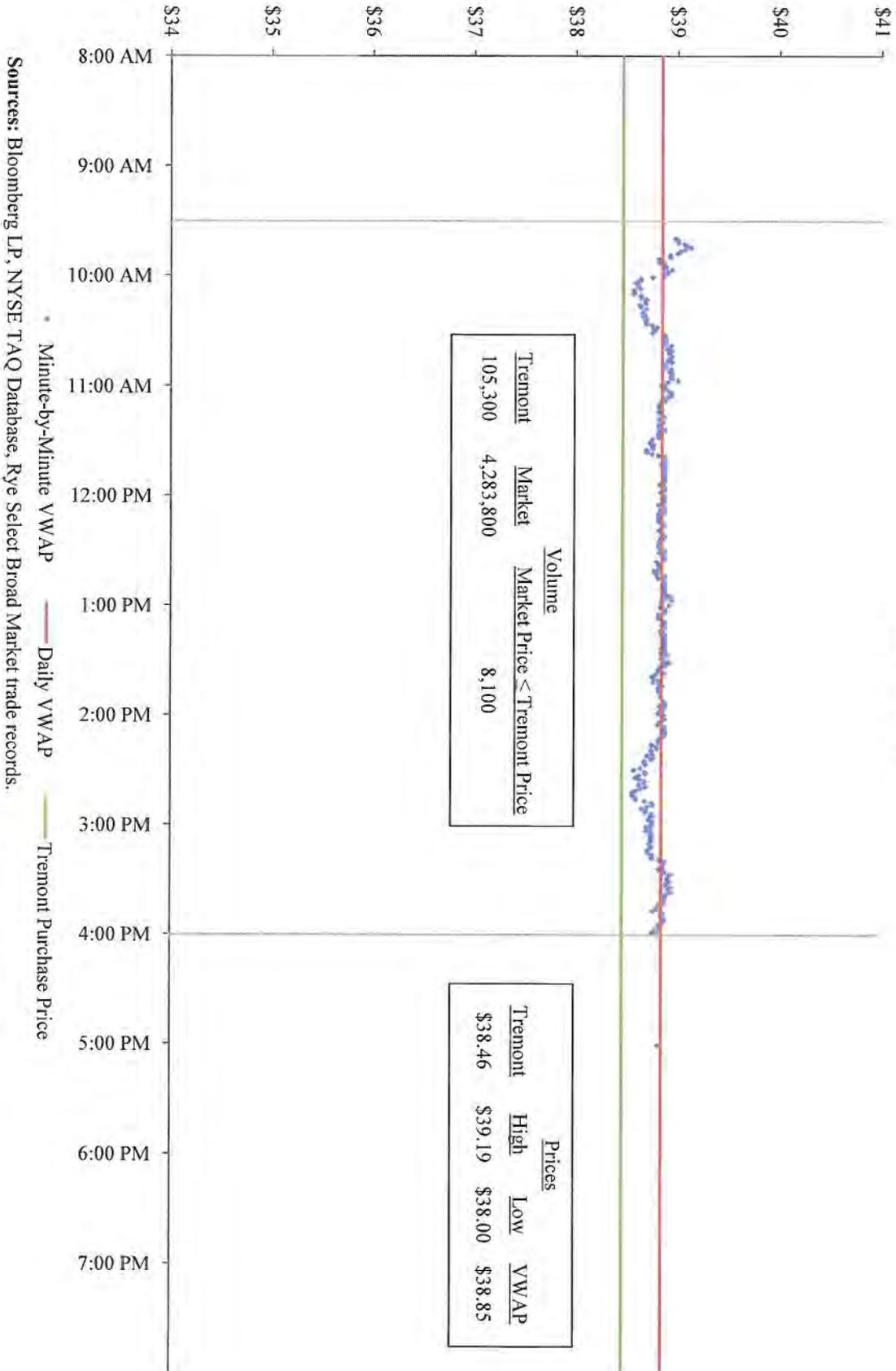
Cisco Systems Inc. Intraday Prices
Tremont Funds Purchase Price vs. Volume Weighted Average Price
January 20, 1999



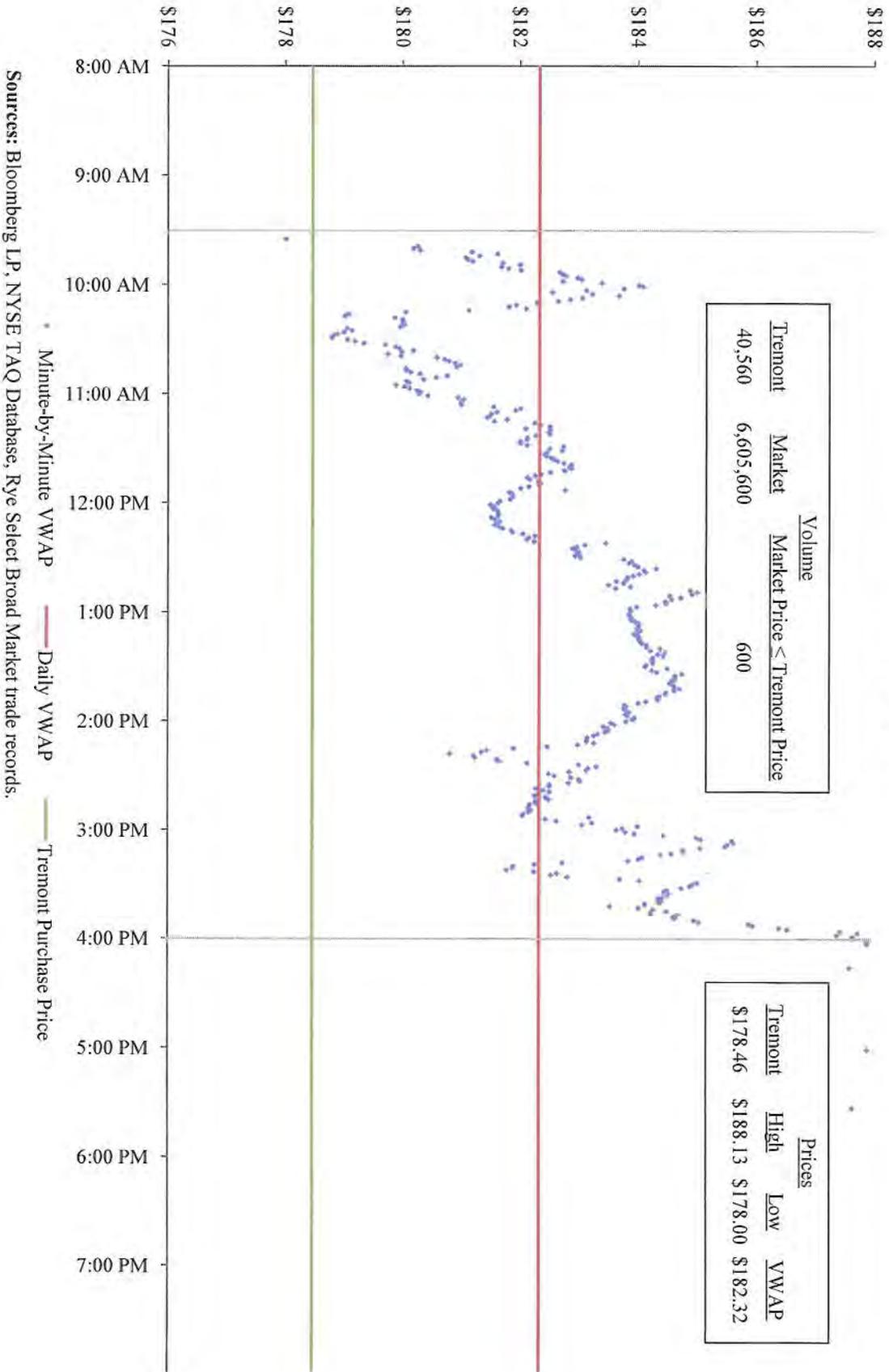
Bristol Myers Squibb Intraday Prices
Tremont Funds Purchase Price vs. Volume Weighted Average Price
March 5, 1999



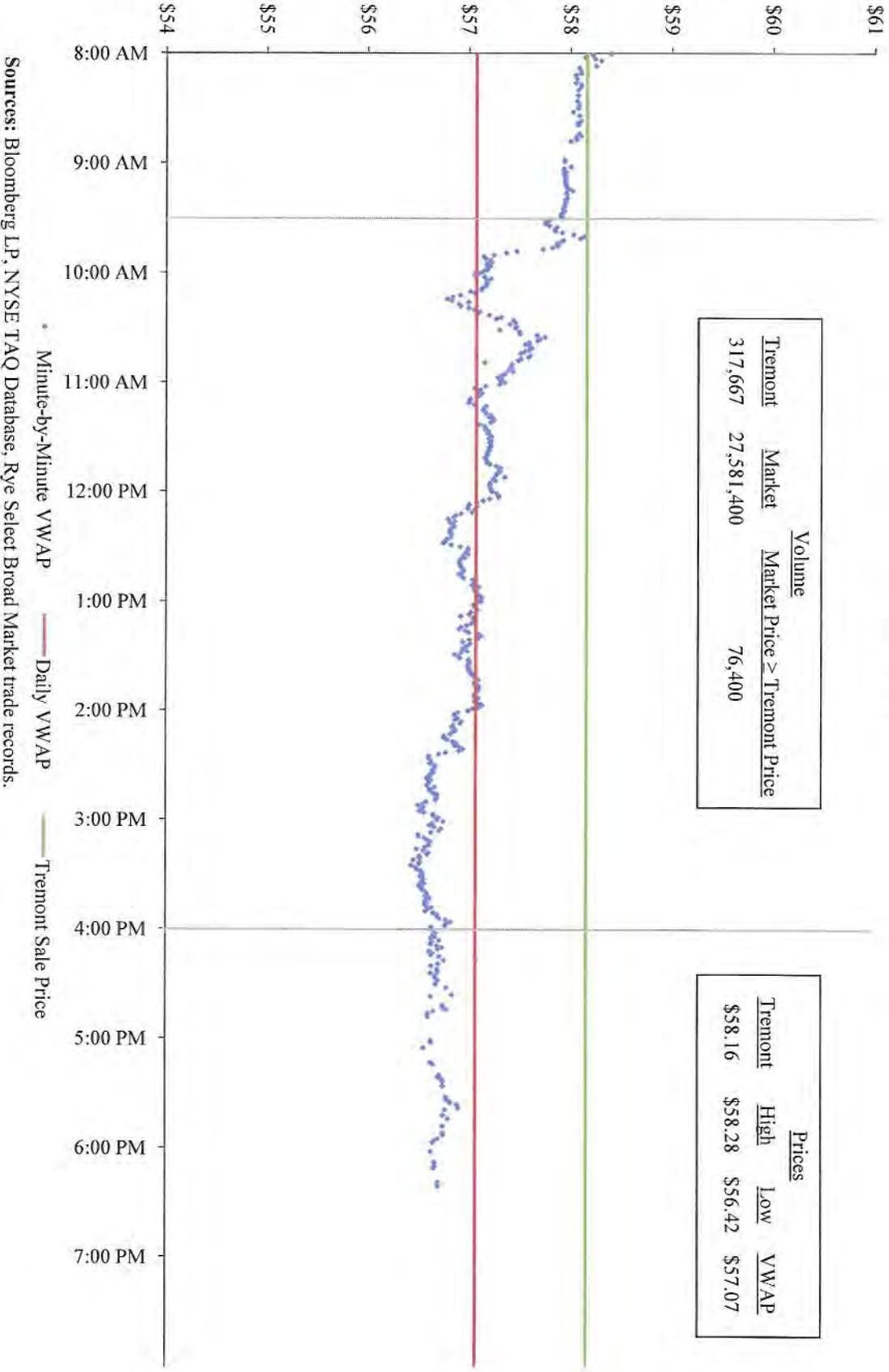
**Wells Fargo Intraday Prices
 Tremont Funds Purchase Price vs. Value Weighted Average Price
 March 5, 1999**



Texas Instruments Intraday Prices
Tremont Funds Purchase Price vs. Volume Weighted Average Price
March 3, 2000

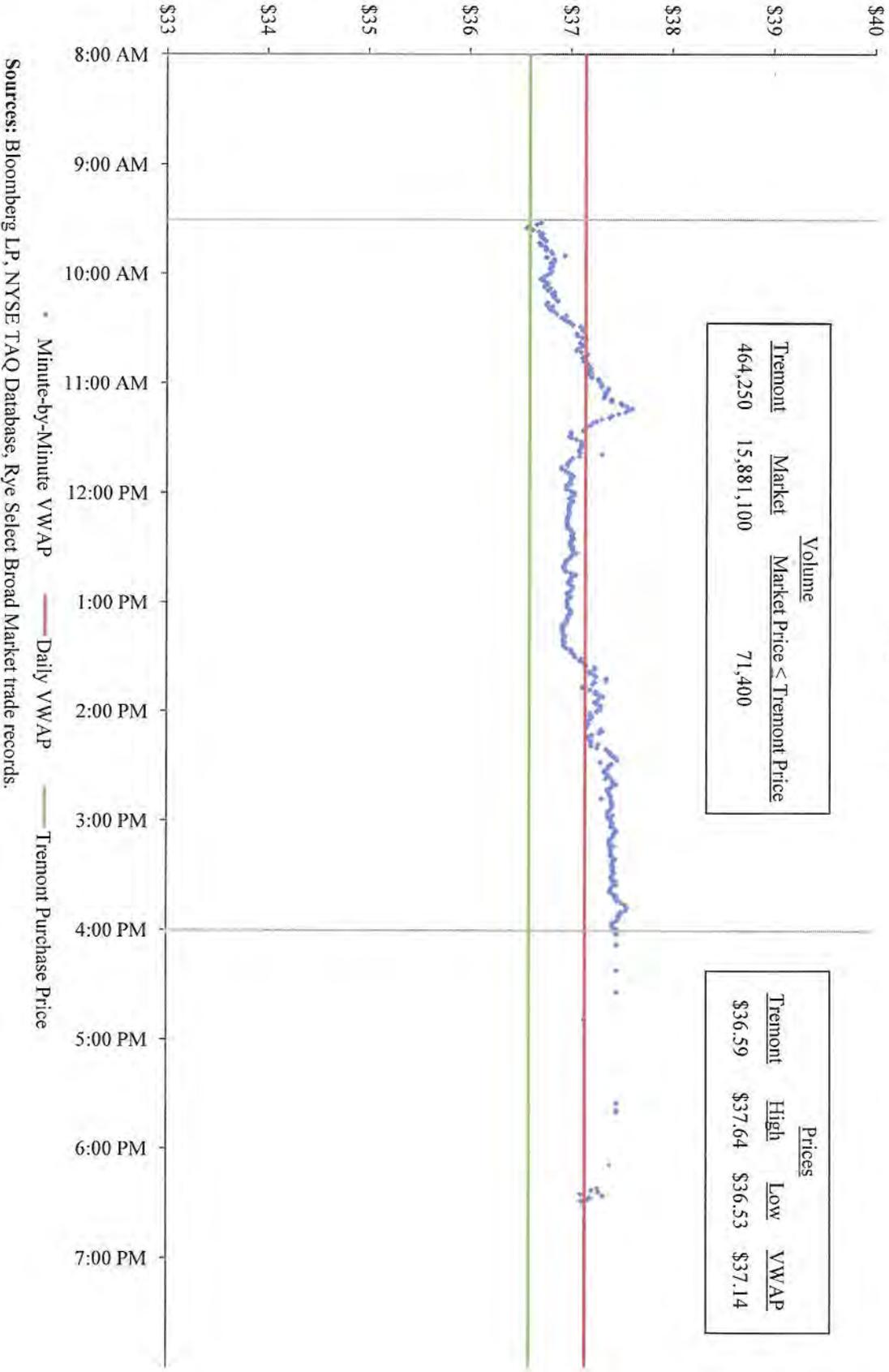


Microsoft Intraday Prices
Tremont Funds Sale Price vs. Volume Weighted Average Price
April 17, 2002

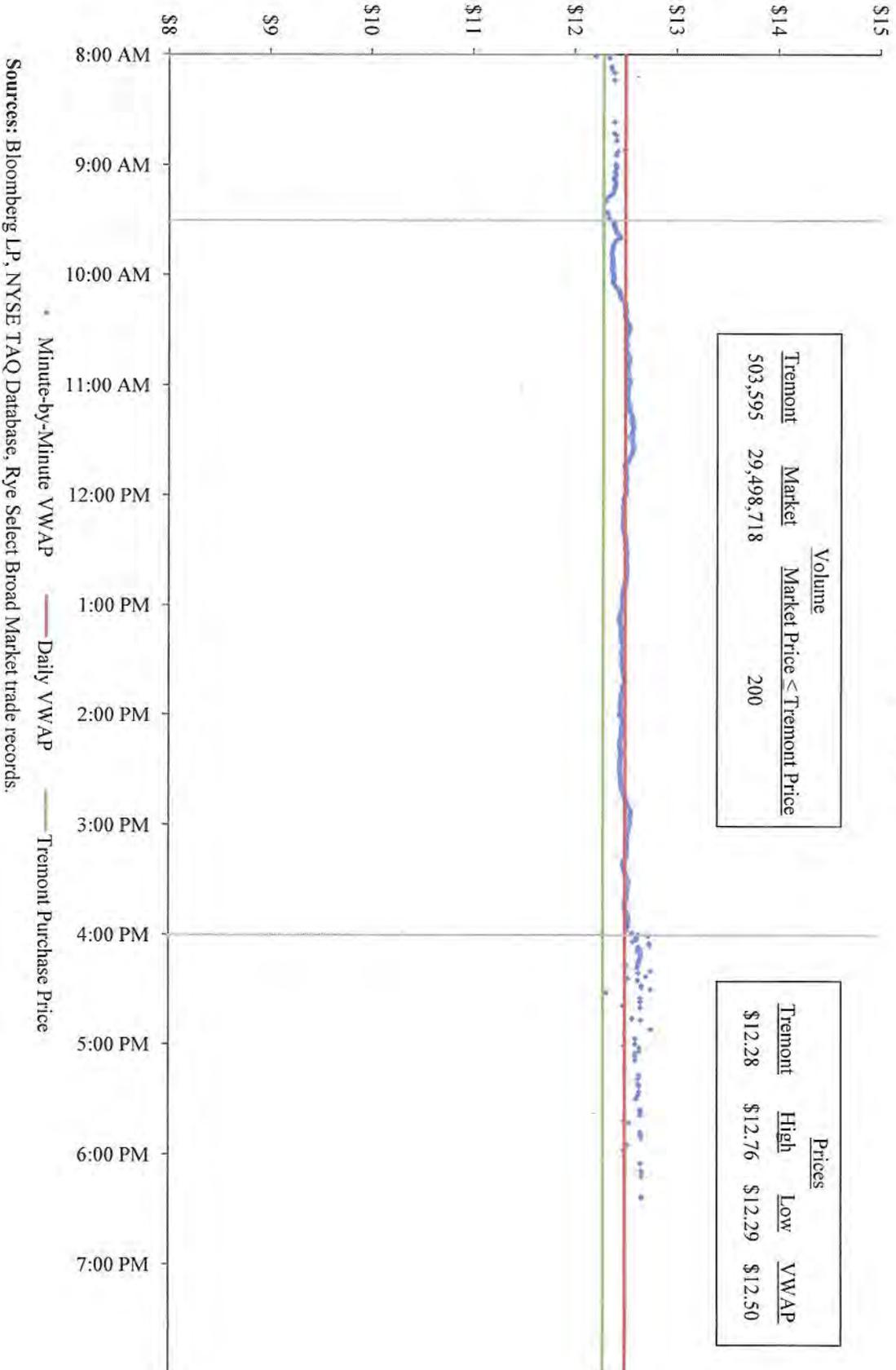


Sources: Bloomberg LP, NYSE TAQ Database, Rye Select Broad Market trade records.

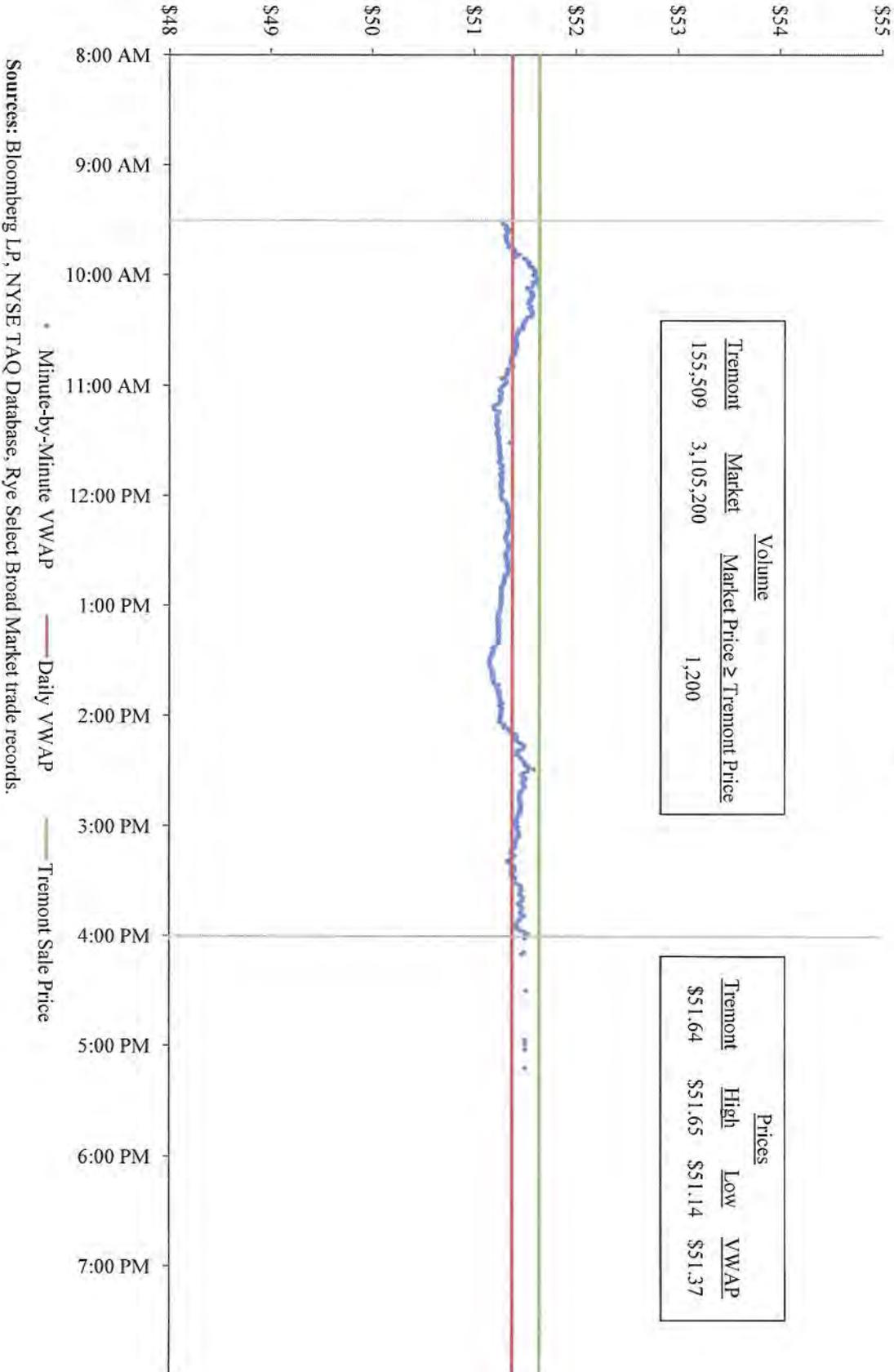
Pfizer Intraday Prices
Tremont Funds Purchase Price vs. Volume Weighted Average Price
May 1, 2002



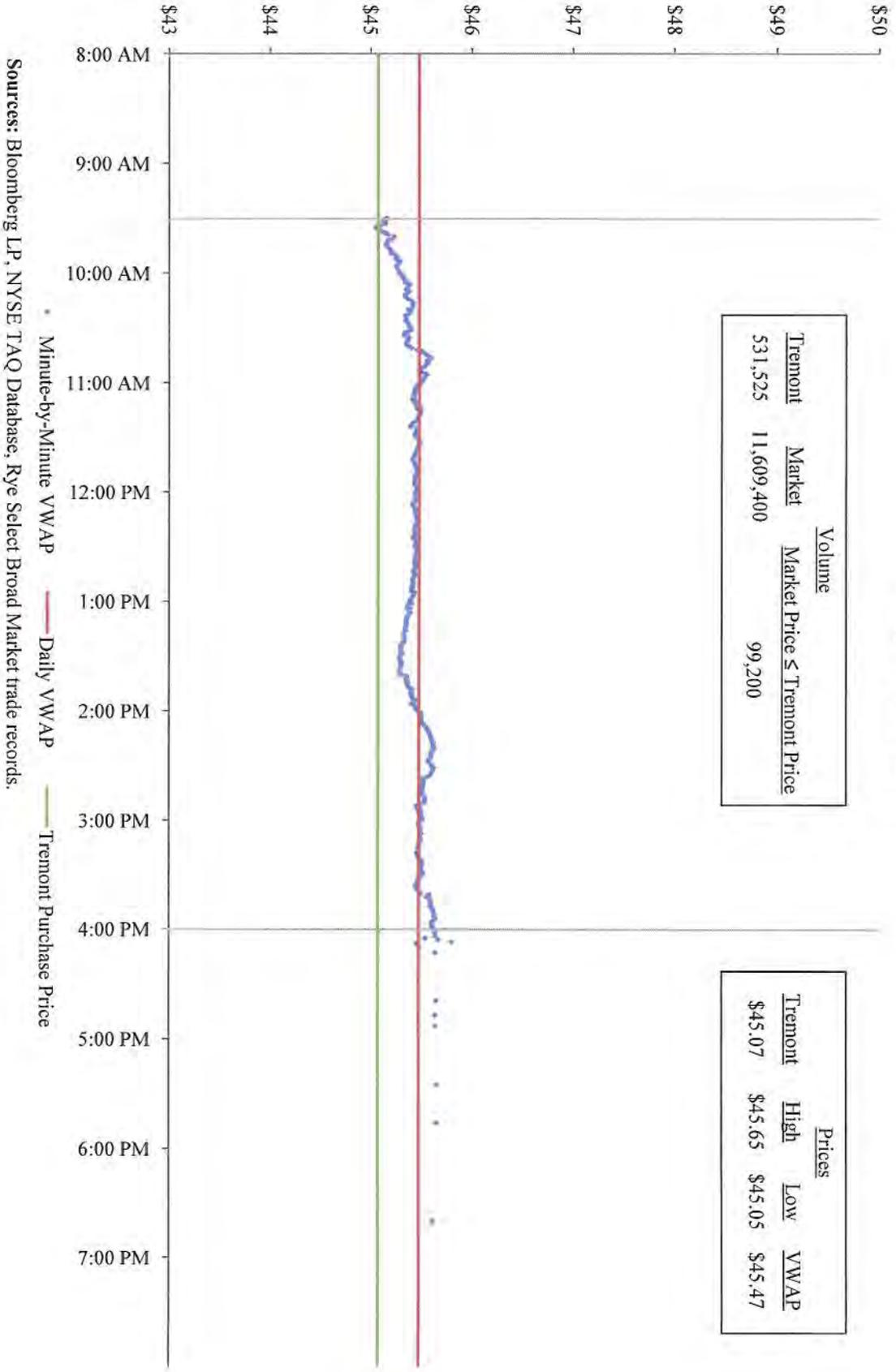
**Oracle Corporation Intraday Prices
 Tremont Funds Purchase Price vs. Volume Weighted Average Price
 July 7, 2003**

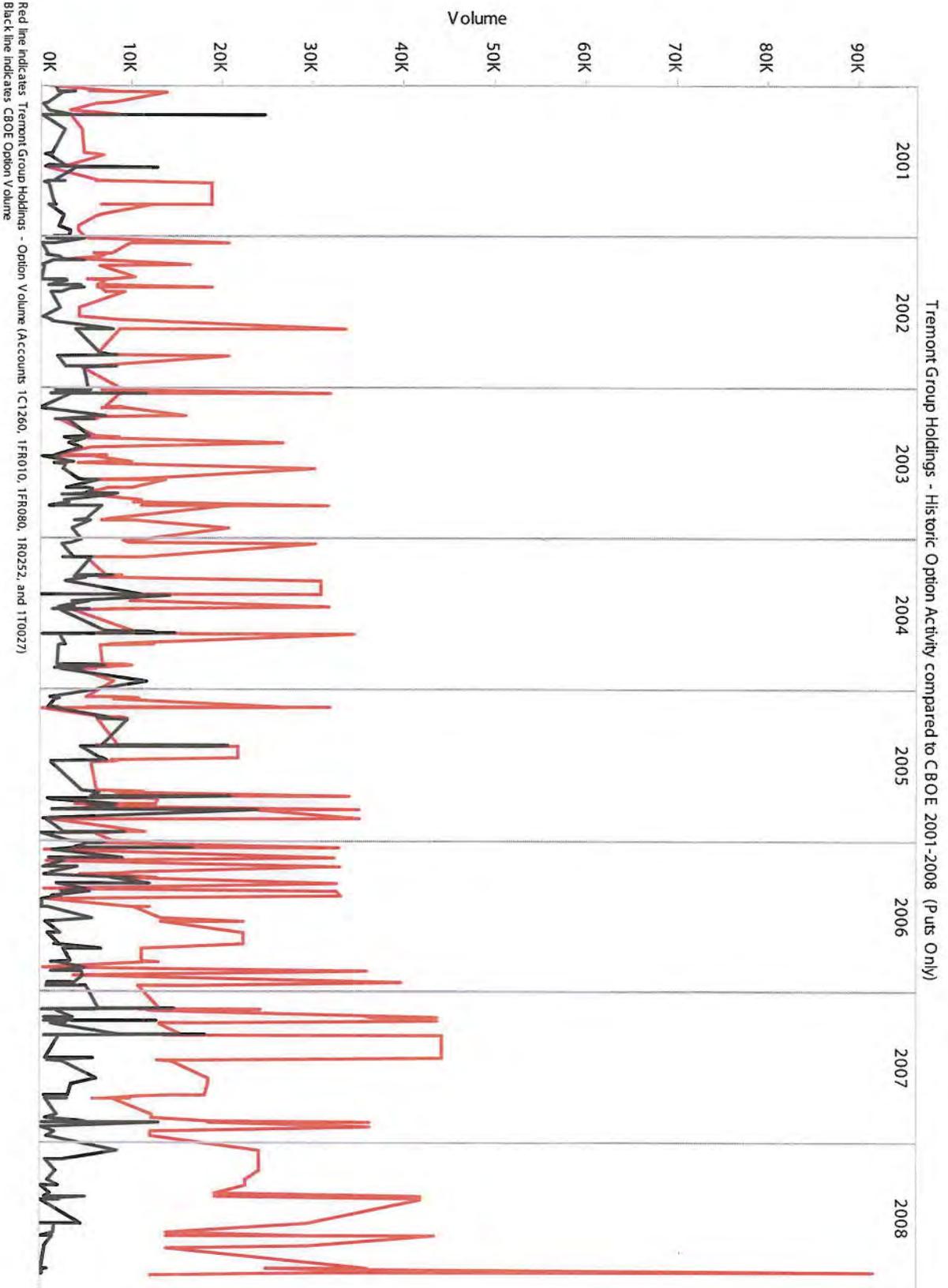


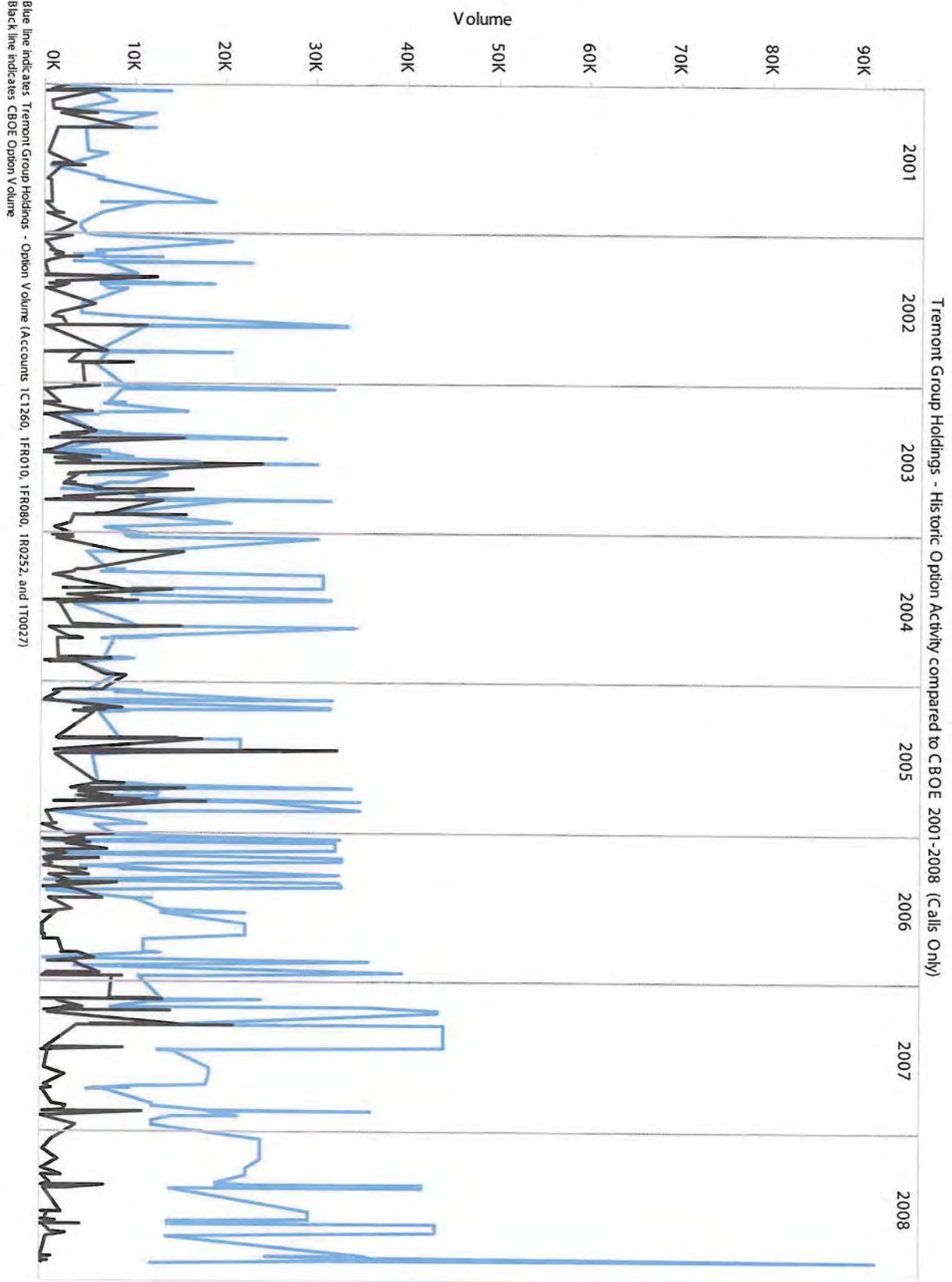
**American Express Intraday Prices
 Tremont Funds Sale Price vs. Volume Weighted Average Price
 June 22, 2004**

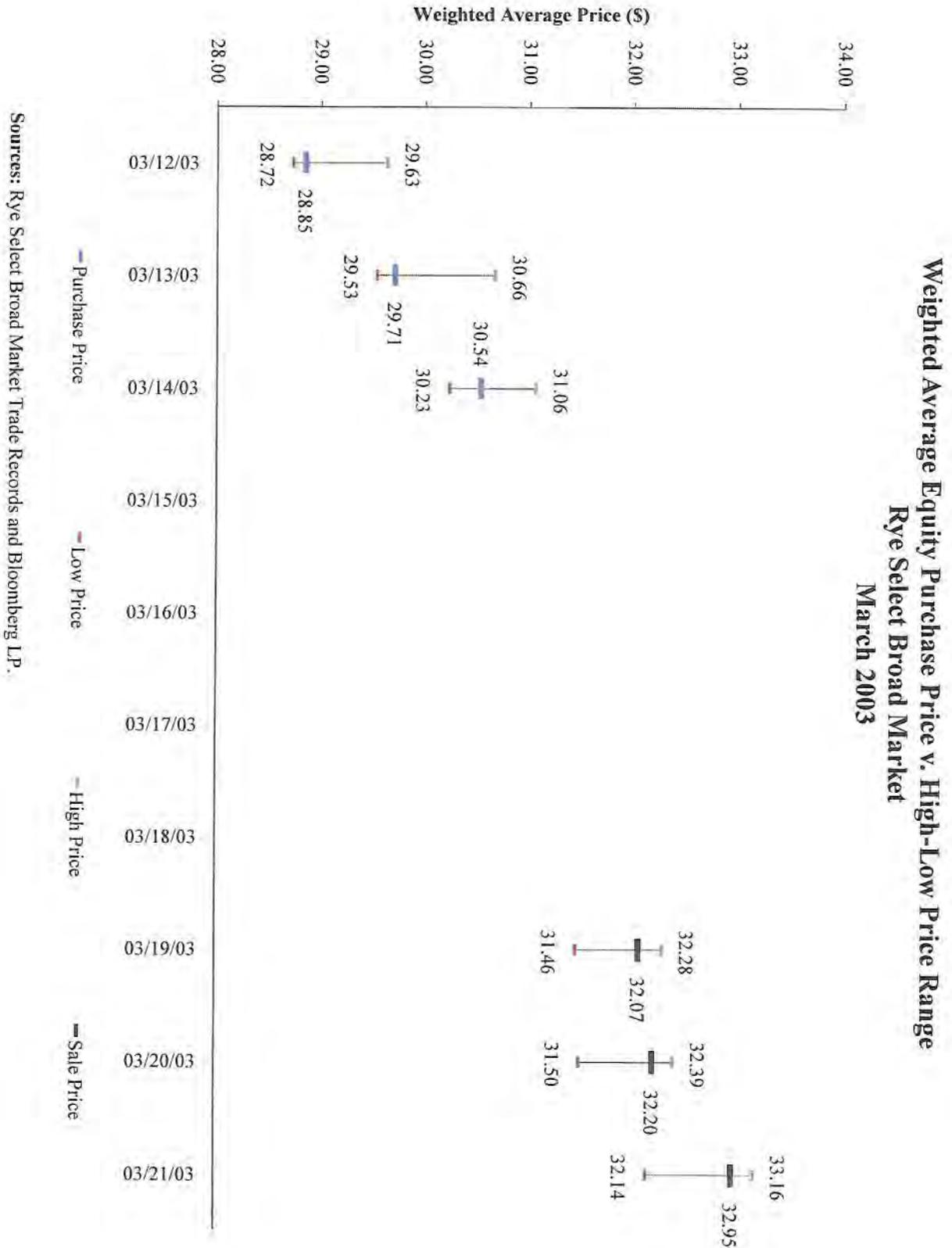


**Citigroup Intraday Prices
 Tremont Funds Purchase Price vs. Volume Weighted Average Price
 August 18, 2004**









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Substantively Consolidated SIPA Liquidation of
Bernard L. Madoff Investment Securities LLC
and 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 (BRL)

(Substantively Consolidated)

In re:

BERNARD L. MADOFF

Debtor.

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

Plaintiff,

Adv. Pro. No. _____ (BRL)

v.

TREMONT GROUP HOLDINGS, INC.;
TREMONT PARTNERS, INC.; TREMONT
(BERMUDA) LIMITED; RYE SELECT BROAD
MARKET FUND, L.P.; RYE SELECT BROAD
MARKET PRIME FUND, L.P.; RYE SELECT
BROAD MARKET PORTFOLIO LIMITED; RYE
SELECT BROAD MARKET INSURANCE
PORTFOLIO, LDC; RYE SELECT BROAD
MARKET INSURANCE FUND, L.P.; RYE
SELECT BROAD MARKET XL FUND, L.P.;
RYE SELECT BROAD MARKET XL
PORTFOLIO LIMITED; TREMONT
ARBITRAGE FUND, L.P.; TREMONT
ARBITRAGE FUND IRELAND; TREMONT
EMERGING MARKETS FUND – IRELAND;
TREMONT EQUITY FUND – IRELAND;
TREMONT INTERNATIONAL INSURANCE
FUND, L.P.; TREMONT LONG/SHORT
EQUITY FUND, L.P.; TREMONT MARKET
NEUTRAL FUND, L.P.; TREMONT MARKET
NEUTRAL FUND II, L.P.; TREMONT MARKET
NEUTRAL FUND LIMITED; TREMONT
OPPORTUNITY FUND LIMITED; TREMONT
OPPORTUNITY FUND II, L.P.; TREMONT
OPPORTUNITY FUND III, L.P.; RYE SELECT
EQUITIES FUND; TREMONT MULTI
MANAGER FUND; LIFEINVEST
OPPORTUNITY FUND LDC; OPPENHEIMER
ACQUISITION CORP.; MASSMUTUAL
HOLDING LLC; MASSACHUSETTS MUTUAL
LIFE INSURANCE CO.; SANDRA L. MANZKE
AND ROBERT I. SCHULMAN,

Defendants.

TABLE OF CONTENTS

	Page
NATURE OF THE ACTION	1
Tremont Seeks the “Palm Beach Crowd”	3
Lack of “Best Industry Practices” Leads Customer to Question “Legitimacy of the Whole Bernie Thing”	5
Oppenheimer and Mass Mutual Acquire Tremont	6
Extraordinary Withdrawals and Profits	6
JURISDICTION AND VENUE	9
THE TRUSTEE, HIS POWERS AND STANDING	10
THE DEFENDANTS	14
A. The Rye Funds	14
B. Rye Insurance	17
C. Tremont	17
D. Oppenheimer, MassMutual Holding and Mass Mutual	19
E. Manzke and Schulman	22
F. XL Funds	23
G. Tremont Funds	25
THE PONZI SCHEME	26
HISTORY OF TREMONT AND THEIR RELATIONSHIP WITH BLMIS	30
A. Manzke, Schulman, and the Beginnings of the Rye Funds	30
B. Acceptance of Madoff’s Strategy and Terms to Fuel Expansion of Rye Funds	31
C. The XL Funds and Tremont Funds	33
CONTROL OF TREMONT BY OPPENHEIMER AND MASS MUTUAL	38
A. The Acquisition	38
B. Oppenheimer and Mass Mutual’s Direction and Control of Tremont Group	43
C. The Role of Mass Mutual	46
TREMONT’S DUE DILIGENCE REPRESENTATIONS TO INVESTORS WENT UNFULFILLED	48
TREMONT IGNORES NUMEROUS RED FLAGS	52
A. Madoff’s Unrealistic Consistency	53
B. Improbable Equities Trading Volume	55
C. Impossible Options Volumes	56

TABLE OF CONTENTS

(continued)

	Page
D. Lack of Strategy Footprint.....	58
E. Madoff’s Uncanny Ability to Buy Low and Sell High	59
F. Trading Outside of Daily Price Ranges.....	59
G. Options Trading with Mythical Counterparties.....	60
H. Madoff’s Lack of Transparency and Secrecy.....	63
I. Settlement and Trade Anomalies.....	66
J. BLMIS’s Odd Organizational and Compensation Structures	67
K. No Independent Custodian	69
L. BLMIS’s Strip Mall Auditors.....	70
M. Madoff Evaded SEC Filing Requirements	71
N. Old Fashioned Paper Trade Tickets and Statements	72
O. Account Statement Inconsistencies with Madoff’s Purported Strategy	72
DEFENDANTS IGNORED RED FLAGS DISCUSSED IN 2006 TREMONT DUE DILIGENCE EFFORTS.....	73
SECURITIES INDUSTRY PARTICIPANTS HEED THE RED FLAGS.....	77
EMERGING INDUSTRY STANDARDS AND THE <i>BAYOU PONZI</i> SHOULD HAVE PUT TREMONT ON HIGH ALERT.....	82
VOIDABLE TRANSFERS FROM BLMIS	85
A. Initial Transfers to the Rye Funds	85
B. Subsequent Transfers.....	89
CUSTOMER CLAIMS	98
COUNT ONE: PREFERENTIAL TRANSFERS (INITIAL TRANSFEREES) - 11 U.S.C. §§ 547(b), 550 AND 551 <i>AGAINST BROAD MARKET FUND, PORTFOLIO LIMITED FUND AND INSURANCE PORTFOLIO LDC FUND</i>	98
COUNT TWO: PREFERENTIAL TRANSFERS (GENERAL PARTNER AND CORPORATE PARENT LIABILITY) - 11 U.S.C. §§ 547(b), 550 AND 551 <i>AGAINST TREMONT PARTNERS, TREMONT GROUP, OPPENHEIMER, MASSMUTUAL HOLDING AND MASS MUTUAL</i>	100
COUNT THREE: PREFERENTIAL TRANSFERS (SUBSEQUENT TRANSFEREES) - 11 U.S.C. §§ 547(b), 550 AND 551 <i>AGAINST ARBITRAGE IRELAND, MARKET NEUTRAL FUND, OPPORTUNITY LIMITED, OPPORTUNITY III FUND, TREMONT, AND/OR PARENTS</i>	102
COUNT FOUR: FRAUDULENT TRANSFERS (INITIAL TRANSFEREES) – 11 U.S.C. §§ 548(a)(1)(A), 550 AND 551 <i>AGAINST THE RYE FUNDS</i>	104

TABLE OF CONTENTS

(continued)

	Page
COUNT FIVE: FRAUDULENT TRANSFERS (GENERAL PARTNER AND CORPORATE PARENT LIABILITY) – 11 U.S.C. §§ 548(a)(1)(A), 550 AND 551 AGAINST TREMONT PARTNERS, TREMONT GROUP, OPPENHEIMER, MASSMUTUAL HOLDING AND MASS MUTUAL	104
COUNT SIX: FRAUDULENT TRANSFERS (INITIAL TRANSFEREES) – 11 U.S.C. §§ 548(a)(1)(B), 550 AND 551 AGAINST THE RYE FUNDS.....	106
COUNT SEVEN: FRAUDULENT TRANSFERS (GENERAL PARTNER AND CORPORATE PARENT LIABILITY) – 11 U.S.C. §§ 548(a)(1)(B), 550 AND 551 AGAINST TREMONT PARTNERS, TREMONT GROUP, OPPENHEIMER, MASSMUTUAL HOLDING AND MASS MUTUAL	107
COUNT EIGHT: FRAUDULENT TRANSFER (INITIAL TRANSFEREES) – NEW YORK DEBTOR AND CREDITOR LAW §§ 276, 276-a, 278 AND/OR 279, AND 11 U.S.C. §§ 544, 550(a) AND 551 AGAINST THE RYE FUNDS	109
COUNT NINE: FRAUDULENT TRANSFER (GENERAL PARTNER AND CORPORATE PARENT LIABILITY) – NEW YORK DEBTOR AND CREDITOR LAW §§ 276, 276-a, 278 AND/OR 279, AND 11 U.S.C. §§ 544, 550(a) AND 551 AGAINST TREMONT PARTNERS, TREMONT GROUP, OPPENHEIMER, MASSMUTUAL HOLDING AND MASS MUTUAL	110
COUNT TEN: FRAUDULENT TRANSFER (INITIAL TRANSFEREE) -- NEW YORK DEBTOR AND CREDITOR LAW §§ 273 AND 278 AND/OR 279, AND 11 U.S.C. §§ 544, 550(A), AND 551 AGAINST THE RYE FUNDS.....	111
COUNT ELEVEN: FRAUDULENT TRANSFER (GENERAL PARTNER AND CORPORATE PARENT LIABILITY) -- NEW YORK DEBTOR AND CREDITOR LAW §§ 273 AND 278 AND/OR 279, AND 11 U.S.C. §§ 544, 550(A), AND 551 AGAINST TREMONT PARTNERS, TREMONT GROUP, OPPENHEIMER, MASSMUTUAL HOLDING AND MASS MUTUAL	112
COUNT TWELVE: FRAUDULENT TRANSFERS (INITIAL TRANSFEREES) — NEW YORK DEBTOR AND CREDITOR LAW §§274, 278 AND/OR 279, AND 11 U.S.C. §§ 544, 550(a), AND 551 AGAINST THE RYE FUNDS	114
COUNT THIRTEEN: FRAUDULENT TRANSFERS (GENERAL PARTNER AND CORPORATE PARENT LIABILITY) —NEW YORK DEBTOR AND CREDITOR LAW §§274, 278 AND/OR 279, AND 11 U.S.C. §§ 544, 550(a), AND 551 AGAINST TREMONT PARTNERS, TREMONT GROUP, OPPENHEIMER, MASSMUTUAL HOLDING AND MASS MUTUAL	114
COUNT FOURTEEN: FRAUDULENT TRANSFERS (INITIAL TRANSFEREES) - NEW YORK DEBTOR AND CREDITOR LAW §§ 275, 278 AND/OR 279, AND 11 U.S.C. §§ 544, 550(a) AND 551 AGAINST THE RYE FUNDS	116

TABLE OF CONTENTS

(continued)

	Page
COUNT FIFTEEN: FRAUDULENT TRANSFERS (GENERAL PARTNER AND CORPORATE PARENT LIABILITY) -NEW YORK DEBTOR AND CREDITOR LAW §§ 275, 278 AND/OR 279, AND 11 U.S.C. §§ 544, 550(a) AND 551 AGAINST TREMONT PARTNERS, TREMONT GROUP, OPPENHEIMER, MASSMUTUAL HOLDING AND MASS MUTUAL	117
COUNT SIXTEEN: RECOVERY OF THE TRANSFERS (INITIAL TRANSFEREE) – NEW YORK CIVIL PROCEDURE LAW AND RULES 203(g), 213(8), NEW YORK DEBTOR AND CREDITOR LAW §§ 276, 276-a, 278, AND/OR 279, AND 11 U.S.C. §§ 544, 550(a)(1), AND 551 AGAINST THE RYE FUNDS	118
COUNT SEVENTEEN: RECOVERY OF THE TRANSFERS (GENERAL PARTNER AND CORPORATE PARENT LIABILITY) – NEW YORK CIVIL PROCEDURE LAW AND RULES 203(g), 213(8), NEW YORK DEBTOR AND CREDITOR LAW §§ 276, 276-a, 278, AND/OR 279, AND 11 U.S.C. §§ 544, 550(a)(1), AND 551 AGAINST TREMONT PARTNERS, TREMONT GROUP, OPPENHEIMER, MASSMUTUAL HOLDING AND MASS MUTUAL	119
COUNT EIGHTEEN: RECOVERY OF SUBSEQUENT TRANSFERS – NEW YORK CIVIL PROCEDURE LAW AND RULES 203(g), 213(8), NEW YORK DEBTOR AND CREDITOR LAW §§ 276, 276-a, 278, AND/OR 279, AND 11 U.S.C. §§ 544, 550(a)(1), AND 551 AGAINST XL LP, XL PORTFOLIO, THE TREMONT FUNDS, TREMONT PARTNERS, TREMONT GROUP, TREMONT BERMUDA, OPPENHEIMER, MASSMUTUAL HOLDING, MASS MUTUAL, MANZKE, AND/OR SCHULMAN	121
COUNT NINETEEN: DISALLOWANCE OF RYE FUNDS’ AND RYE INSURANCE’S SIPA CLAIMS	122
COUNT TWENTY: EQUITABLE SUBORDINATION OF CUSTOMER CLAIMS	123
COUNT TWENTY-ONE: UNJUST ENRICHMENT AGAINST TREMONT GROUP, TREMONT PARTNERS, TREMONT BERMUDA, OPPENHEIMER, MASSMUTUAL HOLDING, MASS MUTUAL, MANZKE AND SCHULMAN	124

Irving H. Picard (the “Trustee”), as 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 individually (“Madoff”), by and through his undersigned counsel, for his Complaint, states as follows:

NATURE OF THE ACTION

1. For fifteen years, many of the Defendants named in this Complaint helped funnel more than \$4 billion into the single largest investor fraud in history. The Defendants substantially aided, enabled and helped to sustain the massive Ponzi scheme orchestrated by Bernard Madoff (“Madoff”), in order to reap financial windfalls from their clients’ investments. Through their headquarters in Rye, New York, they managed the second largest group of feeder funds next to the Fairfield Greenwich group of companies (“Fairfield”), and assisted Madoff in his fraud. In turn, these Defendants collectively received more than \$2.1 billion in avoidable transfers from BLMIS that should be recovered by the Trustee for distribution in accordance with the Trustee’s statutory authority.

2. The Defendants include a number of investment funds and affiliates associated with the multi-billion dollar money management company now known as Tremont Group Holdings, Inc. Defendants include: Tremont Group Holdings, Inc. itself (“Tremont Group”), its management arms Tremont Partners, Inc. (“Tremont Partners”) and Tremont (Bermuda) Limited (“Tremont Bermuda”) (all three entities collectively shall be referred to herein as “Tremont”); Tremont Group’s parent corporation, Oppenheimer Acquisition Corp. (“Oppenheimer”); Oppenheimer’s parent corporations, MassMutual Holding LLC (“MassMutual Holding”) and Massachusetts Mutual Life Insurance Company (“Mass Mutual”) (Oppenheimer, MassMutual

Holding and Mass Mutual collectively shall be referred to as “Parents”); Tremont Group’s founder and former CEO, Sandra L. Manzke (“Manzke”); Tremont Group’s former President and CEO, Robert Schulman (“Schulman”); four Tremont-managed funds that were directly invested with BLMIS and received a number of fraudulent conveyances (collectively, and as described more fully later in the Complaint, the “Rye Funds”); another fund, Rye Select Broad Market Insurance Fund, L.P., which was directly invested with BLMIS that did not receive fraudulent conveyances, but should have its claim against the estate denied and subordinated due to the actions of the Defendants (“Rye Insurance”); and over a dozen Tremont-managed funds that were indirect investors with BLMIS through their investments in the Rye Funds (collectively, and as described more fully later in the Complaint, the “XL Funds” and “Tremont Funds”). All of these Defendants assisted Madoff to greater and lesser degrees in perpetuating the fraud and benefitted from the revenue Madoff generated for them.

3. For years, the Defendants were repeatedly warned and given the opportunity to uncover – through information in their own possession or publicly available – that BLMIS’s success could be the result of fraud. Nonetheless, these Defendants ignored this information and many other obvious warning signs of fraud.

4. If the Defendants were ignorant of the fraud, it was because they failed in their due diligence and investment management obligations. They quite simply did not want to know, remaining willfully ignorant in order to maximize their own profits and serve their own self-interest. The Ponzi scheme was highly profitable for the Defendants until its collapse, as Tremont earned more than \$180 million dollars in fees in the six years preceding the collapse of the scheme – and as much as \$240 million over the life of the Madoff relationship – as well as the caché of being one of the largest and most profitable hedge funds in the world. Yet every

cent of the billions they accepted in withdrawals and fees over the course of their relationship with Madoff was money stolen from other BLMIS customers.

Tremont Seeks the “Palm Beach Crowd”

5. Beginning in 1994, Tremont Advisers, Inc., which is now known as Tremont Group, founded The Broad Market Fund, L.P. (which later changed its name to the American Masters Broad Market Fund, L.P. in 1999, and then to Defendant Rye Select Broad Market Fund, LP. in 2006) (“Broad Market Fund”). The Broad Market Fund became one of the largest and longest running Madoff feeder funds. Like other Madoff feeder funds, this fund was created for the purpose of opening an account in BLMIS’s Investment Advisory business (“IA Business”) and “feeding” investors’ monies to Madoff for investing. In this account, just as for all the other BLMIS accounts opened for Tremont, Madoff had full trading authority and discretion. Due to the success of the Broad Market Fund and the returns it purportedly generated, Tremont increased the investors and investments in the various funds they created over time to invest with BLMIS and greatly profited from the fees generated by those investments. By the time Madoff’s scheme collapsed in December 2008, Tremont had given Madoff at least \$4 billion through their various funds.

6. Despite purporting to be an experienced organization which had a sophisticated plan for conducting due diligence on money managers, Tremont did not perform independent, reasonable, or meaningful quantitative, operational, structural, or risk-management due diligence on Madoff or his purported investment strategy prior to or after investing many billions of dollars. Nor did they fulfill their fiduciary duties to their funds and their investors by performing what they promised to do. Tremont and Parents did not conduct any reasonable analysis as to whether Madoff’s stated returns were even possible based on the strategy he purported to use. They also did not seriously consider the significant operational deficiencies of Madoff’s

operations, many of which were highly suspicious and placed Defendants on inquiry notice of fraud. The Defendants wrongly relied on Madoff's reputation and consciously disregarded many badges of fraud, instead relying on Madoff's history of steady returns and failing to perform proper and required due diligence.

7. A telling illustration of Tremont's lack of investigation and their preference for investors who did not ask critical questions is an internal email exchange from October 2008. The email exchange is between two Tremont employees discussing the type of detailed information certain institutional investors would require before investing with Madoff. One employee stated: "Unlike the Palm Beach crowd, institutions won't invest on faith. They can't." In other words, Tremont primarily sought out certain non-critical institutional investors and wealthy individuals who were unlikely to perform any of their own diligence, and instead would rely on Tremont's answers and purported analysis. Despite holding themselves out as investment experts which performed exclusive, state-of-the-art due diligence, Tremont failed miserably in their responsibilities and continued to invest with BLMIS despite numerous indicia of fraud.

8. Though Tremont and Parents never performed independent, meaningful, and reasonable due diligence prior to or after creating their first Madoff investment vehicle, the "success" of their early Rye Funds and the profits earned by Tremont and Tremont's management - including Manzke and Schulman - led to the creation of numerous, additional Madoff feeder funds aimed at marketing Madoff and his purported investment strategy to foreign investors, as well as for leveraging Madoff's consistently positive returns. Specifically, subsequent to the creation of the Broad Market Fund, Tremont created additional Madoff investment vehicles: Defendants Rye Select Broad Market Prime Fund, L.P., Rye Select Broad

Market Portfolio Fund Limited, Rye Select Broad Market Insurance Portfolio, LDC, and Rye Insurance. These “single-manager funds,” as they were known to Tremont, were close to 100% invested with BLMIS. To even further maximize profits, “multi-manager” funds under the Tremont umbrella – *i.e.*, funds of funds that utilized multiple money managers – also invested a portion of their assets under management with BLMIS, indirectly through one or more of the Rye Funds. In other words, a large percentage of Tremont’s business was built upon the fiction created by Madoff’s Ponzi scheme.

9. For almost fifteen years, Tremont and Parents were successful in blindly relying on Madoff to drive their funds’ returns, and more importantly, their profits. They did whatever it took, and ignored whatever they saw that seemed suspicious, in order to expand the Madoff-related profits. Tremont entered into loans and “swap” agreements in an effort to leverage and increase Madoff’s purported returns from his strategy. Independent, reasonable due diligence and fulfilling its fiduciary obligations were replaced by Tremont’s financial incentive to remain blissfully, and thus willfully, ignorant.

Lack of “Best Industry Practices” Leads Customer to Question “Legitimacy of the Whole Bernie Thing”

10. Defendants were aware of the numerous questions surrounding Madoff and BLMIS. In reviewing the investments in 2006, Tremont admitted that Madoff’s operation “does not represent the best industry practices.” Nevertheless, they continued to pour investor monies into what they knew or should have known was a fraud.

11. Even some of Tremont’s investors raised questions regarding Madoff. For example, in October 2007, one client could not reconcile why his returns were different from the returns of someone with a direct BLMIS account. In communications with Tremont, the client

went as far as to state: “[. . .] Makes me concerned about the legitimacy of the whole Bernie thing.”

Oppenheimer and Mass Mutual Acquire Tremont

12. Tremont’s success due to investments with BLMIS led to their being acquired by Defendant Oppenheimer, a subsidiary of Defendants MassMutual Holding and Mass Mutual, for over \$140 million in 2001. Though the Parents had an opportunity to perform their own due diligence of Madoff’s purported strategy, Tremont’s success blinded the Parents to obvious questions as to the legitimacy of Madoff’s profits, as well as the questions and substantial red flags surrounding Madoff and his operations.

13. None of the Parents performed meaningful or reasonable due diligence on Madoff, his operations, his consistent returns, or his purported investment strategy prior to or subsequent to the acquisition. That acquisition was also very profitable to both Manzke and Schulman personally, as they signed lucrative multi-year employment agreements with Oppenheimer’s other subsidiary, OppenheimerFunds, Inc. (“OppenheimerFunds”), and had their shares in Tremont purchased at the closing.

Extraordinary Withdrawals and Profits

14. Prior to the collapse, all Defendants, directly and indirectly, via the Rye Funds’ withdrawals, received more than \$2.1 billion in transfers from BLMIS, including approximately \$1.9 billion in the six years prior to the SIPA Proceeding, as defined below. These vast amounts invested with BLMIS through the Rye Funds resulted in extraordinary fees of over \$180 million for Tremont, Manzke, and Schulman in the six years prior to the bankruptcy, which in turn benefitted the Parents. All told, the Trustee estimates that Tremont received up to \$240 million in fees during the life of their investments with BLMIS.

15. Defendants knew or should have known that they were profiting from fraud for a multitude of reasons, as alleged herein. Defendants were aware, or at the very least should have been aware, of the following red flags putting them on notice that Madoff was a fraud:

a. Tremont and the Parents never questioned Madoff's returns showing consistent, positive results, even when the stock market suffered serious downturns due to, among other things, the Russian market crisis in 1998, the 9/11 terrorist attacks, the burst of the tech bubble from 2000-2002, and the 2007-2008 collapse of the financial and housing markets. This is despite the Madoff strategy supposedly being tied, or correlated, to the overall direction of the equity markets;

b. BLMIS's equity trading volumes were an implausibly high percentage of the entire market; its options trading volumes also often exceeded the entire daily volume of reported option trades on listed exchanges;

c. BLMIS's billions of dollars in purported trades never caused any noticeable price displacement in the market;

d. Madoff had the uncanny ability to buy equities at some of their lowest prices for the day and sell them near their highest prices;

e. Confirmations and monthly statements showed that trades purportedly made by BLMIS for the Rye Funds fell outside the reported daily ranges of the high and low prices for these stocks and options;

f. Madoff would not disclose the identities of his options counterparties even though BLMIS was trading these options as agent for the Rye Funds. In addition, the trade confirmations created by BLMIS and received by Tremont had other abnormalities about

Madoff's options trading that should have caused Tremont to ask more questions about the mythical counterparties that Madoff refused to disclose;

g. Madoff's lack of transparency and secrecy had analysts wondering how they could replicate Madoff's performance and Tremont's own clients asking questions;

h. BLMIS reported a large number of trades having settlement dates that were clearly wrong. In addition, there were eight instances of trades being made on the weekends;

i. BLMIS's compensation and organizational structure deviated from well-established industry practices and Madoff left millions – if not billions – of dollars on the table that he could have easily charged for his management services. Instead, Madoff allowed “feeders” such as Tremont to receive these fees;

j. BLMIS served as both custodian and executing broker of its customers' funds and securities, which meant that there was no independent third party that could verify either the actual existence of customer assets at BLMIS or that transactions for the Rye and Tremont Funds were actually occurring;

k. BLMIS, which had billions of dollars under management, was purportedly being audited by a small, unknown accounting firm located in a strip mall in Rockland County, New York;

l. Madoff converted all of his equities to Treasury bills on a quarterly and year-end basis in another effort to avoid regulatory filing requirements;

m. BLMIS only mailed paper confirmations days after trades were purportedly executed, which was a significant departure from the industry practice of allowing electronic real-time access to trade information;

n. BLMIS account statements and trade confirmations showed inconsistencies with Madoff's purported trading strategy; and

16. In addition, other professionals and institutions involved with the securities industry were able to analyze Madoff, his trading strategy, and his operations and concluded they were problematic.

17. Through this action, therefore, the Trustee seeks a judgment in the aggregate amount of at least \$2.1 billion against the Defendants, avoiding and recovering the preferential payments, fraudulent transfers, fictitious profits, and subsequent transfers they received, as well as disallowance and equitable subordination of their claims against the estate. The Trustee also seeks additional amounts to prevent any unjust enrichment on the part of Tremont, Oppenheimer, MassMutual Holding, Mass Mutual, Manzke, and Schulman.

JURISDICTION AND VENUE

18. Based upon the Trustee's ongoing investigation, it appears that there were more than 8,000 customer accounts at BLMIS over the life of the scheme. In early December 2008, BLMIS generated account statements for its approximately 4,900 active customer accounts. These statements in the aggregate reflected that BLMIS customers had approximately \$65 billion in capital held by BLMIS in their accounts. In reality, BLMIS had customer assets on hand worth a fraction of that amount. Customer accounts had not accrued any real profits because no investments were ever made for them. When the Ponzi scheme came to light on December 11, 2008, investors had lost approximately \$20 billion in principal.

19. The Trustee brings this adversary proceeding pursuant to his authority under sections 78fff(b) and 78fff-2(c)(3) of SIPA, sections 105(a), 502(d), 510(c), 544, 547, 548(a), 550(a), and 551 of title 11, *et seq.*, United States Code, § 101 (the "Bankruptcy Code"), the New York Fraudulent Conveyance Act (N.Y. Debt. & Cred. § 270) (McKinney 2001), New York

Civil Practice Law and Rules 203(g) and 208(13) (McKinney 2001), and other applicable law, for the avoidance and recovery of fictitious profits, preferences, fraudulent conveyances, disallowance of and/or equitable subordination of the customer claims filed by some of the Defendants. The Trustee seeks, among other things, to set aside and recover all avoidable transfers, collect damages caused by the Defendants, preserve the stolen customer property for the benefit of BLMIS's defrauded customers, and recover all stolen property from the Defendants, in whatever form it may now or in the future exist.

20. This is an adversary proceeding brought in the Court in which the main underlying SIPA proceeding, No. 08-01789 (BRL) (the "SIPA Proceeding"), is pending. The Securities Investor Protection Corporation ("SIPC") originally brought the SIPA Proceeding in the United States District Court for the Southern District of New York as *Securities Exchange Commission v. Bernard L. Madoff Investment Securities LLC et al.*, No. 08 CV 10791 (the "District Court Proceeding"). This Court has jurisdiction over this adversary proceeding under 28 U.S.C. § 1334(b) and SIPA § 78eee(b)(2)(A), (b)(4).

21. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (B), (F), (H) and (O).

22. Venue in this district is proper under 28 U.S.C. § 1409.

23. This Court has personal jurisdiction over all of the Defendants captioned herein under NY CPLR § 301 and § 302 and Bankruptcy Rule 7004.

THE TRUSTEE, HIS POWERS AND STANDING

24. On December 11, 2008 (the "Filing Date"), Madoff was arrested by federal agents for violation of the criminal securities laws, including, *inter alia*, securities fraud, investment adviser fraud, and mail and wire fraud. Contemporaneously with Madoff's arrest on December 11, 2008, the Securities and Exchange Commission ("SEC") filed a complaint in the District

Court against Madoff, which remains pending. The SEC complaint alleges that Madoff and BLMIS engaged in fraud through the investment adviser activities of BLMIS.

25. On December 12, 2008, The Honorable Louis L. Stanton of the District Court entered an order appointing Lee S. Richards, Esq. as receiver for the assets of BLMIS.

26. On December 15, 2008, pursuant to section 78eee(a)(4)(A) of SIPA, the SEC consented to a combination of its own action with an application of SIPC. Thereafter, pursuant to section 78eee(a)(4)(B) 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 protections afforded by SIPA.

27. Also on December 15, 2008, Judge Stanton granted the SIPC application and entered an order pursuant to SIPA (the “Protective Decree”), which, in pertinent part:

a. appointed the Trustee for the liquidation of the business of BLMIS pursuant to section 78eee(b)(3) of SIPA;

b. appointed Baker & Hostetler LLP as counsel to the Trustee pursuant to section 78eee(b)(3) of SIPA; and

c. removed the case to this Court pursuant to section 78eee(b)(4) of SIPA;

d. removed the Receiver for BLMIS.

28. Pursuant to section 78lll(7)(B) of SIPA, the Filing Date is deemed to be the date of the filing of the petition within the meanings of sections 547 and 548 of the Bankruptcy Code and the date of the commencement of the case within the meaning of section 544 of the Bankruptcy Code.

29. By orders, dated December 23, 2008 and February 4, 2009, respectively, the Bankruptcy Court approved the Trustee’s bond and found that the Trustee was a disinterested

person. Accordingly, the Trustee is duly qualified to serve and act on behalf of the estate of BLMIS. The Trustee subsequently was also appointed as trustee of the estate of Bernard L. Madoff personally.

30. By virtue of his appointment under SIPA, the Trustee has the responsibility of recovering and paying out Customer Property to BLMIS's customers, assessing claims, and liquidating any other assets of the firm for the benefit of the estate and its creditors. The Trustee is in the process of marshalling BLMIS's assets, and the liquidation of BLMIS's assets is well underway. However, such assets will not be sufficient to fully reimburse the BLMIS customers for the billions of dollars that they invested with BLMIS. Consequently, the Trustee must use his broad authority under SIPA and the Bankruptcy Code to pursue recovery from BLMIS accountholders who received preferences, non-existent principal, and/or payouts of fictitious profits to the detriment of other defrauded customers whose money was consumed by the Ponzi scheme, and from any entities or individuals to which BLMIS accountholders subsequently transferred those funds. Absent this and other recovery actions, the Trustee will be unable to satisfy the claims described in subparagraphs (A) through (D) section 78fff-2(c)(1) of SIPA .

31. To this end, the Trustee is bringing this action against the Defendants to recover almost \$2 billion in avoidable transfers received by them or on their behalf between December 11, 2002, and December 11, 2008. A large portion of these avoidable transfers consisted of withdrawals taken from BLMIS by the Rye Funds. Many of these withdrawals were for redemptions by their investors or were subsequently transferred to other named Defendants. In addition, over \$180 million of those withdrawals were then transferred to Tremont, Parents, Manzke and Schulman in the form of management, administrative, and other fees, bonuses, profits, compensation, dividends and partnership distributions.

32. Pursuant to section 78fff-1(a) of SIPA, the Trustee has the general powers of a bankruptcy trustee in a case under the Bankruptcy Code in addition to the powers granted by SIPA. Pursuant to section 78fff(b) of SIPA, “Chapters 1, 3, 5 and Subchapters I and II of Chapter 7 [of the Bankruptcy Code]” are applicable to this case “[t]o the extent consistent with [SIPA].”

33. In addition to the powers of a bankruptcy trustee, the Trustee has broader powers granted by SIPA.

34. The Trustee is a real party in interest and has standing to bring these claims pursuant to section 78fff-1 of SIPA and the Bankruptcy Code, including sections 323(b) and 704(a)(1), because, among other reasons:

- a. The Defendants received “Customer Property” as defined by section 78lll(4) of SIPA;
- b. BLMIS incurred losses as a result of the claims set forth herein;
- c. BLMIS customers were injured as a result of the conduct detailed herein;
- d. SIPC cannot by statute advance funds to the Trustee to fully reimburse all customers for their losses;
- e. The Trustee will not be able to satisfy all claims;
- f. The Trustee, as bailee of Customer Property, can sue on behalf of the customers-bailors;
- g. As of this date, the Trustee has received multiple, express assignments of certain claims of the applicable accountholders, which they could have asserted. As assignee, the Trustee stands in the shoes of persons who have suffered injury-in-fact, and a distinct and

palpable loss for which the Trustee is entitled to reimbursement in the form of monetary damages;

h. SIPC is the subrogee of claims paid, and to be paid, to customers of BLMIS who have filed claims in the liquidation proceeding (such customers, collectively, “Accountholders”). SIPC has expressly conferred upon the Trustee the power to enforce its rights of subrogation with respect to payments it has made and is making to customers of BLMIS from SIPC funds; and

i. The Trustee has the power and authority to avoid and recover transfers pursuant to sections 544, 547, 548, 550(a), and 551 of the Bankruptcy Code and section 78fff-2(c)(3) of SIPA.

THE DEFENDANTS

A. The Rye Funds

35. Defendant Rye Select Broad Market Fund, L.P. (“Broad Market Fund”) is a Delaware limited partnership organized in May 1994 under its original name of “American Masters Broad Market Fund, LP.” The Broad Market Fund’s principal place of business during the relevant period was located at 555 Theodore Fremd Avenue, Rye, New York 10580.

36. The Broad Market Fund, which had a stated objective of seeking long term capital growth through, *inter alia*, investments primarily in securities through selected investment advisers, had a direct account with BLMIS that opened in 1994, with account number 1T0027. During all relevant times, almost all of the monies invested in the Broad Market Fund were given to Madoff and deposited with BLMIS. For all intents and purposes, upon information and belief, the Broad Market Fund is insolvent, and its assets are insufficient to satisfy any judgment on the claims asserted herein.

37. Defendant Rye Select Broad Market Prime Fund, L.P. (“Prime Fund”) is a Delaware limited partnership organized in May 1997 under its original name of “American Masters Broad Market Prime Fund, LP” (subsequently renamed “American Masters Broad Market Prime Fund, LP” in or around 1999, and then its current name of “Rye Select Broad Market Prime Fund, LP” in or around 2006). Prime Fund’s principal place of business during the relevant period was located at 555 Theodore Fremd Avenue, Rye, New York 10580. The Prime Fund had a stated objective of providing investors with long-term capital growth through, *inter alia*, levered investments managed by selected advisers or managers.

38. Prime Fund had a direct account with BLMIS that opened in 1997, with account number 1C1260. During all times applicable to this action, virtually 100% of the monies invested in the Prime Fund were given to Madoff and invested with BLMIS. In essence, the Prime Fund was a vehicle through which its investors made leveraged investments in BLMIS, which was generally twice the performance of the Broad Market Fund. The Prime Fund accomplished its leverage through various credit facilities and vehicles, including a loan from Citibank. For all intents and purposes, upon information and belief, the Prime Fund is insolvent, and its assets are insufficient to satisfy any judgment on the claims asserted herein.

39. Defendant Rye Select Broad Market Portfolio Limited (“Portfolio Limited Fund”) is an open-ended investment company organized as an exempted company under the laws of the Cayman Islands in 2001 under its original name of “American Masters Broad Market Fund II Limited.” The Portfolio Limited Fund’s registered office during the relevant period was located in the Cayman Islands, c/o Trulaw Corporate Services Ltd., P.O. Box 866, George Town, Grand Cayman. Defendant Tremont (Bermuda) Limited is the investment manager for the Portfolio Limited Fund. Tremont (Bermuda) Limited delegated substantially all of its investment

management duties to Tremont Partners, which served as “sub-advisor.” Tremont Partners was responsible for selecting investment managers, negotiating fee arrangements with those managers, allocating assets among managers, and monitoring the Portfolio Limited Fund’s investments. The Portfolio Limited Fund had a direct account with BLMIS that opened in 2001, with account number 1FR080. During all times applicable to this action, virtually 100% of the monies invested in the Portfolio Limited Fund were given to Madoff and deposited with BLMIS.

40. Defendant Rye Select Broad Market Insurance Portfolio LDC (“Insurance Portfolio LDC Fund”) is an open-ended investment company registered in the Cayman Islands as an exempted limited duration company in 1997 under its original name of “Tremont-Broad Market Fund LDC.” Insurance Portfolio LDC Fund’s principal office during the relevant period was located at Walkers SPV Limited, Walker House, KY1-9002, Mary Street, George Town, Grand Cayman, Cayman Islands. Tremont (Bermuda) Limited is Portfolio Limited Fund’s investment manager. Tremont (Bermuda) Limited delegated substantially all of its investment management duties to Tremont Partners, which served as “sub-advisor.” Tremont Partners was responsible for selecting investment managers, negotiating fee arrangements with those managers, allocating assets among managers, and monitoring the Portfolio Limited Fund’s investments. The Insurance Portfolio LDC Fund had a direct account with BLMIS that opened in 1997, with account number 1FR010. Virtually 100% of the monies invested in the Insurance Portfolio LDC Fund were given to Madoff and deposited with BLMIS. For all intents and purposes, upon information and belief, the Insurance Portfolio LDC Fund is insolvent, and its assets are insufficient to satisfy any judgment on the claims asserted herein. The Insurance Portfolio LDC Fund is now being liquidated in the Cayman Islands.

41. Collectively, the Broad Market Fund, Prime Fund, Portfolio Limited Fund, and Insurance Portfolio LDC Fund shall be referred to herein as the “Rye Funds.” Each of them, which received transfers from BLMIS as outlined in Exhibits A and B, is currently winding down its affairs and its assets have been converted mostly to cash.

42. The Rye Funds, which were managed in and intentionally took advantage of the benefits of conducting transactions in the State of New York, have submitted themselves to the jurisdiction of this Court for purposes of this proceeding.

B. Rye Insurance

43. Defendant Rye Select Broad Market Insurance Fund, L.P. (“Rye Insurance”) is a Delaware limited partnership organized in 2008. Rye Insurance’s principal place of business during the relevant period was located at 555 Theodore Fremd Avenue, Rye, New York 10580.

44. Rye Insurance had a direct account with BLMIS that opened in or around October 2008, with account number 1R0252. Rye Insurance made one deposit to its account at BLMIS of \$40 million in or around October 2008, and did not withdraw any amounts thereafter. Rye Insurance is named as a defendant herein because it has filed a customer claim with the Trustee, which should be denied and subordinated due to the imputed acts of Tremont. For all intents and purposes, upon information and belief, Rye Insurance is insolvent, and its assets are insufficient to satisfy any judgment on the claims asserted herein.

45. Rye Insurance, which was managed in and intentionally took advantage of the benefits of conducting transactions in the State of New York, has submitted itself to the jurisdiction of this Court for purposes of this proceeding.

C. Tremont

46. Tremont Group Holdings, Inc. (“Tremont Group”) is a Delaware corporation with its corporate headquarters during the relevant period located at 555 Theodore Fremd Avenue,

Rye, NY 10580. Tremont Group is an investment management firm formed in or around 1987, and since in or about October 2001, has been a wholly-owned subsidiary of Oppenheimer Acquisition Corporation. Originally known as Lynch Asset Management Corporation, the corporation changed its name several times: to Tremont Advisers, Inc. in 1991, to Tremont Capital Management, Inc. in 2003, and to Tremont Group Holdings, Inc. in 2006. Tremont Group held itself out both in writing and orally as an established leader in the investment management of fund of hedge fund products and multi-manager portfolios. According to its web site (prior to the collapse of BLMIS), Tremont Group was “at the forefront in setting the standard in the industry for fund of hedge funds investment management.” Tremont Group claimed to have over \$7.7 billion in assets under management as of September 2008. Since 2001, Tremont Group has had five directors, two from Tremont management, two from Oppenheimer, and one from Mass Mutual.

47. Tremont Partners, Inc. (“Tremont Partners”) is a Connecticut corporation with its headquarters during the relevant period located at 555 Theodore Fremd Avenue, Rye, NY 10580 and is a wholly owned subsidiary of the Tremont Group. Tremont Partners is the General Partner and investment manager of the Broad Market Fund, Prime Fund, Rye Insurance, and the Rye Select Broad Market XL Fund, L.P. (alleged herein below). In addition, Tremont Partners was delegated substantially all of the responsibilities of investment manager for the Portfolio Limited Fund and Insurance Portfolio LDC Fund. Tremont Partners is an investment adviser registered with the SEC under the Investment Advisers Act of 1940 (“Advisers Act”). Tremont Partners, had as its board members Tremont management, including Defendant Robert Schulman who served on it during the relevant time period until his termination in 2008.

48. Pursuant to sections 15-306(a) and 17-403(b) of Title 6 of the Delaware Code, as General Partner to the Broad Market Fund, Prime Fund, and Rye Insurance – which are all Delaware limited partnerships – Tremont Partners is liable for all obligations incurred by Broad Market Fund, Prime Fund, and Rye Insurance while serving as General Partner.

49. Tremont (Bermuda) Limited (“Tremont Bermuda”) is a Bermuda corporation that, upon information and belief, during the relevant period was located c/o Tremont Partners at 555 Theodore Fremd Avenue, Rye, NY 10580. Tremont Bermuda served as investment manager for the Portfolio Limited Fund and the Insurance Portfolio LDC Fund. These funds paid Tremont Bermuda monthly management fees based on an annual percentage rate of the funds’ net asset value. Tremont Bermuda delegated all or substantially all of its investment manager responsibilities to Tremont Partners.

50. The various divisions and corporate entities under the Tremont umbrella involve the same decision-makers and were controlled by the same individuals and entities.

51. Tremont, which conducted their business in New York and was headquartered in New York, intentionally took advantage of the benefits of conducting transactions in the State of New York, and have submitted themselves to the jurisdiction of this Court for purposes of this proceeding.

D. Oppenheimer, MassMutual Holding and Mass Mutual

52. Oppenheimer Acquisition Corporation (“Oppenheimer”) is a Delaware corporation with its principal offices located at Two World Financial Center New York, New York 10281. Oppenheimer was incorporated in 1990 and is a subsidiary of the Mass Mutual and the parent company of OppenheimerFunds, which, according to its web site, “is one of the nation's largest and most respected asset management companies.” Upon information and belief, Oppenheimer was created in 1999 to acquire businesses in the financial services industry,

including the mutual fund complex of Oppenheimer funds and the Tremont Group. The board, upon information and belief, during the relevant period, consisted of top executives of MassMutual Holding and/or Mass Mutual.

53. Prior to the purchase of Tremont Group, Oppenheimer claimed that it conducted a due diligence review of the operations of Tremont. This due diligence review revealed that Tremont was heavily invested with BLMIS.

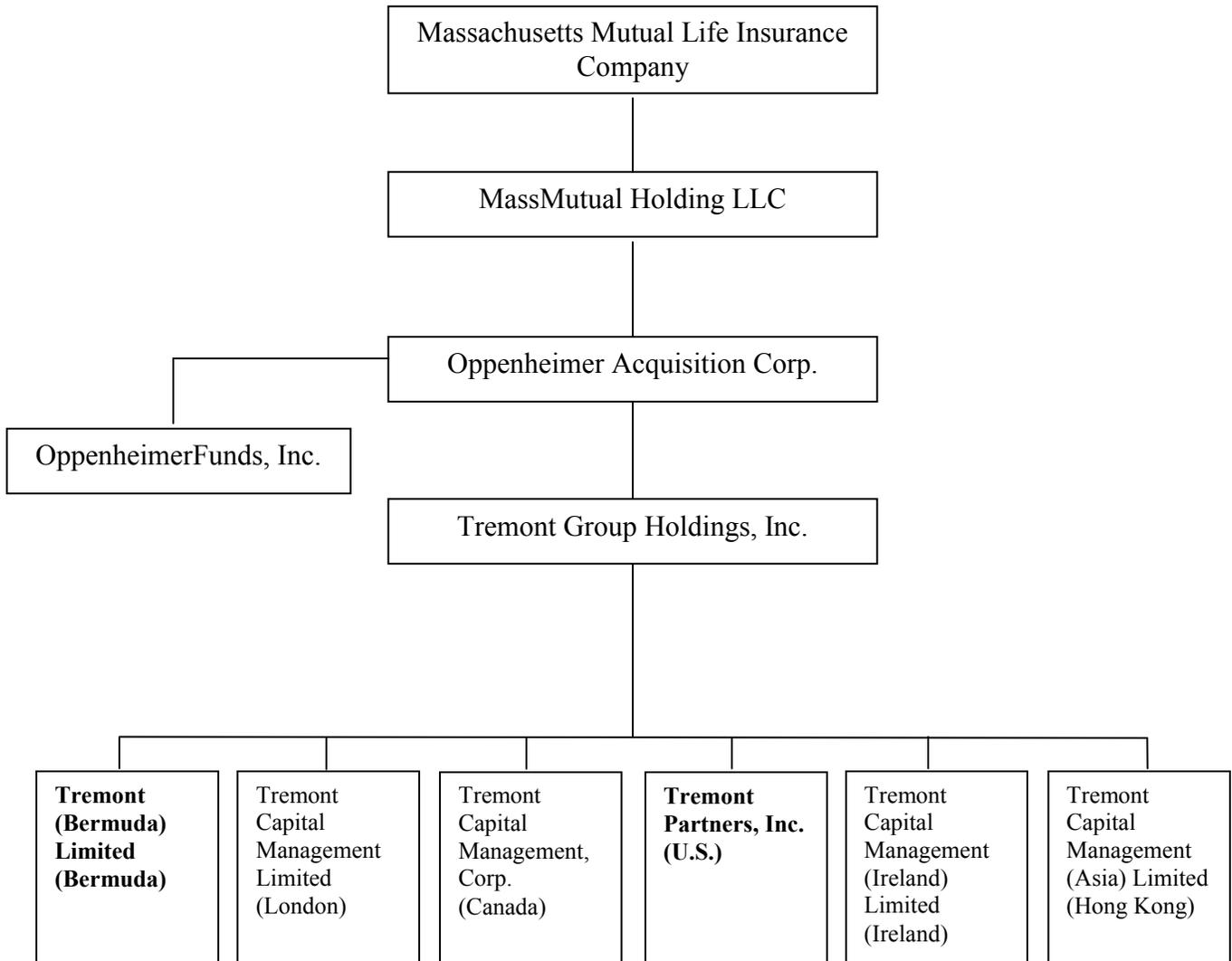
54. Defendant MassMutual Holding LLC ("MassMutual Holding") is the parent company of Oppenheimer and its principal place of business is located at 1295 State Street, Springfield, Massachusetts 01111. The current Chairman (since 2007), former Chief Executive Officer (from June 2005-December 2009) and director (since 2005) of Mass Mutual, Stuart H. Reese ("Reese"), was also the Chairman, Director, President and Chief Executive Officer of MassMutual Holding from 2005-2009. He was also the Chairman (2005-2009) and director (1999-2009) of Oppenheimer.

55. Defendant Massachusetts Mutual Life Insurance Company ("Mass Mutual") is the parent company of MassMutual Holding. Its headquarters are located at 1295 State Street, Springfield, Massachusetts 01111. Mass Mutual is a mutually owned financial protection, accumulation and income management company. According to Mass Mutual's 2009 Annual Report, "MassMutual provides products and services to help meet the financial needs of individual and business clients, including life insurance, disability income insurance, long term care insurance, annuities, executive benefits, benefit funding vehicles and trust services." Mass Mutual refers to itself, including its subsidiaries, such as OppenheimerFunds and Tremont, as the "MassMutual Financial Group." In addition, after Oppenheimer's acquisition of Tremont, Mass

Mutual with and through Oppenheimer exercised dominion and control over the business activities of Tremont.

56. Oppenheimer and Mass Mutual both intentionally took advantage of the benefits of conducting transactions in the State of New York, and have submitted themselves to the jurisdiction of this Court for purposes of this proceeding.

57. Below is a diagram of the Tremont and Parents relationship:



E. Manzke and Schulman

58. Sandra L. Manzke, a/k/a Sandra L. Manzke Platt (“Manzke”) is an individual who, upon information and belief, resides at 2279 Ridgewood Circle, Royal Palm Beach, Florida 33441. Manzke founded Tremont Group in 1984 and served as Chief Executive Officer until she left Tremont in 2005. Manzke was responsible for beginning Tremont’s long relationship with Madoff, and personally benefitted from the fees Tremont charged their clients for their Madoff

investments. Manzke also personally benefitted from Oppenheimer's acquisition of Tremont Group in 2001.

59. Robert I. Schulman ("Schulman") is an individual who, upon information and belief, resides at 18 Green Valley Road, Armonk, New York 10504. Schulman joined Tremont in 1994. He served as President, co-CEO, and then sole CEO until he left the organization in July 2008. Schulman also served as Director for Tremont Group, Tremont Partners, and Tremont Bermuda. Significantly, Schulman also headed Tremont Group's Rye Investment Management division, which was responsible for managing single manager funds, including the Rye Funds that invested almost exclusively with BLMIS. Schulman was largely responsible for the Tremont Group's relationship with BLMIS, which steadily grew over time. He generally would meet with Madoff at least once or twice a year. Schulman also personally benefitted greatly from the fees Tremont charged to their clients for their Madoff investments, as well as from Oppenheimer's acquisition of Tremont Group in 2001.

60. Manzke and Schulman, who operated Tremont in and intentionally took advantage of the benefits of conducting transactions in the State of New York, have submitted themselves to the jurisdiction of this Court for purposes of this proceeding.

F. XL Funds

61. The Rye Select Broad Market XL Fund, L.P. ("XL LP") is a Delaware limited partnership formed on July 13, 2006, with its principal place of business during the relevant period located at 555 Theodore Fremd Avenue, Rye, NY 10580. Tremont Partners acted as the General Partner of XL LP and was responsible for its day-to-day operations and investment management. XL LP sought to provide investors with long-term growth and a return linked to a three times levered exposure to the economic performance of the Broad Market Fund. XL LP

sought to obtain this return through synthetic investments in Broad Market Fund provided by swap transactions with financial institutions.

62. Rye Select Broad Market XL Portfolio Limited (“XL Portfolio”) is a Cayman Islands exempted company that was incorporated with limited liability in the Cayman Islands on February 10, 2006. XL Portfolio’s registered office during the relevant period was located at Walkers SPV Limited, Walker House, KY1-9002, Mary Street, George Town, Grand Cayman, Cayman Islands. Tremont Partners acted as the investment manager for XL Portfolio. Similar to the domestic XL LP, XL Portfolio sought to provide investors with capital growth through exposure, on an approximate three times levered basis, to the Portfolio Limited Fund. Also like XL LP, XL Portfolio sought to achieve this return through synthetic investments in Portfolio Limited Fund provided by swap transactions with financial institutions. The XL Funds were managed and overseen by the same individuals at Tremont responsible for the Rye Funds. For all intents and purposes, upon information and belief, the XL Funds are insolvent, and its assets are insufficient to satisfy any judgment on the claims asserted herein.

63. Upon information and belief, Madoff would not allow BLMIS customers to utilize leverage, or margin, directly in their accounts at BLMIS. As a result, the XL Funds entered into total return swaps with other financial institutions such as Lehman Brothers, HSBC, Fortis Bank, Scotia Bank, and ABN Amro, which provided a synthetic investment for XL LP in the Broad Market Fund and for XL Portfolio in the Portfolio Limited Fund. Both Broad Market Fund and Portfolio Limited Fund invested substantially all of their capital with BLMIS.

64. Every transfer made by BLMIS that made its way to XL LP and XL Portfolio is a recoverable subsequent transfer of stolen BLMIS customer property. In addition, upon information and belief, Prime Fund transferred approximately \$285 million to XL LP over the

life of the swap... To the extent the money transferred by Prime Fund to XL LP originated directly or indirectly from BLMIS, it too is a recoverable subsequent transfer of stolen BLMIS customer property.

65. XL LP and XL Portfolio, which were managed in and intentionally took advantage of the benefits of conducting transactions in the State of New York, have submitted themselves to the jurisdiction of this Court for purposes of this proceeding.

G. Tremont Funds

66. Tremont Arbitrage Fund, L.P. (“Arbitrage Fund”), Tremont Arbitrage Fund Ireland (“Arbitrage Ireland”), Tremont Emerging Markets Fund – Ireland (“Emerging Markets – Ireland”), Tremont Equity Fund – Ireland (“Equity Fund – Ireland”), Tremont International Insurance Fund, L.P. (“International Insurance Fund”), Tremont Long/Short Equity Fund, L.P. (“Long/Short Fund”), Tremont Market Neutral Fund, L.P. (“Market Neutral Fund”), Tremont Market Neutral Fund II, L.P. (“Market Neutral II Fund”), Tremont Market Neutral Fund Limited (“Market Neutral Limited”), Tremont Opportunity Fund Limited (“Opportunity Limited”), Tremont Opportunity Fund II, L.P. (“Opportunity II Fund”), Tremont Opportunity Fund III, L.P. (“Opportunity III Fund”), Rye Select Equities Fund (“Equities Fund”), Tremont Multimanager Fund (“Multimanager Fund”), and LifeInvest Opportunity Fund LDC (“LifeInvest”) are all funds of funds managed, advised, and/or overseen by Tremont Partners in Rye, New York, which were invested with BLMIS through the Rye Funds and/or XL Funds and accepted subsequent transfers through the Rye Funds and/or XL Funds.

67. Collectively, the Arbitrage Fund, Arbitrage Ireland, Emerging Markets – Ireland, Equity Fund – Ireland, Long/Short Fund, Market Neutral Fund, Market Neutral II Fund, Market Neutral Limited, Opportunity Limited, Opportunity II Fund, Opportunity III Fund, Equities Fund, Multimanager Fund, and LifeInvest shall be referred to herein as the “Tremont Funds.”

Upon information and belief, many of these funds are in the process of winding down their affairs and attempting to convert their assets to mostly cash.

68. As described more particularly below, the Tremont Funds collectively received millions of dollars of transfers from BLMIS indirectly through redemptions in the Rye Funds, in which the Tremont Funds were invested. These funds received redemptions from the Rye Funds, which were fraudulent transfers of Customer Property. The Tremont Funds are subsequent transferees of stolen Customer Property under the applicable bankruptcy laws.

69. The Tremont Funds, which were managed in and intentionally took advantage of the benefits of conducting transactions in the State of New York, have submitted themselves to the jurisdiction of this Court for purposes of this proceeding.

THE PONZI SCHEME

70. Founded in 1959, BLMIS began operations as a sole proprietorship of Madoff and later, effective January 2001, formed as a limited liability company wholly owned by Madoff. Since approximately 1986, BLMIS operated from its principal place of business at 885 Third Avenue, New York, New York. Madoff, as founder, chairman, and chief executive officer, ran BLMIS together with several family members and a number of additional employees. BLMIS was registered with the SEC as a securities broker-dealer under Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. § 78o(b). By that registration, BLMIS is a member of SIPC. BLMIS had three business units: the IA Business, market making and proprietary trading. The IA Business was the locus of the fraud.

71. Outwardly, Madoff ascribed the IA Business’s consistent investment success to a proprietary investment strategy called the “split-strike conversion” strategy. Pursuant to that strategy, Madoff purported to invest client funds in a basket of common stocks within the S&P 100 Index – a collection of the 100 largest publicly traded companies. Madoff claimed that his

basket of stocks would mimic the movement of the S&P 100 Index. He also asserted that he would carefully time purchases and sales to maximize value, and correspondingly, BLMIS customers' funds would, intermittently, be out of the equity markets. While out of the market, those funds were purportedly invested in United States Treasury bills or in mutual funds holding Treasury bills.

72. The second part of the split-strike conversion strategy was the hedge of Madoff's stock purchases with option contracts. Those option contracts functioned as a "collar," limiting both the potential gains and the potential losses. Madoff purported to use proceeds from the sale of one option contract (a call option: the right of a third party to buy stock through BLMIS) to finance the cost of purchasing another (a put option: the right of BLMIS to sell stock to a third party). Madoff told BLMIS customers that when he exited the market he would close out all equity and option positions, and invest all the resulting cash in U.S. Treasuries. Madoff also told IA Business customers, including Tremont, that these "round-trips" into the market would occur between four and ten times each year.

73. BLMIS's IA Business customers received fabricated monthly or quarterly statements showing that securities were held in, or had been traded through, their accounts. The securities purchases and sales shown in such account statements never occurred, and the profits reported were entirely fictitious. Madoff has admitted that he never purchased any of the securities he claimed to have purchased for the IA Business's customer accounts. In fact, there is no record of BLMIS having cleared a single purchase or sale of securities in connection with the split-strike conversion strategy on any trading platform on which BLMIS reasonably could have traded securities. Madoff's split-strike conversion strategy was entirely fictitious.

74. Prior to his arrest, Madoff assured customers and regulators that he purchased and sold the put and call options over-the-counter (“OTC”) rather than through an exchange. Yet, like the underlying securities, the Trustee has yet to uncover any evidence that Madoff ever purchased or sold *any* of the options he purported to buy and sell. There is no evidence that Madoff traded options through any of the options exchanges. The Options Clearing Corporation, which clears all option contracts based upon the stocks of S&P 100 companies, has no record of the IA Business having bought or sold any exchange-listed options on behalf of any of IA Business customers.

75. For all periods relevant hereto, BLMIS was operated as a Ponzi scheme. The money received from investors was not invested in stocks and options. Rather BLMIS used its IA Business customers’ deposits to pay redemptions and to make other avoidable transfers. Madoff also used his customers’ investments to enrich himself, his associates, and his family.

76. The falsified monthly account statements reported that the accounts of IA Business customers had made substantial gains, but, in reality, due to the siphoning and diversion of new investments to pay requests for payments or redemptions from other BLMIS accountholders, BLMIS did not have the funds to pay investors on account of their new investments. BLMIS was only able to survive for as long as it did by using the stolen principal invested by subsequent customers to pay earlier customers.

77. The payments to investors constituted an intentional misrepresentation of fact regarding the underlying accounts and were an integral and essential part of the fraud. The payments were necessary to validate the false account statements, and were made to avoid detection of the fraud, to retain existing investors and to lure other investors into the Ponzi scheme.

78. Madoff's scheme continued until December 2008, when the requests for redemptions overwhelmed the flow of new investments and caused the inevitable collapse of the Ponzi scheme.

79. At his Plea Hearing on March 12, 2009, in the case captioned *United States v. Madoff*, Case No. 09-CR-213(DC), Madoff pled guilty to an eleven-count criminal information filed against him by the United States Attorney's Office for the Southern District of New York. At the Plea Hearing, Madoff admitted that he "operated a Ponzi scheme through the investment advisory side of [BLMIS]." Plea Allocation of Bernard L. Madoff at 23, *United States v. Madoff*, No. 09-CR-213 (DC) (S.D.N.Y. March 12, 2009) (Docket No. 50) ("Madoff Plea Allocation"). Additionally, Madoff asserted "[a]s I engaged in my fraud, I knew what I was doing [was] wrong, indeed criminal." *Id.* Madoff was sentenced on June 29, 2009 to 150 years in prison.

80. On August 11, 2009, a former BLMIS employee, Frank DiPascali, pled guilty to participating in and conspiring to perpetuate the Ponzi scheme. At a Plea Hearing on August 11, 2009 in the case entitled *United States v. DiPascali*, Case No. 09-CR-764 (RJS), DiPascali pled guilty to a ten-count criminal information. Among other things, DiPascali admitted that the Ponzi scheme had begun at BLMIS since at least the 1980's. Plea Allocation of Frank DiPascali at 46, *United States v. DiPascali*, No. 09-CR-764 (RJS) (S.D.N.Y. Aug. 11, 2009) (Docket No. 11).

81. Thus, at all times relevant hereto, the liabilities of BLMIS were billions of dollars greater than its assets. BLMIS was insolvent in that: (i) its assets were worth less than the value of its liabilities; (ii) it could not meet its obligations as they came due; and (iii) at the time of the transfers, BLMIS was left with insufficient capital.

82. As alleged more fully below, Tremont provided Madoff with more investors and much needed capital, as it ramped up operations and eventually invested more than \$4 billion into the scheme over time, earning tens of millions in fees annually for providing Madoff with fresh money.

HISTORY OF TREMONT AND THEIR RELATIONSHIP WITH BLMIS

A. Manzke, Schulman, and the Beginnings of the Rye Funds

83. Manzke is one of the founders and a former CEO of Tremont Group. Upon information and belief, in 1984 Manzke founded Lynch Asset Management Corporation, the initial predecessor to what is now the Tremont Group. Manzke was initially CEO and later co-CEO beginning in 2000 with Schulman.

84. Tremont Group's initial focus was on consulting for pension funds and traditional asset management, and Manzke grew the company steadily over time. Upon information and belief, Tremont Group – known at the time as Tremont Advisers, Inc. – went public in 1992 and was traded on the NASDAQ exchange until approximately October 2001, when it was acquired by Oppenheimer. At the time of the acquisition, upon information and belief, Tremont Group had approximately 65 employees, advised on more than \$8 billion in alternative investments, and managed more than \$1.5 billion of client assets in its proprietary Rye and Tremont Funds.

85. Manzke learned about Madoff in 1991 through Leon Meyers, the former Chairman of Tremont Group, who already had his own personal account with BLMIS. Tremont's first investment with BLMIS came in the form of a proprietary product called "Tremont Advisers L.P." However, Meyers left Tremont Group in 1992, taking that fund with him and renaming it the "Mosaic Fund LP." Manzke continued her relationship with Madoff, however, and in 1994 Tremont founded what became one of the largest and longest running Madoff feeder funds – American Masters Broad Market Fund, L.P. Despite Manzke's years of

experience, Tremont failed to conduct independent or meaningful due diligence on Madoff, his operations, and his purported investment strategy. Prior to investing and thereafter, Tremont did not reasonably investigate whether Madoff's reported returns were plausible based on the strategy he claimed to use. Neither did Tremont reasonably address the serious deficiencies and risks of fraud evidenced by Madoff's operations. Instead of performing basic due diligence as the industry leader they held themselves out to be and touted in their marketing materials, Tremont wrongly relied on Madoff's reputation and their own appetite for consistent returns.

86. Defendant Schulman joined Tremont as President and Chief Operating Officer of what became Tremont Group in 1994 – the year the Broad Market Fund was established. In 2000 he became co-CEO with Manzke, and then sole CEO in 2005, after Manzke's departure. In addition, Schulman served as President of Rye Investment Management, the division of the Tremont Group that was responsible for supervising the single manager funds, which invested with Madoff. Schulman's involvement with Tremont's investments with BLMIS was direct and consistent throughout his tenure there until July 2008.

87. Manzke left Tremont in 2005 before the conclusion of her five year employment agreement with OppenheimerFunds and founded another investment adviser, Maxam Capital Management LLC, a competing Madoff feeder fund. Upon information and belief, Manzke received \$3.5 million in severance payments from Tremont in the two years following her termination. Tremont, however, through Schulman and others, continued their relationship with Madoff and continued to exploit Madoff's consistent returns even after Manzke's departure.

B. Acceptance of Madoff's Strategy and Terms to Fuel Expansion of Rye Funds

88. During his long tenure at Tremont, Schulman developed a close business relationship with Madoff, having regular meetings and discussions with both Madoff and his top lieutenant, Frank DiPascali. Upon information and belief, Schulman met with Madoff

approximately four or five times per year on average between 1995 and 2000. Upon information and belief, Schulman, as well as other Tremont officers and personnel, also had numerous meetings with Madoff thereafter.

89. Tremont's investments with BLMIS, including the Rye Funds' accounts, grew exponentially with Schulman at the helm. Despite his close business relationship with BLMIS and Madoff, Schulman was provided only vague or inconsistent descriptions by Madoff of the split-strike conversion strategy. For example, Madoff gave Schulman vague and murky stories regarding his supposed trading counterparties, and refused to explain why and when he would enter and exit the market.

90. Schulman shielded Madoff from investor inquiries and enforced Tremont's policy prohibiting investors from meeting Madoff. For instance, when one potential investor seeking to invest \$30-40 million inquired about the "possibility of meeting Bernie," Tremont Group's Chief Operating Officer (and later President), Barry Colvin ("Colvin"), told Schulman in a November 2001 email that he told the investor "no one gets in to see Bernie." Schulman responded in kind: "Never meets Bernie – may get in over time if there is more to the relationship – commit [sic] to nothing." Even when exceptions were made to this general policy, Schulman and Tremont carefully orchestrated meetings. Schulman or one of the Tremont officers would always be present, making sure that the types of questions asked would not offend or be too probing of Madoff. Madoff was known to throw customers and potential customers out of his office if the questions became too controversial. Upon information and belief, Tremont, including Schulman, made sure not to ruffle Madoff's feathers.

91. In order to keep capitalizing on the ostensible success of the Broad Market Fund, Tremont established the Portfolio Limited Fund and the Insurance Portfolio LDC for foreign

investors. In addition, the Prime Fund was established for domestic investors who sought to leverage investments with Madoff. To accomplish this leverage, the Prime Fund opened a \$300 million credit facility from Citibank that began in 2005, which was terminated in or around March 2008. The investments made with BLMIS were so successful that Tremont kept expanding their exposure to BLMIS. By September 2008, BLMIS was managing more than \$4 billion of assets fed to it by the Rye Funds. This amount comprised approximately 60% of Tremont Group's *total* assets under management. In addition, at the time of the Ponzi scheme's collapse, Tremont had no less than twenty separate funds that at least partially relied on BLMIS for their growth and performance.

92. Throughout this expansion, Schulman, Manzke and the other Tremont and Parents Defendants chose to blindly accept Madoff's representations about the purported strategy. They also willfully accepted Madoff's oft-repeated claim – to avoid reasonable due diligence – that everything being done was pursuant to a proprietary, confidential “black box” strategy. Schulman and these other Defendants willfully elected not to jeopardize their millions of dollars in fees for the billions invested by the Rye Funds.

C. The XL Funds and Tremont Funds

93. Due to the success of the leveraged Prime Fund, Tremont established two “extra-leveraged” funds: the domestic XL LP and the off-shore XL Portfolio. These funds sought to provide investors with an investment that would triple the normal Madoff performance through total return swaps.

94. A swap is a bilateral financial transaction where one counterparty “swaps” the cash flows of a single asset or basket of assets in exchange for cash flows from the other counterparty. As a result, a swap allows the party receiving the total return to gain exposure and the upside return from a reference asset without actually having to own it. A key feature of a

swap is that the parties do not need to transfer actual ownership of the underlying reference assets. This allows greater flexibility and reduced up-front capital to execute a valuable trade.

95. In connection with a swap, in order to hedge its exposure to pay the promised return to the other party, a financial institution may use cash collateral from the swap counterparty plus its own funds to purchase the underlying asset – in this case, the Rye Fund interests. In exchange for promising to provide the total return based on the feeder fund interests, the financing institution often charges the swap counterparty a higher “borrowing” rate than if it had simply lent money to the investor.

96. The swap market is mostly institutional and OTC. Market participants often include, among others, investment banks, commercial banks, mutual funds, hedge funds, funds of funds, private equity funds and pension funds. Swaps are popular with some hedge funds because they get the benefit of a large exposure with the potential for significant upside gain with reduced cash outlay.

97. Under the XL Funds’ swap agreements, the swap counterparties – consisting of financial institutions such as Lehman Brothers, HSBC, Fortis Bank, Scotia Bank, and ABN Amro – generally agreed to pay the XL Funds, on a three times leveraged basis, an amount equal to the increase in the net asset value of the Broad Market Fund or Portfolio Fund. The XL LP’s swaps were based on the performance of the Broad Market Fund, while the XL Portfolio’s swaps were based on the performance of the Portfolio Fund, less fees and other charges. In exchange, the XL Funds paid the swap counterparties financing charges.

98. The financial institution swap counterparties, although not legally obligated to do so, generally invested in the Broad Market Fund or Portfolio Limited Fund to hedge their exposure to the XL Funds under the swaps. Under these swaps, which were evidenced by

confirmations, the XL Funds themselves did not invest in the Rye Funds, but rather transferred cash collateral to the financial institutions under the swaps in order to receive the leveraged performance of those funds. The financial institutions used the cash collateral and their own cash to make direct investments in the Broad Market and Portfolio Limited Funds.

99. Although the financial institution swap counterparties were the direct investors in the Broad Market Fund and Portfolio Limited Fund, the purpose of these transactions was clear: to permit Tremont to leverage their investments with BLMIS, which, in turn, would generate more fees and profits and great Madoff returns.

100. All transfers made from BLMIS to the Rye Funds which were subsequently transferred to the XL Funds are recoverable subsequent transfers of stolen BLMIS customer property.

101. Beyond the single-manager Rye Funds and XL Funds that invested almost all of their capital with BLMIS, Tremont managed a number of multi-manager funds of funds. The Tremont Funds were not invested directly with BLMIS, but rather had indirect investments with BLMIS through the Rye Funds, as well as the XL Funds. Even with their multi-manager funds, a large percentage of Tremont's business consisted of handing off investor capital to Madoff, watching the accounts steadily and consistently grow on paper, and collecting fees based on these fake returns.

102. All transfers made from BLMIS to Rye Funds or XL Funds which were subsequently transferred to the Tremont Funds are recoverable subsequent transfers of stolen BLMIS customer property.

D. Tremont Makes Two Hundred Forty Million Dollars from BLMIS's Fraud

103. Despite the lack of independent, meaningful, or reasonable due diligence or active oversight, Tremont made tens of millions of dollars in fees annually based on little more than their ability to take investor money and hand it over to Madoff. These fees made continuing business with Madoff very lucrative, providing millions of reasons to look the other way from Madoff's fraud.

104. Specifically, the Broad Market Fund paid Tremont Partners a monthly management fee based on the net asset value of the fund at the annual rate of 1.0%. Between 2003 and 2007, Tremont made approximately \$28.5 million in management fees and \$10.3 million in additional administrative fees for managing the Broad Market Fund. In addition, it is estimated that Tremont received more than \$20 million in management and administration fees from their management of the Broad Market Fund in 2008 prior to the BLMIS collapse.

105. The Prime Fund paid a monthly management fee at the annual rate of 1.5% of each investor's capital account. Between 2003 and 2007, Tremont made approximately \$49.4 million in management fees and \$9.7 million in additional administrative fees for managing the Prime Fund. In addition, it is estimated that Tremont received more than \$10 million in management and administration fees from their management of the Prime Fund in 2008 prior to the BLMIS collapse.

106. The Portfolio Limited Fund paid a monthly management fee calculated at annual rates of 1.5%, 1.75%, and 2.25% of month-end net asset value, depending on the class of shares being held. Between 2003 and 2007, Tremont made approximately \$40 million in management fees and more than \$2.75 million in additional administrative fees for managing the Portfolio Limited Fund. In addition, it is estimated that Tremont received more than \$13 million in

management and administration fees from their management of the Portfolio Limited Fund in 2008 prior to the BLMIS collapse.

107. The Insurance Portfolio LDC Fund paid monthly management fees of either 1.50% or 1.75% of month-end net asset value of the fund, depending on when the investor was admitted into the fund. Tremont also took monthly administrative fees based on annual rates of between .20% and .50%. Between 2003 and 2007, Tremont made more than \$6.77 million in management fees and almost \$1 million in additional administrative fees for managing the Insurance Portfolio LDC Fund. In addition, it is estimated that Tremont received more than \$3 million in management and administrative fees from their management of the Insurance Portfolio LDC Fund in 2008 prior to the BLMIS collapse.

108. In total, the Trustee estimates that Tremont received more than \$180 million in management and administration fees between 2003 and the collapse of the scheme in 2008. The Trustee also estimates that throughout the life of the Madoff relationship, Tremont collected a total close to \$240 million in management and administrative fees from the Rye Funds beyond that six year period.

109. Tremont also took fees from the Tremont Funds and the XL Funds, which made the Madoff investments even more profitable. In fact, due to the way in which Tremont managed several funds that invested in BLMIS indirectly through the Rye Funds, it appears that Tremont charged multiple fees for the same Madoff investments. In an email from September 2004, a Tremont officer noted his disagreement with charging basis points, *i.e.*, fees twice, explaining that “[t]he main issue is that Tremont charges on the Bernie fund an admin fee of 150 bp and on the offshore an additional 190bp’s so in effect charging twice over on the same assets.” The email, however, also explained the justification for the double dipping: “Barry

[Colvin] feels strongly that there are enough reasons why we can charge this fee twice to get access to Bernie i.e., funds closed so limited capacity, track record etc.” This email correspondence makes clear that Tremont was exploiting their relationship with, and limited access to Madoff, in order to reap as much profit as possible, rationalizing that their access to Madoff was worth the fees charged.

110. Tremont’s Madoff investments were the most profitable part of their business, and those investments dwarfed all of their non-Madoff investments. According to a Tremont financial report from September 2008, Tremont Group Holdings had total revenues of \$109.5 million in fiscal year 2007. From those revenues, Tremont made more than \$54 million from their Rye Investment Management division. Additionally, from the total of \$78 million Tremont received in management fees, over \$52 million came from Rye Investment Management. Out of close to \$12 million earned in administrative fees, more than \$9.7 million came from Rye Investment Management. For 2007, Tremont reported investments with Madoff of over \$1.2 billion. These Madoff-related investments were almost 60% of Tremont’s total capital raised in 2007.

CONTROL OF TREMONT BY OPPENHEIMER AND MASS MUTUAL

A. The Acquisition

111. Tremont Group (then known as “Tremont Advisers, Inc.”) was acquired in 2001 for approximately \$145 million by Oppenheimer, the parent of OppenheimerFunds and a part of the Mass Mutual family. Upon information and belief, Oppenheimer entered into this transaction because it was looking to expand into the lucrative hedge fund business to provide clients with alternative investments. As Oppenheimer focused on traditional investments such as mutual funds, Tremont Group provided access to the highly lucrative fund of hedge fund business.

112. Prior to and after the acquisition, both Oppenheimer and Mass Mutual had multiple and recurring opportunities to perform independent, meaningful and reasonable due diligence on BLMIS. Oppenheimer received and reviewed Tremont Group's information package, including many documents provided by Tremont Group's representative in the transaction, Putnam Lovell. For example, Oppenheimer would have had access to any agreement between Tremont or their funds and Madoff, as well as financial information related to the BLMIS-related investments.

113. Instead of focusing on Madoff's strategy, which in turn drove Tremont's profits, Oppenheimer focused mostly on the numbers associated with the deal and the synergies of offering Tremont's funds to their clients. Oppenheimer was seemingly blinded by the potential of millions of dollars in fees that it could extract from Tremont's investors, the goodwill created by offering additional investment choices to its customers, and the increase in value Tremont Group would bring to Oppenheimer and its ultimate parent, Mass Mutual, over time. Oppenheimer continually ignored many red flags raised by Madoff's operations and purported performance.

114. Upon information and belief, Oppenheimer spent a few months conducting due diligence into Tremont Group prior to July 2001. According to a Proxy Statement filed by Tremont Group with the SEC on August 20, 2001, Oppenheimer was given access to a "data room" that contained a number of materials relevant to the transaction, including legal contracts, corporate documents, regulatory filings, and financial statements.

115. In Putnam Lovell's fairness opinion, which was delivered at the time the merger agreement was executed and incorporated in the filed Proxy Statement, Tremont's reliance on a

single investment manager was clearly and specifically addressed. Oppenheimer and Mass Mutual were fully aware of the major role Madoff played in the business they were buying.

116. Oppenheimer also had numerous meetings with Schulman, Manzke, and Tremont's representatives at Putnam Lovell. Oppenheimer had access to material information as early as 2001, when it analyzed Madoff and the purported investment strategy, and was on actual and/or inquiry notice regarding serious red flags relating to among other things (as alleged in further detail herein): Madoff's suspiciously consistent rates of return for an S&P 100 strategy; impossible trading volumes; the lack of identifiable counterparties; Madoff's "strip mall" auditor; inexplicable trading anomalies; Madoff's suspicious ability to almost always buy low and sell high when he went into and exited the market; and, the fact that Madoff left hundreds of millions annually in fees for Tremont (and other feeder funds) that reasonably were his to receive as the real investment manager and strategist.

117. Oppenheimer executives, including Kurt Wolfgruber ("Wolfgruber"), the Director of Domestic Equities at OppenheimerFunds at the time (and later Chief Investment Officer and President), had the opportunity to meet with Madoff and review the BLMIS facilities for about one hour. Upon information and belief, Oppenheimer chose to blindly accept Madoff's vague explanations of his lucrative split-strike strategy without pressing him for more specificity. Oppenheimer was content with the consistency of the returns Madoff produced for Tremont and did not seek or want to upset that lucrative relationship.

118. Oppenheimer's comfort with Madoff was in spite of two industry reports that were published during the time Oppenheimer was supposedly conducting its due diligence for the acquisition. These industry reports included a May 2001 article in *Barron's* entitled *Don't Ask, Don't Tell: Bernie Madoff is so secretive, he even asks investors to keep mum*, as well as a

May 2001 article in *MAR/Hedge*, a widely read industry newsletter, entitled *Madoff Tops Charts; Skeptics Ask How*. These articles raised questions about Madoff's legitimacy, the secrecy surrounding Madoff, and how he was able to achieve the consistent returns claimed based upon the investment strategy Madoff employed.

119. Tremont knew of these reports, and the Parents should have been aware of them as well. On May 7, 2001, Colvin sent an internal email to a long list of Tremont employees alerting them to "a few press articles regarding Bernie Madoff" in recent news. The email instructs employees to direct any questions from outside the firm about the article to Tremont Group's management and to decline any comment. Like Tremont, neither Oppenheimer nor Mass Mutual conducted any inquiry into the suspicions raised by the articles. They did not speak with the authors or otherwise perform any independent, reasonable, or meaningful due diligence in direct response.

120. On July 10, 2001, Oppenheimer and Tremont Group entered into a merger agreement pursuant to which Oppenheimer acquired Tremont Group for \$145.3 million. Oppenheimer financed the transaction using cash on hand and, if necessary, capital contributions by Oppenheimer's ultimate parent, Mass Mutual.

121. Upon information and belief, Mass Mutual and Oppenheimer both viewed the acquisition of Tremont as an opportunity to integrate and combine key segments of their respective businesses. John V. Murphy ("Murphy"), a former Mass Mutual executive who was Chairman and CEO of OppenheimerFunds at the time of the deal, upon information and belief, personally advised Oppenheimer and negotiated and closed the Tremont Group acquisition without the assistance of a Wall Street financial adviser.

122. Upon information and belief, Murphy was also an executive vice president and director of MassMutual Holding from 2000-2008. Upon information and belief, he was also a director, along with Reese and Howard Gunton, at Oppenheimer from 2001-2005.

123. The *Financial Times* reported on July 11, 2001, after the acquisition was announced, that Murphy said, “It’s a win-win deal It provides us with retail product, it provides us with institutional product and provides the insurance wrap that MassMutual needs for its offshore product.” According to the *Wall Street Journal* that same day, Murphy also stated that Tremont would help expand Oppenheimer’s relatively small institutional business, as well as provide investment strategies for Mass Mutual’s large pools of investment money. Wolfgruber was quoted in the *New York Times* on July 11, 2001, as exclaiming that “Tremont fits perfectly with our goal of extending both our product line and our client base.” The *American Banker* reported on July 12, 2001, that Schulman welcomed the acquisition by the Mass Mutual family because “[i]nsurance companies, family offices, and brokerages are our most robust channels.”

124. Schulman and Manzke personally benefited from Oppenheimer’s acquisition of Tremont Group, as they entered into five year multi-million dollar employment agreements with OppenheimerFunds as part of the acquisition, whereby they would both retain their position for five years after the merger. Manzke and Schulman were to receive salaries of \$500,000 each and would be eligible for discretionary bonuses of up to 150% of their base salaries. Oppenheimer could not risk losing Manzke or Schulman, which would have meant losing the lucrative relationship with BLMIS – which is what they were ultimately purchasing. Upon information and belief, Manzke received up to \$16 million and Schulman received more than \$8 million from the sale of their Tremont shares and options as part of the acquisition.

B. Oppenheimer and Mass Mutual's Direction and Control of Tremont Group

125. Upon information and belief, after the 2001 acquisition, Tremont's operations, including the marketing and investment activities of the Rye Funds, were brought under the direction and control of Oppenheimer, and ultimately Mass Mutual. As alleged herein, Tremont's leaders became employees of OppenheimerFunds, Tremont Group's officers reported to officers of Oppenheimer, and Oppenheimer executives sat on Tremont Group's Board of Directors. In addition, Tremont Group had offices at OppenheimerFunds, marketed itself as an "Oppenheimer Funds Company," and Tremont and OppenheimerFunds together marketed and managed funds named "Oppenheimer Tremont." Those entities were under the ultimate control of Mass Mutual, which also invested in funds managed by Tremont that were indirectly invested with BLMIS.

126. When Oppenheimer's acquisition of the Tremont Group was completed in or around October 2001, Tremont Group posted a press release on its website at that time noting that the acquisition "brings together Tremont, a leader in providing advisory services, information and investment products to the global alternative investment industry, with OAC's subsidiary OppenheimerFunds, Inc., one of the country's largest and most respected asset management firms."

127. Murphy stated in the press release: "The combination of [Tremont's] unique product offerings with our vast distribution network will open up the world of alternative investing to a new segment of investors." Murphy also said that Tremont's fund of funds approach would be "especially appealing to our high net-worth shareholders."

128. After the acquisition, upon information and belief, Oppenheimer and its officers directly controlled and/or dominated many aspects of Tremont's decision-making process.

129. Manzke and Schulman were hired as executives of OppenheimerFunds and enjoyed similar benefits as other OppenheimerFunds executives. Oppenheimer, MassMutual Holding, and Mass Mutual controlled the Tremont Group Board of Directors. Murphy served on Tremont's Board of Directors, along with Wolfgruber and Mass Mutual Executive Vice President Gunton. After Gunton left the Board, Michael T. Rollings ("Rollings") replaced him in 2006 as the Mass Mutual representative. Tremont Group at all times after the acquisition held itself out as an "OppenheimerFunds Company" and was required to keep offices at OppenheimerFunds headquarters.

130. Tremont Group advertised themselves as "an OppenheimerFunds Company" and made payments to Parents of at least \$10 million in the form of dividends from Tremont's management fees. Upon information and belief, this dividend was directly or indirectly made from the Rye Funds, which received withdrawals from BLMIS. This makes Oppenheimer a subsequent transferee of Customer Property.

131. Schulman, Manzke, and other Tremont Group officers had regular meetings with Oppenheimer and OppenheimerFunds. Upon information and belief, Manzke, Schulman, and other officers of Tremont Group reported to and took direction from the Parents.

132. As another part of this high degree of integration between the businesses, OppenheimerFunds employees also served in management positions with Tremont. Lynn Keeshan, who had served as Vice President at OppenheimerFunds, served as Tremont Partners' Chief Financial Officer and Senior Vice President. Margaret Weaver, another OppenheimerFunds employee, also assumed a high level management role, becoming Senior Vice President and Director of Human Resources of Tremont Partners. Jessica Campbell, an

OppenheimerFunds officer, upon information and belief, became a principal financial and operational officer responsible for SEC reporting at Tremont.

133. The pervasiveness of Oppenheimer's influence over Tremont and their operations is further demonstrated by the listing of Oppenheimer, OppenheimerFunds, and Mass Mutual as "control persons" on Tremont Partners' Uniform Application for Investment Advisers Registration filed with the SEC. In addition, Oppenheimer and Tremont jointly launched funds with names reflecting Oppenheimer's ownership and integration with Tremont Group, such as the "Oppenheimer Tremont Market Neutral Fund," "Oppenheimer Tremont Opportunity Fund," "OFI Low Correlation Hedge Fund," and "OFI Tremont Core Strategies Hedge Fund." The OFI Tremont Core Strategies Hedge Fund illustrates the intentional integration and commingling of business functions that Murphy, Wolfgruber, Manzke, and Schulman quickly achieved: Tremont managed its portfolio, Murphy served as trustee, Mass Mutual acted as registered agent for service of process and Oppenheimer furnished the principal place of business and headquarters.

134. Oppenheimer plainly and clearly advertised its control, as well as that of Mass Mutual, over Tremont in registration statements filed with the SEC. For instance, in a filing on behalf of OFI Tremont Core Strategies Hedge Fund on February 7, 2007, Oppenheimer stated that Tremont's portfolio manager was responsible for day-to-day management of the funds, Oppenheimer was controlled by Mass Mutual, and that Tremont was controlled by both Oppenheimer and Mass Mutual.

135. Tremont also emphasized their inter-connection to OppenheimerFunds, as well as Mass Mutual, in their marketing materials provided to investors. For example, in describing its privacy policy in its private placement memoranda for various funds, Tremont Group stated:

Tremont is made up of certain entities, including its investment advisory and broker-dealer subsidiaries, and, in turn, is part of a

larger corporate affiliation owned by the OppenheimerFunds group and Massachusetts Mutual Life Insurance Company. The Tremont entities and, in some cases, its ownership affiliates often work together to provide the financial products and services offered to Tremont Clients. By sharing information about Tremont's Clients among these companies and affiliates, Tremont can serve Clients more efficiently. Tremont is permitted to share information concerning Client account history and experiences within and among the companies that comprise Tremont and its subsidiaries and affiliates.

136. Based on Oppenheimer's domination and control of Tremont and the Rye Funds, after the 2001 acquisition, Tremont and the Rye Funds became mere instrumentalities of Oppenheimer. Despite this domination and control, however, Oppenheimer did nothing but encourage Tremont and the Rye Funds to continue feeding investor funds to BLMIS. Oppenheimer should have directed and required Tremont and the Rye Funds to conduct reasonable, independent, and meaningful due diligence. Instead, upon information and belief, it encouraged further investments with BLMIS despite being on notice of fraud.

C. The Role of Mass Mutual

137. Mass Mutual, through its control of Oppenheimer and MassMutual Holding, controlled Tremont. Mass Mutual's 2009 Annual Report notes that Tremont Group is a wholly-owned subsidiary of Oppenheimer, and an indirect subsidiary of Mass Mutual.

138. Mass Mutual appointed its own representatives on both the boards of directors of Oppenheimer and Tremont Group, as well as key employees who controlled Tremont Group. For instance, Gunton was a director of Tremont Group from in or about 2001 to 2005. Rollings, who served as Vice President of Mass Mutual in 2005 and Executive Vice President and Chief Financial Officer of Mass Mutual from 2006 through 2009, became a director of Tremont Group in 2005. Rollings was also an executive vice president and director of MassMutual Holding since 2003. Murphy, who was a director of Tremont Group from 2001 to 2009, was not only an

OppenheimerFunds executive from 2001 through 2009, but also was an Executive Vice President of Mass Mutual for the same period.

139. Mass Mutual's majority stock ownership of MassMutual Holding, which owned Oppenheimer, and its installation of its own officers in high level executive positions at Oppenheimer, enabled Mass Mutual to dominate, direct, and control all aspects of Oppenheimer and Oppenheimer's subsidiaries, including OppenheimerFunds and Tremont Group.

140. This substantial overlap between business entities, as well as Mass Mutual's dominion and control, is consistent with Mass Mutual's operation and marketing of itself as a single, integrated financial services company comprised of its life insurance business and its investment subsidiaries, such as OppenheimerFunds and Tremont Group. Indeed, Mass Mutual had investments in the Tremont Funds, including Opportunity Fund Limited (through its subsidiary MassMutual Mercuries Life Insurance Co. Ltd.), the Opportunity Fund III, and the International Insurance Fund.

141. In addition, through OppenheimerFunds, Tremont was directed not to sell insurance products. As insurance products were the main products of Mass Mutual's business, it is only logical to conclude that such a direction came from Mass Mutual itself.

142. Mass Mutual's interest in Tremont Group began even prior to the acquisition. According to an article in the Boston Globe published on May 5, 2009, Mass Mutual executive Ann Melissa Dowling sought the opinion of a consultant, Lee Hennessee of the Hennessee Group, regarding Tremont Group prior to the 2001 acquisition. According to the article, Hennessee noted that Tremont Group was heavily concentrated in Madoff investments.

143. Mass Mutual was far more than a simple parent corporation allowing its subsidiary to operate independently. Mass Mutual was involved in the acquisition and then

dominated and controlled Oppenheimer, which in turn dominated and controlled the Tremont Group thereafter. Upon information and belief, Oppenheimer and Tremont Group became mere instrumentalities for Mass Mutual's expansion into alternative investments, including BLMIS.

144. Illustrative of this domination and control wielded by Oppenheimer and Mass Mutual, as well as the inter-connectedness of the various entities, is a lawsuit brought in Delaware Chancery Court (No. 4791-VCL) by Mass Mutual, MassMutual Holding, Tremont, the Rye Funds, and XL LP for equitable apportionment, breach of contract, and ancillary declaratory relief against primary and excess directors' and officers' ("D&O") liability insurers that sold Mass Mutual D&O insurance. That lawsuit seeks coverage for insurance policies covering all of the named insureds – which include Mass Mutual, MassMutual Holding, Tremont, the Rye Funds, and XL LP – for lawsuits brought against them by investors related to their management of the funds invested with BLMIS. In other words, Mass Mutual purchased insurance policies on behalf of its subsidiaries and funds that are a part of the Mass Mutual family – including Tremont, the Rye Funds, XL LP, and Oppenheimer – and the Mass Mutual family is suing together in one lawsuit to enforce that coverage for all of the entities affected by the BLMIS investments.

145. For all of the foregoing reasons, the corporate veils should be pierced and liabilities of Tremont, the Rye Funds, the XL Funds, and the Tremont Funds, should be the liabilities of Oppenheimer, MassMutual Holding and Mass Mutual, jointly and severally.

TREMONT'S DUE DILIGENCE REPRESENTATIONS TO INVESTORS WENT UNFULFILLED

146. Tremont Group marketed itself as an experienced manager of funds of hedge funds. On its website, Tremont Group claimed it had years of experience in the financial

industry and was “one of the ‘old timers’ in the hedge fund arena.” Tremont Group’s web site also described itself as having an intensive due diligence and selection process for its managers.

Tremont selects managers for our funds of hedge funds from the pool of available managers that have passed through our exhaustive multi-stage due diligence process. In order to screen through and organize the sizable universe of hedge funds, our Investment Management analysts utilize our Tremont Investment Management System (TIMS), a comprehensive, proprietary database enabling us to capture both qualitative and performance-based quantitative information on hedge fund managers and to compare managers to their peer groups using underlying TASS [Trading Advisors Selection System] data.

147. Tremont Group’s web site at one time also touted the TASS system as part of “The Tremont Advantage”:

The integration of TASS makes Tremont the most comprehensive source of hedge fund data and market intelligence, distinguished by two key qualities: exhaustive data gathering and attention to detail. For each hedge fund manager, the TASS Database tracks over 150 fields of information and it is one of the only sources for assets under management since inception. Since 1990, TASS has made it a practice to interview managers personally, incorporating strategy information into its database, with regular reviews and updates. TASS does not rely solely on the managers as the source of performance data. Our data team checks every submission for logic and **consistency**, with monthly follow-ups to ensure timely reporting. (Emphasis added).

148. A Tremont Partners “Investment Advisor Compliance Manual and Supervisory Procedures,” dated October 5, 2004 (“Compliance Manual”), discussed due diligence procedures. The Manual states:

Prior to Managers being included in client portfolios they must undergo a level of review and examination by manager research personnel from the investment management staff. Those individuals are also responsible for continuing to monitor those Managers included in those portfolios in a manner reasonably consistent with the steps taken in the initial investigation.

The Manual also discusses the steps Tremont Partners would take in selecting a new manager for a fund investment: creating a due diligence questionnaire, interviewing the manager, and having a formal meeting of Tremont's Investment Committee for final determination. At that time, the Investment Committee had seven members, including Schulman, Colvin, and Cynthia Nicoll (identified below).

149. In addition, the Compliance Manual discussed ongoing monitoring:

In terms of ongoing due diligence and monitoring, manager research personnel are expected to be in regular contact with Managers regarding their performance, market exposure and outlook. In addition to performance monitoring, such personnel are expected to perform operational monitoring which may include examining and analyzing changes made to Managers' staffs, policies, and internal controls.

150. The Private Placement Memorandum for the Broad Market Fund set forth a summary of the responsibilities of Tremont Partners, the general partner. Tremont Partners was "responsible for the day-to-day administration and operation" of the Broad Market Fund. Tremont Partners "had the primary responsibility for monitoring the ongoing activities of the Investment Advisor or Investment Advisors."

151. Tremont's literature referred to a four-step investment process. Step 1 was Manager Sourcing Selection and Monitoring. According to the materials, this approach required both a qualitative interview process, a quantitative research process, and an operational and business risk interview process. Part of Step 1 also included "[i]nsist[ing] on operational and business **best practices to eliminate the 'fraud or mismanagement put'** and "monitor[ing] with ongoing qualitative and quantitative research to understand linear and non-linear beta, and alpha." (Emphasis added). This first step was an important precursor to the next three steps Tremont noted: Asset Allocation, Portfolio Construction, and Performance and Risk Attribution.

152. Cynthia Nicoll (“Nicoll”), Tremont’s Chief Investment Officer from on or about October 2005 through May 2008, stated in a 2006 meeting with Oppenheimer that Tremont did not permit investment with managers who were unable to demonstrate how they captured returns. This was untrue as to Madoff, because Tremont had very little understanding as to how Madoff was able to capture the extraordinarily consistent returns from a traditionally low rate of return performance, pedestrian investment strategy. Schulman stated during that same meeting that Tremont aimed to differentiate itself from competitors by touting their comprehensive investment process, managing to clients’ risk level, and avoiding public mistakes.

153. On information and belief, none of investments made by Tremont with BLMIS ever underwent any “exhaustive multi-stage” due diligence process. Tremont did not, on information and belief, independently, meaningfully, or reasonably analyze or test any qualitative or performance based information on Madoff. When it came to investments with Madoff, Tremont did not exhibit minimal, let alone the industry standard, “attention to detail” that it touted as a reason to invest with them. On information and belief, Tremont did not reasonably or independently “track over 150 fields of information,” and did not adequately check submissions from BLMIS for “logic and consistency.” They also knew that BLMIS’s IA Business at BLMIS did not exhibit “best practices” for a manager.

154. On information and belief, when it came to Madoff, Tremont willfully disregarded their fiduciary duties to their investors and their own due diligence processes. They abandoned their systematic approach to investments and the monitoring of their hedge fund managers. Tremont did *not* insist on operational and business best practices designed to eliminate fraud and mismanagement. Tremont, as well as the other Defendants, essentially looked the other way when it came to Madoff.

155. Tremont also failed to monitor the Madoff-related investments. If they had, Tremont should and/or would have noticed a number of peculiarities and inconsistencies that would put them on notice that Madoff was committing fraud.

156. Instead, Tremont created funds for investment with Madoff without regard to due diligence, and continued growing those investments based on little more than Madoff's performance and blind trust based on Tremont's long personal relationship with him. When it came to Madoff, Tremont did not comply with their own policies and procedures, made exceptions to accommodate Madoff for their own self interest, ignored best practices, and otherwise disregarded or failed to fully perform their claimed due diligence and monitoring in connection with a quantitative research process, operational risk analysis, fraud and mismanagement.

157. Defendants Parents, Rye Funds, XL Funds, and Tremont Funds, through the imputation of Tremont's knowledge and activities to them as a matter of law, buried their collective heads in the proverbial sand and refused to reasonably inquire into many red flags well known to them and many others throughout the financial and hedge fund industries.

TREMONT IGNORES NUMEROUS RED FLAGS

158. Tremont and their management were aware of many of the troubling questions surrounding Madoff well before Madoff's fraud was revealed. For example, an email from a foreign client of Tremont describing a May 2003 meeting with Madoff attended by Schulman, Nicoll, and Senior Vice President, Jim Mitchell ("Mitchell"), set forth a number of suspicious facts concerning Madoff. These included: (1) the fact that Madoff left all investor relations "to the likes of Tremont and Fairfield [Greenwich Group] and hardly grants direct meetings with end investors; (2) Madoff did not earn a fee apart from small commissions on trades; (3) annual reports will show only treasury bills at the end of each year – "zero transparency"; (4) Madoff

was self-clearing and had custody of the securities; and (5) the returns were “exceptionally stable with only 7 negative months since 1990.”

159. The above red flags, as well as a number of others enumerated below, put the Defendants on inquiry notice that Madoff was committing fraud.

A. Madoff’s Unrealistic Consistency

160. The Defendants’ understanding of Madoff’s purported investment strategy was that Madoff was undertaking a split-strike conversion strategy. This strategy involved the purchase of a basket stocks in the S&P 100 index, while simultaneously purchasing S&P 100 put options to protect investors from a decline in the market. Madoff also purportedly sold out-of-the money S&P 100 index call options in an effort to finance the costs of the purchase of the put options, which in turn was supposed to limit the upside potential of the portfolio. Madoff’s consistency of performance was so improbable that Tremont should have known that it was simply impossible.

161. Although ostensibly employing a strategy involving the purchase and sale of S&P 100 equities, Madoff’s returns bore virtually no correlation with the S&P 100. Attached to the Complaint as Exhibit D is a graph depicting the value of investments in two Madoff feeder funds (Rye Select and Fairfield Sentry), compared to an investment in the S&P 100 Index between 1995 and 2007. As the graph shows and as one would expect, the Madoff feeder funds are highly correlated to each other. In contrast, both funds’ returns bear little to no relationship to the S&P 100 Index, with a correlation of approximately 0.33, with 1.0 being a perfect correlation and 0.0 being no correlation. Given that the stocks purportedly bought were all part of the S&P 100, there should have been a much higher correlation.

162. Madoff’s reported profits also were remarkably consistent even during periods of severe downturns in the equities market. Exhibit E shows two-month returns for the Broad

Market Fund, S&P 100 Index, and 10-Year U.S. Treasuries for all two-month periods in which the S&P declined by more than 10% from 1995 to 2007. During these market downturns, the Broad Market Fund produced positive returns similar to risk-free Treasuries; completely opposite from the performance of the equity markets. The Broad Market Fund achieved these returns despite holding S&P equities during these downturns. Instead of conducting independent due diligence of this facially suspicious record on returns during severe market downturns, Tremont and Parents turned a blind eye and relied solely on Madoff's explanations for something which made no sense.

163. The Broad Market Fund performance further evidences this continuously waving red flag. Between 1996 and 2008, the Broad Market Fund's returns consistently ranged between 9.5% and 18.3%, regardless of how the S&P 100 was performing. For example, in 2000, the S&P 100 was down 13.4%, but the Broad Market Fund had a positive return of 14.9%. In 2001, the S&P 100 was down by 14.9%, but the Broad Market Fund was up 13.1%. In 2002, the S&P 100 was down by 23.9%, but the Broad Market Fund was up by 12.2%. While world financial markets were collapsing in 2008 and the S&P 100 plummeted nearly 37% through November 2008, the Broad Market Fund was up by 9.5%. These funds, dependent upon Madoff's success, outperformed the S&P 100 in years where the S&P 100 was double-digit negative by an outstanding 28% to 46%, despite being an equity strategy that was purportedly correlated and based upon the S&P 100.

164. Nor did Tremont quantitatively analyze Madoff's performance against commonly recognized metrics used in the industry in evaluating the performance and risks associated with hedge fund managers. Such financial tools include Sharpe ratio, volatility, percent positive months, average negative rate of return, and maximum drawdown. Had Tremont employed any

of these kinds of metrics, they would have determined that Madoff's uncanny consistency with little risk was likely a fraud. Even without employing them, common sense dictated that Madoff's steady, consistent returns over such a long time period were simply impossible.

B. Improbable Equities Trading Volume

165. The Rye Funds' several account statements from BLMIS regularly indicated that BLMIS's trades in a particular stock alone accounted for a large percentage of that stock's trading volume on the listed markets. This meant that BLMIS's trades for all of its IA Business customers often approached the entire volume of equity trades on the listed markets. Manzke and Schulman understood that during the last six years before the scheme's collapse, Madoff was supposedly managing \$12-\$15 billion for BLMIS customers and generally traded them at the same time. Analyzing the Rye Funds' statements should have caused sophisticated hedge fund managers and advisers like Tremont and Parents to question how the Madoff customers' transactions could have exceeded the total volume listed as traded on a particular day.

166. Each time Madoff supposedly entered the market, he purportedly purchased between 35-50 of the stocks comprising the S&P 100 for the Rye Funds' accounts. Between 1998 and 2008, there were 29 occasions where the stocks Madoff purchased for the Rye Funds alone accounted for more than 10% of the trading volume for those stocks on the entire composite volume for those stocks traded. In addition, over that same period of time, there were over 500 occasions where the stocks Madoff allegedly purchased accounted for 6-10% of the entire volume of the entire composite volume. In light of Tremont's knowledge that Madoff claimed to enter and exit the market for all the IA Business customers at the same time, and their awareness that he managed collectively around \$15 billion, a sophisticated manager such as Tremont should have questioned how Madoff's alleged trades could account for such a high percentage of the total volume traded on the exchanges of a particular stock.

167. There also were instances where the purported purchase or sale of securities at the prices BLMIS claimed was improbable given the trades recorded on that day. Attached as Exhibit F are a number of graphs showing a random sampling of instances of such improbable transactions. For instance, as illustrated in Exhibit F, a falsified trade confirmation reported the purchase by BLMIS of 125,550 shares of Bristol Myers Squibb Co. on March 5, 1999, at the price of \$63.71 per share on behalf of the Rye Funds. However, only 600 shares of Bristol Myers Squibb traded on that date at or below \$63.71.

168. The same anomalies are apparent in looking at purported sales of stock by BLMIS on behalf of the Rye Funds. As also illustrated in Exhibit F, Madoff purported to sell 155,509 shares of American Express on behalf of the Rye Funds at a price of \$51.64 per share on June 22, 2004. However, only 1,200 *total* shares of American Express were sold at or above the price of \$51.64 on June 22, 2004.

169. Tremont, as the pioneer and purported industry leader in due diligence, investment monitoring, and best practices, knew or should have known that such glaring irregularities concerning such improbable trades and implausible trading volumes were indicia of fraud. With the billions Tremont understood Madoff to be trading on behalf of customers like themselves, Tremont was on notice that they needed to conduct further inquiry. Tremont did not conduct any such reasonable inquiry.

C. Impossible Options Volumes

170. Defendants were also on inquiry notice that the volume of Madoff's purported options trading for the Rye Funds was impossible. S&P 100 Index options, such as those used in Madoff's split-strike conversion strategy, must be traded on the Chicago Board Options Exchange ("CBOE") under the symbol OEX. Further, these options and the associated trade confirmations from BLMIS had CUSIP numbers, which are unique security identification

numbers that identify the company or issuer and the type of security, which corresponded to the S&P 100 Index options that were traded on the CBOE.

171. When comparing the volume of OEX options that BLMIS was purportedly trading on behalf of the Rye Funds with the CBOE volume, BLMIS traded more OEX option contracts than the **entire** volume of the CBOE for those contracts on a number of occasions. Upon information and belief, for the period from 1998 to 2008, out of a total of 846 options transactions, 711 of them – over 84% – were greater than the total volume traded that day on the CBOE for that particular option contract.

172. A graph demonstrating the comparison between the volume of OEX put options BLMIS purportedly traded on behalf of the Rye Funds and the volume of those same put options traded on the entire exchange between 2001 and 2008 is striking. As shown in Exhibit G, the volume of OEX100 put options completely dwarfs the volume of OEX put options traded on the entire CBOE

173. In addition, as shown in Exhibit H, the volume of OEX100 call options BLMIS purportedly traded on behalf of the Rye Funds in relation to the volume of those same call options traded on the entire exchange, was a huge red flag signaling likely fraudulent trading activity. There was rarely a time when BLMIS claimed it traded fewer OEX100 call options for the Rye Funds, alone, than were traded on the entire CBOE.

174. An analysis of the purported options trading volume against the CBOE volume – which easily could have and should have been performed by Tremont – confirms that they did not perform independent and reasonable due diligence, or any follow-up, concerning the Madoff trading activities. Even if it was to be believed that Madoff executed some or all of the reported options trades on the OTC market, it still would be virtually impossible for a single counterparty

on an OTC trade to engage in a transaction exceeding the entire volume of the CBOE. Had the Defendants conducted independent and reasonable due diligence, they would have confirmed that the options trading reflected on their account statements, as well as the strategy, were all a sham.

D. Lack of Strategy Footprint

175. A reasonable quantitative review like the one consistently marketed by Tremont would have also focused on how Madoff could have traded billions of dollars without ever affecting any market. Madoff's strategy involved moving billions of dollars into the market over the course of one or more days, and then selling all of those securities over a similar time span. It was the Defendants' understanding that by the mid 2000s, Madoff moved \$12-\$15 billion into and then out of the equities and options markets a number of different times per year. The Defendants never independently investigated how these trades could be accomplished without any impact on the price of the securities bought and sold, without any market footprint, and without anyone "on the Street" knowing or even hearing about Madoff's alleged trading activity.

176. The purchase and sale of \$12-\$15 billion of stocks in a short period of time would have, under normal market conditions, resulted in adverse stock price movements, cutting into the alleged profits from the transactions. Upon information and belief, Tremont did not conduct independent or reasonable due diligence into whether the prices Madoff obtained for these large transactions were in fact at depressed, medium, or high daily prices for the stock transactions in question.

177. Upon information and belief, the Defendants did not inquire as to why Madoff's purported trades never caused even a small ripple in the market. Such displacement was never observed, of course, because the trading did not occur. Based on the lack of any observable

market reaction, the Defendants were on inquiry notice that Madoff's alleged trades were not happening.

178. When Madoff purportedly exited the market, he claimed to have placed his customers' assets in Treasuries or mutual funds invested in Treasuries. The movement of billions of dollars in and out of the market also should have materially affected the price of Treasuries. This was another piece of a basic reasonable quantitative review that Tremont chose not to perform.

E. Madoff's Uncanny Ability to Buy Low and Sell High

179. Madoff account information reveals that, upon information and belief, he bought equities below the daily price midpoint nearly 78% of the time and sold those same equities above the daily price midpoint over 71% of the time. In short, Madoff demonstrated an almost supernatural ability to consistently buy low and sell high. Tremont purportedly reviewed their statements regularly, yet did not bother to inquire as to how Madoff was able to accomplish this statistical improbability.

180. An example of this red flag is depicted on the chart attached as Exhibit I. As this exhibit shows, relative to the range of possible intraday market prices in March 2003, Madoff purchased equities at low prices on March 12th, 13th, and 14th of 2003, and then sold them at prices close to their highs on March 19th, 20th, and 21st. This red flag would have and should have put a reasonable money manager on inquiry notice that Madoff may be illegitimately backdating trades, front-running, or capitalizing on inside information.

F. Trading Outside of Daily Price Ranges

181. The Rye Funds received trade confirmations from BLMIS reflecting securities transactions that could not have occurred, because they took place outside of the range of stock and options prices for such securities traded in the market on the days in question.

182. There were, upon information and belief, 560 instances from 1998 to 2008 where the purported equities purchased for the Rye Funds' accounts were completely outside the range of the high and low for the stock on the days purportedly purchased. Similarly, there were, upon information and belief, 64 instances of purported options transactions that were completely outside the high and low daily ranges.

183. Upon information and belief, there were over 600 instances of highly questionable and impossible information on purported trades that Tremont missed or failed to question as part of their highly touted due diligence procedures.

G. Options Trading with Mythical Counterparties

184. There were multiple irregularities with the options trading executed by BLMIS, apart from the volume impossibilities alleged above. Another glaring red flag was Madoff's secrecy regarding the identity of the counterparties on the options transactions. Madoff would not disclose the identities of these counterparties, and Tremont simply accepted Madoff's vague descriptions of the counterparties without seeking further information.

185. The Rye Funds, as BLMIS customers, each executed an agreement entitled "Terms and Conditions for Option Hedging Transactions." This agreement describes the relationship between BLMIS and the Rye Funds: "The following instructions establishes the terms and conditions under which Bernard L. Madoff Investment Securities LLC (BLMIS) will effect, *as agent*, the client's transactions". (Emphasis added). However, in spite of the fact that BLMIS was choosing the counterparty on behalf of the Rye Funds principal accounts, it was the understanding of the Rye Funds that the counterparty risk was borne by the Rye Funds themselves rather than the broker-dealer BLMIS. Curiously, Tremont had no specific understanding of the counterparties to these transactions. Upon information and belief, at no time did Tremont seek out or have any discussions with any purported counterparties. Nor did

Tremont review any documentation concerning these counterparty relationships or transactions. This is despite the fact that Rye Funds being the “principals on the transactions and thereby having full financial exposure on the trades, not BLMIS as the “agent.” By this failure, Tremont allowed its Rye Funds and their investors to be exposed to billions of dollars of potential losses were the counterparties to fail or break the trades.

186. Schulman and Manzke willingly accepted Madoff’s refusal to disclose the names of the counterparties even though the Rye Funds bore significant financial risk. Moreover, if BLMIS was simply acting as the Rye Funds’ agent, there would be no legitimate reason to withhold such vital information from the Rye Funds’ fiduciary risk management responsibilities.

187. The Rye Funds’ options trade confirmations contained other significant anomalies that contradicted Madoff’s representations. First, Madoff claimed to Schulman that the options trades were done OTC and not through the CBOE. In the OTC market, unlike CBOE trades, the counterparty is generally listed and identified on the confirmation. None of BLMIS’s options trade confirmations sent to, received, and reviewed by Tremont ever identified the counterparty, which is contrary to the representation that these option transactions were done OTC. In addition, options traded on the CBOE have an identifier number known as a CUSIP number. The CUSIP number allows traders to quickly access electronic information regarding particular options by simply inputting the CUSIP number in commonly used data terminals. By contrast, OTC options are private transactions that are not readily assigned any CUSIP number, especially not options contracts with marked similarities to those options trading on the CBOE. Despite this fundamental difference, the trade confirmations BLMIS sent to Tremont for review were clear errors that went unheeded. They included CUSIP numbers, similar to those identifying

options on the CBOE, even though the ostensible trades were represented to be private, OTC transactions.

188. Additionally, even though BLMIS was to act as the Rye Funds' agent, many trade confirmations received by Tremont were coded as "principal" transactions - meaning that BLMIS, as opposed to the Rye Funds, was the party on the other side of the equities transactions. This was glaringly inconsistent with the terms of the relationship between BLMIS and the Rye Funds as outlined in the terms and conditions of BLMIS's trading. This is yet one more instance of Tremont ignoring Madoff's inconsistencies.

189. Despite these abnormalities, Madoff refused to disclose the names of the counterparties to the options trades. This was despite Rule 10b-10 of the Securities Exchange Act, which requires the disclosure of counterparties on agency transactions upon request. According to Schulman, Madoff told him that the options counterparties were major financial institutions in Europe. Such non-specific information required independent due diligence, including contacting these counterparties for verification of identities and activities.

190. Not only did Tremont fail to confirm any of this information or independently question why they were not being provided with their counterparties, but Tremont and their officers - including Schulman - at times also falsely led others to believe they knew the counterparties. For example, in their aggressive quest to leverage hundreds of millions of dollars for Madoff in 2007, Tremont advised a representative of J.P. Morgan Chase ("Chase") that "we know the general characteristics and minimum credit rating" of the counterparties and that the counterparties "frequently post collateral" with BLMIS. Obviously this "knowledge" was fiction, as Tremont never saw evidence of collateral or credit ratings. This "knowledge" was merely a recitation of the unverified information provided to them by Madoff himself.

H. Madoff's Lack of Transparency and Secrecy

191. Madoff's lack of transparency on all aspects of the strategy, his unwillingness to allow genuine due diligence, and his unprecedented levels of secrecy were all well known to the Defendants. Instead of independently questioning why Madoff was so secretive, Defendants were willingly complicit in advancing this lack of transparency in direct contrast to their own best practices. Defendants indulged Madoff's "don't ask, don't tell" policies.

192. In an interview with the PBS television program, "Frontline," which aired in 2009, Manzke admitted that even though she regularly advocated for more openness and transparency in the hedge fund industry, Defendants didn't apply those standards when it came to Madoff:

MARTIN SMITH: [voice-over] Manzke says everyone operated by Madoff's secrecy rules.

[on camera] Did Madoff say to you, "Don't put me in your prospectus"?

SANDRA MANZKE: Yes. He did.

MARTIN SMITH: Do you think that's right? Do you think that's appropriate?

SANDRA MANZKE: I don't know. Every one of my clients knew that this was a Madoff feeder fund, and-

MARTIN SMITH: So why not put it in a prospectus, then?

SANDRA MANZKE: That was one of, always, Bernie's conditions of getting an account.

MARTIN SMITH: But you've publicly called for transparency. That's transparency.

SANDRA MANZKE: Yes. But many funds and investors were very secretive. They didn't mention that they had money with Madoff. It was something you didn't talk about.

(Transcript from *Frontline* program on “The Madoff Affair,” available online at <http://www.pbs.org/wgbh/pages/frontline/madoff/etc/script.html>.)

193. Manzke’s broadcast interview confirmed that Defendants ignored issues of lack of transparency to accommodate Madoff’s “conditions” to investing. Manzke’s interview is also consistent with other internal documentation demonstrating Defendants’ compliance with Madoff’s demand for secrecy. In one email from December 2000, a Tremont employee responded to a number of questions from a current or potential investor in Germany. According to the email, Madoff indicated that Tremont should not use his name, “as he was managing money only for family and friends.” Upon information and belief, Tremont knew that statement was false as they understood then that Madoff was managing billions for dozens of feeder funds worldwide. These foreign feeder funds with scores of institutional, European and other sophisticated investors were not “friends and family.”

194. Clients and potential clients of Tremont voiced their concerns about Madoff’s lack of transparency. For instance, in May 2004, according to an internal Tremont email, a potential investor “was still concerned about Tremont’s relationship with Madoff, saying that there was no transparency there and that it was prone to a blow-up that would destabilize Tremont. . . .” Tremont scoffed at the suggestion that Madoff lacked transparency, even though they knew or should have known better. A Tremont employee noted in response: “Some misconceptions never die, it seems.”

195. Yet another potential investor brought up the same transparency issues in a February 2005 email. The potential investor noted that it had been an investor in “Fairfield” (likely Fairfield Sentry) a few years earlier, “but didn’t get transparency, and feel that they were not seeing the operation.” Instead of actually trying to get transparency from Madoff, however,

Tremont's focus was on the money. The response was that if they could "address some of their transparency questions that might mean a lot of money for Bernie." Once again, the Defendants' main concern was feeding "a lot of money" to Madoff, as opposed to actually understanding what Madoff really was doing with that money.

196. On or around May 31, 2006, Mitchell, who worked in Tremont's London office and served on Tremont's Investment Committee at the time, met with the CEO of a client. In an email describing the meeting, Mitchell noted that "[o]ne issue came very clear": that this client was "nervous" after meeting with Tremont regarding Madoff, to whom they refused to grant access. "They have \$70m with Madoff, and we derive over \$1m in fees from this." Despite being an investor for four years, however, "they have a new team of players that have questions and get spooked easily." Instead of actually questioning Madoff's strategy or performing reasonable and independent due diligence into why clients, investors, and potential investors were concerned, Tremont simply looked to deflect these concerns.

197. In October 2007, one client whose father-in-law had a direct account with BLMIS, posed questions regarding the returns generated by his father-in-law's account and the client's investment with the Rye Funds. The client was unable to reconcile his returns with the significantly different returns of his father-in-law's direct BLMIS account, when they both supposedly were traded the same way and at the same time by Madoff. The client wondered: "*Makes me concerned about the legitimacy of the whole Bernie thing.*" (Emphasis added.) Schulman and Darren Johnston ("Johnston"), who spent much of his time marketing and promoting the Rye Funds as Vice President and Manager of Rye Investment Management, tried to explain away the discrepancies. But the client was unconvinced and remained troubled by his analysis and, upon information and belief, redeemed his investments shortly thereafter. The

Defendants, however, continued blindly investing with Madoff, failing to conduct any reasonable or independent due diligence into Madoff's legitimacy.

198. As the inevitable collapse of the Ponzi scheme drew closer, questions about Madoff continued. In March 2008, Citibank sought for the first time indemnification for manager fraud – i.e., fraud on the part of Madoff – as a condition for extending a credit line to the Prime Fund. Until that time, Citibank had been providing financing for Prime Fund for approximately three years. Instead of admitting to themselves that this was a major red flag, Tremont sought out another bank that would continue providing leverage to exploit Madoff's returns.

199. Defendants were on inquiry notice that Madoff was being deceptive and going to extraordinary lengths to remain cloaked in secrecy. Defendants did not legitimately investigate in response, and continued to facilitate Madoff's deceptive practices in exchange for tens of millions of dollars in fees annually.

I. Settlement and Trade Anomalies

200. Apart from options trades that exceeded the daily trade volumes of the same contracts on the CBOE and equity trades executed outside the daily price range of the composite tape, there were other abnormalities easily discoverable on the monthly statements and confirmations that Tremont received for the Rye Funds. There were numerous instances of purported settlement dates for options and equities transactions that were inconsistent with the standard market convention.

201. Specifically, upon information and belief, there were 941 instances where the purported settlement date for an options transaction was indicated to settle three days after the trade. Any person with a modicum of understanding of the options markets knows that settlement of options transactions is one day after the trade, not three. These clearly

inappropriate settlement periods occurred in over 25% of all the options transactions in the Rye Funds from 1998 to 2008.

202. Similarly, upon information and belief, there were 1,096 instances in the Rye Funds' trade confirmations sent by BLMIS to Tremont that reflected settlement dates in equities that were outside of the standard market convention. While an equity transaction settles three days after a trade occurs, Tremont was given documents in these instances reflecting equities settlements four days after the trade.

203. In addition, upon information and belief, there were eight instances where options were supposedly settled on weekend days. Had Tremont been properly monitoring the Rye Funds, they should have questioned even **one** trade that supposedly settled on a weekend. Yet, upon information and belief, Tremont ignored all eight such instances.

J. BLMIS's Odd Organizational and Compensation Structures

204. In a deviation from well-established structure and remuneration practices in the hedge fund industry, Madoff ran the IA Business as a division of his broker-dealer business, BLMIS. Many other managers employing a specific investment strategy utilized a stand-alone hedge fund structure. This, in and of itself, was highly unusual.

205. In addition, Madoff and BLMIS charged no management or successful performance fees for his services, like almost all hedge fund managers. Madoff provided BLMIS feeder fund managers such as Tremont, Ezra Merkin ("Merkin") and Fairfield – which also did little more than market and funnel billions to BLMIS – a large windfall allowing them to collect hundreds of millions in fees. The compensation structure itself was a red flag that there was fraud and used as an inducement for funds to keep feeding Madoff billions.

206. The only revenue claimed to be generated for the services conducted by the IA Business was a four-cent per share "brokerage commission" for each purported equity trade

made in the IA Business customer accounts, and a \$1 per option contract executed. In contrast, other hedge fund managers routinely charge fees equal to 1% to 2% of assets under management, along with performance fees equal to 10% to 20% of profits generated for the fund. The compensation arrangement between Madoff and feeder funds run by Tremont, Fairfield, and J. Ezra Merkin had Madoff leaving hundreds of millions, if not billions, of dollars on the proverbial table, and allowed the feeder funds to reap extraordinary and suspiciously high rewards for little investment strategy contribution.

207. The difference in compensation is huge. For example, the total amount of Tremont's assets under management with BLMIS is believed to have ranged from approximately \$1.9 billion to \$3.5 billion between December 2005 and December 2007. Madoff, as a hedge fund manager, could have charged between approximately \$110 million and \$220 million in total fees, depending on whether he charged 1% of assets under management plus a 10% performance fee ("1 and 10"), or 2% of assets under management plus a 20% performance fee ("2 and 20"), for his profitable services.

208. Either a "1 and 10" or "2 and 20" compensation arrangement would have been customary in the hedge fund industry during the relevant time period. In contrast, charging four cents per share commissions on the purported equity trades and \$1 per contract on the fictitious options transactions, Madoff received approximately \$44 million in total compensation in the form of commissions. In other words, Madoff left anywhere from around \$66 million to almost \$176 million on the table just in Tremont-related compensation during the two-year period December 31, 2005 to December 31, 2007.

209. When expanded to include the entirety of BLMIS's IA Business customers, it is clear that this compensation arrangement forfeited hundreds of millions – if not *billions* – of

dollars that Madoff easily could have charged for his management services. Defendants' willful acceptance of this atypical and highly suspicious organizational and commission structure was motivated by Tremont and Parents own self interest, which led them to perform no independent, meaningful, or reasonable due diligence. The "explanations" that Madoff would give for this – that he did not want to do paperwork or "run a hedge fund" – lacked any degree of credibility. Instead of keeping this money for himself, Madoff allowed his "feeders" to receive these fees, relying on their avarice and greed to induce their assistance and complacency in perpetuating the scheme.

K. No Independent Custodian

210. BLMIS functioned as investment adviser, executing broker and custodian of securities. This cozy arrangement eliminated another frequently utilized risk control in investment management, where the adviser is usually independent from the custodian. This separates the customer assets that the adviser is trading from the actual custody and possession of the cash and securities in the customers' accounts, which are the responsibilities of the custodian.

211. Tremont and Parents were well aware that this requirement by Madoff to allow BLMIS to act in all three capacities was both irregular and highly suspicious. Yet, they consciously chose to do nothing in response. The Defendants accepted this unusual practice and never verified that the securities purportedly purchased for the Rye Funds actually existed.

212. Additionally, Madoff forced all IA Business customers to custody all of their managed assets at BLMIS. It is the forcing of the customer to use BLMIS as both custodian and executing broker that should have raised a red flag. Typically, institutional customers, including hedge funds, maintain separate relationships with a custodian and an executing broker.

L. BLMIS's Strip Mall Auditors

213. BLMIS, which reputedly ran one of the world's largest money management firms, was purportedly audited by Friehling & Horowitz ("F&H"), a tiny three-person operation located in a strip mall in Rockland County, New York. In fact, it was a one-man shop consisting of David Friehling, a Certified Public Accountant. The other two employees were an assistant and a semi-retired accountant living in Florida. Defendants were on inquiry notice that this small firm did not have the bona fides, and was otherwise not even minimally equipped, capable, or competent to conduct legitimate domestic and international audits for an entity such as BLMIS. On November 3, 2009, David Friehling pled guilty to seven counts of securities fraud, investment adviser fraud, obstructing or impeding the administration of Internal Revenue laws, and making false filings with the SEC in connection with his involvement in Madoff's scheme.

214. F&H had been reporting to the American Institute of Certified Public Accountants ("AICPA") for fifteen years prior to the collapse of Madoff's scheme that it did *not* conduct audits. AICPA, which has more than 350,000 individual members, monitors most firms that audit private companies, such as BLMIS. Some 33,000 firms enroll in the AICPA's peer review program, in which experienced auditors assess each firm's audit quality each year. F&H was enrolled in the program but had not submitted to a review since 1993 because the firm had been informing AICPA - every year, for fifteen years - that it in fact did not perform audits. Meanwhile, F&H claimed to do just that for BLMIS.

215. The Defendants were specifically aware and suspicious of the problems associated with BLMIS's auditors. Tremont's internal documentation shows that concerns were raised about F&H by investors and potential investors, who wanted to know specifically what other clients were audited by F&H. Internal documents further reveal that Tremont themselves questioned the use of this auditor.

216. Manzke admitted during the Frontline interview that these auditors were suspicious:

MARTIN SMITH: And as for due diligence, no one seemed to question the fact that Madoff's accountant was a one-man operation in this strip mall an hour's drive north of New York.

[on camera] Did you ask him why he had such a small accounting firm?

SANDRA MANZKE, Founder, Tremont Capital, 1984-'05: Yeah. I mean, that was his- it was his family, you know, business, that it was an accounting firm that his father-in-law had used for years and he continued to use it.

MARTIN SMITH: And it didn't bother you that it was this small thing.

SANDRA MANZKE: *Of course, it bothered you. I mean, every- you know, those are the kind of things that it would bother you.* But that was one of the conditions of doing business, that you accepted that ...

(Transcript from *Frontline* program on "The Madoff Affair," available online at <http://www.pbs.org/wgbh/pages/frontline/madoff/etc/script.html>) (Emphasis added.)

Manzke's comments indicate that Tremont and Parents accepted "conditions" imposed by Madoff they knew to be troubling and indicative of potential fraud in exchange for the chance to do business with him and generate millions in fees.

M. Madoff Evaded SEC Filing Requirements

217. After registering with the SEC as an investment adviser in 2006, BLMIS was required to file a Form 13F at the end of each quarter disclosing the securities it held on behalf of its IA Business customers. From that point forward, at the end of each quarter, Madoff purported to convert the entire portfolio of the IA Business to Treasury bills to avoid this reporting requirement. This artificially forced liquidation of his equity and option positions at the end of calendar quarters was inconsistent with his strategy, and should have caused the Defendants be suspicious and inquire as to why the liquidations were necessary. There was no legitimate market timing reason designed to maximize returns for Madoff to go to cash at every

quarter or year. The conversion to Treasuries was anticipated to be done only when necessary to avoid a downturn in the market, and not on a quarterly basis to avoid a regulatory reporting requirement.

218. Had Tremont and Parents properly questioned this incongruous activity, it would have been apparent that Madoff exited the equity and option markets in order to avoid BLMIS having to report the equities on required 13F filings.

N. Old Fashioned Paper Trade Tickets and Statements

219. Madoff was known as technologically savvy, and was a trading pioneer for his use of technology in electronic trading platforms. Yet, BLMIS never sent a single electronic trade confirmation to any IA Business account holder, including the Rye Funds. Nor did BLMIS allow customers online access to their accounts electronically. Rather, Madoff's firm provided only paper monthly statements and confirmations which it sent by standard postal mail.

220. Instead of providing electronic access to their trade information, the Rye Funds waited several days for their paper trade confirmations to arrive. Upon information and belief, although Tremont did ask BLMIS at least once for electronic trade tickets, that request was ignored and Tremont never pressed the issue. Once again, the Defendants ignored a striking incongruity.

O. Account Statement Inconsistencies with Madoff's Purported Strategy

221. On a number of separate occasions, account statements received by Tremont from BLMIS purported to show gains on behalf of the various Rye Funds resulting from transactions inconsistent with Madoff's supposed split-strike conversion strategy. Certain of these transactions involved short term option trading that resulted in substantial gains for the Rye Funds.

222. For example, in 2002, the Portfolio Limited Fund participated in one of these trades generating more than \$6.4 million in gains. This transaction represented approximately 30% of the total return earned for that fund in 2002. Such short term gains were achieved by speculating in the options market, a strategy which contradicts the nature of the split-strike conversion strategy, subjected the clients to increased risk in excess of that implied in the split-strike conversion strategy, and should have raised a red flag for a sophisticated money manager such as Tremont. From 1996 to 2008, upon information and belief, the Rye Funds benefitted in excess of \$130 million in gains from these transactions.

DEFENDANTS IGNORED RED FLAGS DISCUSSED IN 2006
TREMONT DUE DILIGENCE EFFORTS

223. In mid-2006, more than ten years since first giving investor funds to Madoff for investment, Tremont conducted additional due diligence on Madoff and created a more comprehensive Due Diligence Questionnaire. This due diligence was, upon information and belief, a façade to give themselves cover and BLMIS a clean bill of health. Tremont's own documentation reveals that their due diligence efforts were in fact outcome determinative.

224. In a May 2006 email, Nicoll and Thomas Sandlow ("Sandlow"), Tremont Group's Senior Vice President and Director of Manager Research, discussed whether they had a Due Diligence Questionnaire for BLMIS and realized none had ever been created. Sandlow responded: "I think we should do one. Isn't it our biggest investment?" Incredibly, although Tremont had been feeding their Rye Funds' investor monies to BLMIS since 1994, making Madoff the company's largest manager in terms of assets under management, it was not until May 2006 that Tremont identified this deficiency and performed any meaningful due diligence on Madoff. In another May 2006 email chain, Nicoll noted that she would not suggest a Madoff investment for an investor because Tremont did "not have a full ddq."

225. A few months later, in August 2006, Nicoll and Sandlow exchanged additional emails regarding BLMIS due diligence. When Nicoll directed that Due Diligence Questionnaires be created for a client on four separate funds, including the Broad Market Fund, Sandlow curiously responded that “[w]e cannot do that for Madoff.” Nicoll responded that they “do need a ddq on Madoff. . . Come sit with me and I will write down your issues and I will get them into the ddq properly and sign off on it myself.”

226. When Tremont finally began preparing these Due Diligence Questionnaires, those questionnaires themselves raised numerous red flags. Specifically, a combined Due Diligence Questionnaire for multiple Rye Funds and Tremont Funds from 2006 noted “an inherent risk in having the Investment Advisor to the Fund also being a broker dealer.” The questionnaire also noted that all trades are executed through the investment advisor and that all positions are custodied with the same investment advisor.

227. A questionnaire for the Broad Market Fund states that the “biggest drawback” is the “lack of transparency regarding the signals used by the investment advisor.” This questionnaire further states that there is no true prime broker, as all trades are executed at Madoff’s own desk and his IA Business keeps custody of them.

228. As part of these efforts, Nicoll had Tremont’s head of operational risk, Michael Lynch (“Lynch”), prepare an Operational Due Diligence Review report. Lynch was responsible for reviewing operations for new managers, as well as existing managers. At Nicoll’s behest, Lynch investigated the operations of BLMIS in 2006 and prepared a report.

229. Lynch’s 2006 Operational Due Diligence Review, noted a number of issues and concerns that again put Tremont on notice that Madoff’s operations were fraudulent. For example, the report opined in its Summary that the Rye Funds’

relationship with Madoff, while identical to other Madoff relationships, **does not represent the best industry practices**. In particular, the Fund maintains accounts at Madoff Securities and Madoff in turn trades the funds at those accounts for the benefit of the fund. Effectively, this is akin to investing in a hedge fund and having that hedge fund be its own prime broker.

The report also noted that Madoff's brother, Peter, was head of compliance. This was problematic as an internal control for the obvious lack of independence as a blood relative.

230. Lynch's Due Diligence Review also noted the following additional abnormalities and/or recommendations:

- **Counterparty Risk:** The counterparties to Madoff's option trades are not listed on the trade ticket. "Madoff has communicated that they utilize 12-20 different counterparties for options transactions depending on how they are invested" and each counterparty has a minimum rating of A1. Moreover, the information regarding counterparties "is not documented by Madoff Securities but this is information that has been provided to us by Bernard Madoff." Lynch also noted that BLMIS did not enter into ISDA agreements with the counterparties.
- **Auditors:** Friehling & Horowitz as the auditors: "Friehling and Horowitz are not well known in the hedge fund industry and they are a small local firm in the New York area that does not specialize in investment firms."
- **Paper Trade Tickets:** Tremont and its administrators should receive "an electronic feed of information and monthly statements in electronic format." This would allow Tremont and its administrator to track individual positions and for automation of the monthly reconciliation process. "**Currently, Tremont will spot-check a handful of the positions in the portfolio monthly.** If an electronic delivery of trade information was in place, this would be a very easy procedure to implement utilizing the BB interface for pricing." Madoff's only excuse for not providing electronic information was that he was "not comfortable sending out information prior to fully entering into a position" (emphasis added.)

231. Despite these waving flags, Lynch sought to mitigate these issues by noting Tremont's longstanding relationship with Madoff and the fact that "the IA has been registered with the NASD since 1960 and has had no significant regulatory issues." Lynch cited the NASD

registration as a reason to dismiss the possibility of fraud: “Given that the NASD is regularly verifying that the trades that Madoff is placing on Tremont's behalf are valid gives us assurances that Madoff is not falsifying any activity for our portfolios.” However, blind reliance on regulatory organizations such as the NASD, or FINRA as it is now known, or the SEC, does not substitute for the basic, independent due diligence Tremont promised and marketed to their investors.

232. Tremont also never confirmed that the NASD or SEC was regularly verifying the trades that were being made for the IA Business. Upon information and belief, they did not ask to review any of the many FINRA or SEC exit examination reports often given to broker-dealers upon completion of the regulatory examination. These reports typically identify potential areas of concern to the regulators, weak internal controls and compliance or supervision, possible rule and securities laws violations, and the scope of the examinations. After these reports identify issues, it is typical for the regulator to have the broker-dealer correct or “clean up” the sources of concern and activities. The fact that Tremont never insisted upon seeing any of them shows their ineptitude or submissiveness. Tremont substituted blind reliance on assured strict regulatory oversight, which was unreasonable and in fact never existed.

233. Moreover, the records that BLMIS filed with the NASD and the SEC for many years made no mention of this separate IA Business. Even when the SEC required BLMIS in 2006 to separately register the IA Business, BLMIS continued its lies by understating both the amount of advisory customers and the assets under management in the IA Business. A review of BLMIS's Form ADV filings should have caused Tremont to seriously question Madoff's reporting of the size of his customer base, feeder funds and assets under management based on their relationship with Madoff. They were in a unique position to obtain information concerning

BLMIS's operations and question the information he provided to the SEC. Nevertheless, Tremont failed to conduct an adequate investigation, or made no investigation at all, choosing instead to remain willfully ignorant.

234. An internal email exchange from October 2008 between a Tremont employee and Mitchell illustrates the utter lack of due diligence when it came to Madoff. The email states that Tremont needed to improve the quality of Madoff information they provided to their clients: "Unlike the Palm Beach crowd, institutions won't invest on faith. They can't." Even after investing billions of dollars of their investors' monies over the previous fourteen years, Tremont still had many unanswered questions regarding Madoff to the point where they did not believe savvy investors would invest in BLMIS. This email indicates that only those who performed little or no independent diligence and invested on "faith" would hand their money over to Tremont to invest with Madoff.

235. Numerous indicia of fraud concerning BLMIS gave Defendants actual and/or constructive knowledge of BLMIS's fraud. These indicia of fraud, and Defendants' willful and deliberate decision to continue investing with BLMIS despite them, demonstrates a motive and opportunity to commit fraud, and/or conscious misbehavior or recklessness amounting to fraudulent intent. Given the Defendants' actual or constructive knowledge of these indicia of fraud, the Defendants were neither innocent nor good faith investors

SECURITIES INDUSTRY PARTICIPANTS HEED THE RED FLAGS

236. Other managers in the financial industry saw BLMIS for what it was. Many financial institutions, managers, and industry advisers that conducted reasonable due diligence flatly refused to deal with BLMIS and Madoff because they had serious concerns that the IA Business operations were not legitimate.

237. For example, as early as 2002, Cambridge Associates LLC (“Cambridge”) consistently recommended that clients stay away from Madoff and Madoff-related feeder funds due to lack of transparency, a fear of front-running the market, and a general inability to understand how the strategy could produce cash-like, bond-like consistency of returns, in an equity strategy. In one document, Cambridge stated that “it felt illegal and that Madoff was not transparent”, while also suggesting that “[i]t might be interesting to compile some historic hedge fund fraud/scams for them to mull over.”

238. In 2003, a team from Société Générale’s investment bank performed due diligence on BLMIS and found that the numbers did not add up. Société Générale then forbade its investment bank from doing business with BLMIS. In contrast, Defendants, who had more visibility into the reported trading activity on their account statements and through meetings with Madoff, continued to do lucrative business with BLMIS until Madoff was arrested.

239. In mid-2003, Acorn Partners LP (“Acorn”) – a fund of funds and investment adviser for high net worth individuals – conducted due diligence of Madoff and found it likely that BLMIS’s account statements were generated as part of a fraudulent scheme, and “that fraudulent activity was highly likely.” Shortly after Madoff was arrested, in a letter to investors, Acorn described the indicia of fraud that led it to conclude years prior that Madoff was a fraud. Many of the reasons given were the red flags alleged above. Acorn saw these indicia of fraud as “not merely warning lights, but a smoking gun.”

240. Well-known investor Jim Simons, and his investment fund, Renaissance Technologies Corp. (“Renaissance”), also determined that Madoff was possibly a fraud in 2003. Although Renaissance had invested with BLMIS, when they analyzed the options trading, they concluded that the volume purportedly being traded and the lack of known counterparties did not

jibe. They calculated that if Madoff did his options trading in one day, he would have been doing 100% of the options trading. Even assuming Madoff spread the options trading over three days, Madoff still could not have traded the volume of options he claimed. According to one Renaissance employee, “[n]one of it seems to add up.”

241. Renaissance also spoke with several market makers in OTC equity options, none of whom claimed to see any significant volume being traded on the days when Madoff claimed to be executing his options strategy. In other words, Madoff never left a “footprint.” Renaissance also determined that whichever counter party would have been willing to trade the basket of options Madoff purportedly was trading, it would have had to do so at unfavorable prices. To Renaissance, this options trading did not make any sense because it was difficult to understand which financial institution would want to continually enter into unfavorable trading positions.

242. Beyond the options issues, in November 2003, a Renaissance employee noted that “Madoff allows an outside group [Fairfield Greenwich] to make \$100 million per year in fees for doing absolutely nothing.” The employee went on: “The point is that as we don’t know why he does what he does we have no idea if there are conflicts in his business that could come to some regulator’s attention. Throw in that his brother-in-law is his auditor and his son is also high up in the organization . . . and you have the risk of some nasty allegations, the freezing of accounts, etc., etc.” The employee proposed that “unless we can figure out a way to get comfortable with the regulatory tail risk in a hurry, we get out.” Indeed, Renaissance made a decision in November 2003 to cash out all of its BLMIS investments.

243. Aksia, LLC (“Aksia”), an independent hedge fund research and advisory firm, recommended to its clients in 2007 not to invest with BLMIS, Madoff, or any of his feeder funds

because of certain red flags. Simon Fludgate, head of operational due diligence at Aksia, concluded that the stock holdings reported in the quarterly statements BLMIS filed with the SEC appeared too small to support the size of the assets BLMIS claimed to be managing. In September 2007, Aksia prepared an Investment Review of Madoff feeder fund Fairfield Sentry. In that report, Aksia concluded that the fund's description of how returns were generated was implausible. In fact, Aksia's review of Fairfield Sentry led to the conclusion that either (a) Madoff's IA Business was used to supply capital to Madoff's wholesale market making business, *or* (b) that "[t]he Feeder Funds are part of a financial game and the approximately 1.1 billion per year of gross excess returns . . . do not really exist."

244. In reaching this conclusion, Aksia found, among other things, that (1) the return stream of Fairfield Sentry did not appear to be possible under the split strike strategy; (2) Fairfield Sentry's quarterly 13F filings uncovered \$0 equity holdings every quarter except for one, even though Aksia was told that Madoff's strategy sometimes lasts for as long as eight months; (3) the use of the United States mail instead of electronic means to provide position and trading execution information was suspicious; (4) based on the amount under management for feeder funds, "the required trade sizes are huge and inconsistent with the size of the S&P100 options market;" (5) Madoff chose "to earn a small 4 cents a share" when he could have earned hundreds of millions more by managing a hedge fund himself; and (6) Madoff chose "to earn a paltry 4 cents a share" when he could have funded the strategy as a proprietary trading position and earned over one billion dollars.

245. Albourne Partners Limited ("Albourne"), an independent consultant on hedge funds and alternative investments, advised clients for a decade that they should steer clear of Madoff. In a December 15, 2008, commentary released just days after Madoff's scheme was

revealed, Albourne noted that its view on Madoff “never wavered.” To Albourne, although it was not clear Madoff was a fraud, “we concluded that, where a client had a holding, it should redeem.” Albourne noted that it believed Madoff’s returns were “too good to be true” in that Albourne could not “think of a group of funds trading easily marked-to-market assets which appeared to have weathered so many different types of storms with such apparently consistent risk-adjusted returns.” In addition, according to the Albourne report, Madoff’s operations were “built around obsessive secrecy” to the extent that one of BLMIS’s former employees had no idea how Madoff made his money.

246. Albourne also noted that over time, “it became clear that there were multiple Madoff feeders and that in total their AUM [assets under management] exceeded the publicly assumed scale of the firm.” According to Albourne, it was extremely unusual for a fund manager to significantly understate its assets under management. The Albourne report also explained that Madoff’s purported strategy involved not only equities trading, but options. “Given the supposed size of the assets under management, it would have been difficult to execute the strategy due to the risk of market impact.”

247. Albourne’s post-arrest report is consistent with other Albourne reports prior to the revelation of the fraud. Earlier in 2008, Albourne specifically reviewed the Prime Fund for a particular Albourne client. The April 11, 2008, report lists only two positives of this fund, while listing many more negatives. In addition to the issues alleged above, Albourne mentioned that Albourne had monitored many volatility arbitrage managers, so it would expect Madoff’s “simple strategy” to be replicated by others. Of course, it was not.

248. Albourne also found “strange” the fact that BLMIS prided itself for being “at the forefront of computerized trading,” yet the Prime Fund’s management was content with

receiving paper trade confirmations by mail a few days after the purported trade dates. It noted that the investment advisory agreement prohibited the Prime Fund's management from disclosing the identity of the Investment Manager. Further, Albourne questioned why all trades were exited at year-end to facilitate easy auditing. "It cannot be but suboptimal for a manager to put the audit process ahead of the investment strategy, i.e., potentially missing a trading opportunity."

249. Cambridge, Société Générale, Acorn, Renaissance, Aksia and Albourne all determined that something was simply not right in Denmark, and either pulled their investments or refused to recommend investments to others with BLMIS. These money managers and investors, who were similarly situated to Defendants, may not have specifically known of Madoff's fraud, but they determined through basic, ordinary due diligence then utilized in the industry that Madoff's performance was inconsistent with his purported strategy and the way markets behave generally.

250. These entities had even less information than Schulman, Manzke, Tremont and Parents, which had far greater access to Madoff and information about his operations. The difference between these entities and the Defendants, however, was that they did not rely on Madoff for their profits. Instead of willfully ignoring the red flags showing Madoff to be a fraud, these entities saw Madoff through objective eyes – and the number of unanswered questions caused them to run the other direction.

**EMERGING INDUSTRY STANDARDS AND THE *BAYOU PONZI* SHOULD HAVE
PUT TREMONT ON HIGH ALERT**

251. Tremont's tepid efforts to analyze and monitor investments with Madoff were contrary to industry standards at the time. The hedge fund industry, and Tremont and Parents in particular, should have determined by early in the new millennium that BLMIS was fraudulent.

By then, Rye Funds had a half dozen years of BLMIS performance and statistics upon which it could perform the type of quantitative analysis alleged above. Tremont and Parents should have been on heightened alert of manager fraud after the collapse of the Bayou Group Fund several years later.

252. In the early 2000s the Bayou Group Fund (“Bayou”), headed by Samuel Israel, appeared to be one of the highly successful hedge funds riding the rise in the stock market following the tech bubble collapse. It was discovered in 2005, however, that Bayou was a \$400 million Ponzi scheme. This fraud attracted much media attention and almost everyone in the hedge fund industry knew about it. The Bayou fraud forewarned the financial industry that a lack of adequate due diligence could result in financial disaster for investors.

253. Bayou had a number of obvious variables and indicia of fraud in common with BLMIS. Despite purporting to have 9 to 10 figures of assets under management, neither Bayou nor BLMIS was audited by a large, well-known accounting firm; Bayou had an in-house accountant and BLMIS had F&H. Both Bayou and BLMIS provided their customers extraordinarily and consistently positive, but not necessarily spectacular, returns, with no volatility. The reported returns were so consistent, that they were effectively impossible. Neither investment manager charged a performance fee, which is how many hedge fund managers earn their remuneration.

254. Tremont and Parents were well aware of Bayou, which should have put them on high alert. The Bayou fraud caused many hedge funds to reconsider the adequacy of their due diligence and set in place heightened or additional mechanisms for uncovering or preventing fraud. In the winter of 2006, the Greenwich Roundtable presented its *Best Practices in Hedge Fund Investing: Due Diligence for Global Macro and Managed Futures Strategies*. That

publication noted in its Introduction that the Bayou fraud transpired shortly after the organization's initial publication, *Best Practices in Hedge Fund Investment*, and that the Bayou fraud "offers a valuable context in which to evaluate both the substance and purpose of our *Best Practices* series."

255. The initial *Best Practices* publication provided a checklist that identified lines of inquiry for hedge fund managers.

Ironically, one of the lessons of Bayou was not just the need for alertness to the possibility of fraud but how many experienced investors believed their judgment and experience were sufficient to dispense with mundane checklists. By my count, a casual reader of our *Best Practices* document would have had between eight and ten points where they should have been alarmed enough to stop and intensively scrutinize what they were investigating or been comfortable stopping the due diligence process outright. As explained, the document contained a checklist and clear patterns of inquiry on the key subjects. However, it had an important subtext too. Be careful. Be focused and diligent. Exercise particular caution in areas where you are less familiar or uncertain. Do your own homework. Don't be rushed or shortchange your work for any reason. Let your investment conviction be built in calibrated work steps but always trust your gut in the end. These are the lessons of the Bayou debacle but they were also the "lessons" of the *Best Practices* publication which preceded it.

(The Greenwich Roundtable Presents: *Best Practices in Hedge Fund Investing: Due Diligence for Global Macro and Managed Futures Strategies* (Winter 2006), at 6 (Introduction by Spencer Bogges).)

256. The remainder of the *Best Practices* guide includes chapters on the following topics: (1) Strategy, Investment Process and Market Opportunity; (2) Team and Organization; (3) Fee Structure and Terms; (4) Risk Management; (5) Management Company, Fund Structure and Asset Base; (6) Quantitative Review; (7) Operations and Transparency; (8) Third Parties (including subsections on auditors, prime broker/futures clearing merchant, administrator, and marketing relationships); and (9) Intuition, Judgment and Experience.

257. The lessons of Bayou and the practices promoted by the Greenwich Roundtable are also the lessons of Madoff. Yet those lessons were not heeded by Tremont or Parents. Ironically, the Roundtable materials guide names Nancy Solnik of Tremont as one of its authors. Solnik's name also appears in the publication as a Best Practices Subcommittee Member.

258. Upon information and belief, Solnik was employed by Tremont beginning in or around 2002. According to Tremont biographical information, Solnik was a member of Tremont's Investment Management Department and held the titles of Vice President and Senior Analyst with her responsibilities including "identifying and evaluating new managers, conducting due diligence of prospective funds, including analyzing investment philosophy and historical performance, monitoring the investment style of approved managers and recommending specific funds for inclusion into Tremont portfolios." She also was a portfolio manager for funds that were not invested with Madoff.

259. Had Tremont implemented years earlier the *Best Practices* recommended by the Greenwich Roundtable – which Tremont personnel actively participated in drafting – they surely would have conducted meaningful due diligence and like many others alleged herein been suspicious of fraud. Tremont failed to follow the industry standards that their own personnel played a role in developing, choosing greed over caution and allowing Bayou-type history to repeat itself.

VOIDABLE TRANSFERS FROM BLMIS

A. Initial Transfers to the Rye Funds

260. During the relevant period, and as set forth in Exhibit A, the Broad Market Fund, Prime Fund, Portfolio Limited Fund, and Insurance Portfolio LDC Fund (collectively, "Rye Funds") held accounts at BLMIS and its IA Business. Upon information and belief, for each Rye Fund Account, Tremont executed a Customer Agreement, an Option Agreement, and/or a

Trading Authorization Limited to Purchases and Sales of Securities and Options, (collectively, the “Account Agreements”), and delivered such documents to BLMIS at its principal place of business at 885 Third Avenue, New York, New York.

261. The Account Agreements were to be performed in New York, New York through securities trading activities that would take place in New York, New York. The Accounts were held in New York, New York, and Tremont consistently wired funds to BLMIS’s account at JPMorgan Chase & Co., Account #XXXXXX1703 (the “BLMIS Bank Account”) in New York, New York, for application to the Accounts and the conducting of trading activities on behalf of the Rye Funds.

262. Between the time that the Broad Market Fund opened its first account with BLMIS in or around 1994 and the Filing Date, Tremont directed deposits to BLMIS on behalf of the Rye Funds through multiple checks and wire transfers into the BLMIS Bank Account.

263. The Rye Funds are initial transferees of BLMIS. In addition, based on its position as general partner of the Rye Funds, Tremont Partners is also an initial transferee from accounts held by the Rye Funds. Moreover, due to their domination and control of the Rye Funds and Tremont Partners, the bad faith and knowledge of the Rye Funds and Tremont Partners should be imputed to Tremont Group, Oppenheimer, MassMutual Holding, and Mass Mutual.

The Transfers

264. Since 1994, BLMIS transferred at least \$2.1 billion to, or for the benefit of, the Rye Funds in the form of withdrawals from their BLMIS accounts (the “Transfers”) as set forth in Exhibits A and B. Under the circumstances set forth above, the Rye Funds, Tremont Partners, Tremont Group, and the Parents knew or should have known of fraudulent activity in their own accounts, and/or that the Transfers were made for a fraudulent purpose.

265. More specifically, of these Transfers, upon information and belief, BLMIS made transfers totaling approximately \$1.01 billion to, or for the benefit of, the Prime Fund; approximately \$628.2 million to, or for the benefit of, the Portfolio Limited Fund; approximately \$384.1 million to, or for the benefit of, the Broad Market Fund; and approximately \$130.1 million to, or for the benefit of, the Insurance Portfolio LDC Fund. See Exhibits A and B.

266. The Transfers are avoidable and recoverable under sections 544, 547, 548, 550(a) and 551 of the Bankruptcy Code, applicable provisions of SIPA, particularly 78fff-2(c)(3), and applicable provisions of DCL sections 273 – 279 and NY CPLR 203(g) and 213(8). The Transfers were directly or indirectly made to, or for the benefit of, the Rye Funds and include, but are not limited to, the Transfers listed in Exhibits A and B.

Two Year Transfers

267. During the two years prior to the Filing Date, BLMIS transferred a total of approximately \$959.6 million to or for the benefit of the Rye Funds (“Two Year Transfers”). The Two Year Transfers are set forth more fully in Exhibits A and B. Under the circumstances set forth above, the Rye Funds, Tremont Partners, Tremont Group, and the Parents knew or should have known of fraudulent activity in their own accounts, and/or that the Two Year Transfers were made for a fraudulent purpose.

268. More specifically, of the Two Year Transfers, upon information and belief, BLMIS made transfers totaling approximately \$495 million to, or for the benefit of, the Prime Fund; approximately \$354.5 million to, or for the benefit of, the Portfolio Limited Fund; approximately \$60 million to, or for the benefit of, the Broad Market Fund; and approximately \$50 million to, or for the benefit of, the Insurance Portfolio LDC Fund. See Exhibits A and B.

269. The Two Year Transfers are avoidable and recoverable under sections 548, 550(a) and 551 of the Bankruptcy Code and applicable provisions of SIPA, particularly section 78fff-2(c)(3). The Two Year Transfers were directly or indirectly made to, or for the benefit of, the Rye Funds and include, but are not limited to, the Two Year Transfers listed in Exhibit B.

Six Year Transfers

270. During the six years prior to the Filing Date, BLMIS made payments to, or for the benefit of, the Rye Funds of more than \$1.9 billion (the “Six Year Transfers”). See Exhibits A and B. Under the circumstances set forth above, the Rye Funds, Tremont Partners, Tremont Group, and the Parents knew or should have known of fraudulent activity in their own accounts, and/or that the Six Year Transfers were made for a fraudulent purpose.

271. More specifically, of the Six Year Transfers, BLMIS made transfers totaling approximately \$945 million to, or for the benefit of, the Prime Fund; approximately \$617.9 million to, or for the benefit of, the Portfolio Limited Fund; approximately \$252 million to, or for the benefit of, the Broad Market Fund; and approximately \$93.9 million to, or for the benefit of, the Insurance Portfolio LDC Fund. See Exhibits A and B.

272. The Six Year Transfers are avoidable and recoverable under sections 544, 550(a) and 551 of the Bankruptcy Code, applicable provisions of SIPA, particularly 78fff-2(c)(3), and applicable provisions of DCL sections 273 – 279. The Six Year Transfers were directly or indirectly made to, or for the benefit of, the Defendants and include, but are not limited to, the Six Year Transfers listed in Exhibit B.

Preference Period Transfers

273. During the 90-day period prior to the Filing Date—the preference period—the Portfolio Limited Fund, the Broad Market Fund, and Insurance Portfolio LDC Fund received

transfers from BLMIS constituting the return of principal in an amount totaling approximately \$324.6 million (the “Preference Period Transfers”). See Exhibits A and B. More specifically, of the Preference Period Transfers, upon information and belief, BLMIS transferred approximately \$275.7 million to, or for the benefit of, the Portfolio Limited Fund; approximately \$40 million to, or for the benefit of, the Broad Market Fund; and approximately \$8.9 million to, or for the benefit of, the Insurance Portfolio LDC Fund. The Preference Period Transfers were directly or indirectly made to, or for the benefit of, the Portfolio Limited Fund, Broad Market Fund, and Insurance Portfolio LDC Fund, and include, but are not limited to, the Preference Period Transfers listed in Exhibit B.

274. The Preference Period Transfers are avoidable and recoverable under sections 547, 550(a) and 551 of the Bankruptcy Code and applicable provisions of SIPA, particularly SIPA § 78fff-2(c)(3).

B. Subsequent Transfers

275. Throughout the entire history of the Rye Funds since 1994, upon information and belief, some portion of the Transfers made by BLMIS to the various Rye Funds were then subsequently transferred (“Subsequent Transfers”) to various entities, including but not limited to, the XL Funds, Tremont Funds, Tremont, Parents, Manzke, and/or Schulman. Upon information and belief, a portion of the Subsequent Transfers were made within 90 days of the Filing Date (“Preference Period Subsequent Transfers”).

276. Tremont’s actual or constructive knowledge of the fraudulent nature of these subsequent transfers is imputed to the XL Funds, Tremont Funds, Manzke, Schulman, and Parents. The Subsequent Transfers are discussed with more particularity below.

Subsequent Transfers: XL Funds

277. Of the Subsequent Transfers, upon information and belief, XL LP received transfers from the Prime Fund in the amount of approximately \$285.3 million, including a transfer of approximately \$203 million from the Prime Fund, in or around March 2008. Those amounts, upon information and belief, were initially transferred from BLMIS to the Prime Fund, which had received initial transfers from BLMIS as set forth in Exhibits A and B.

278. Of the Subsequent Transfers, upon information and belief, XL LP also received transfers in the amount of approximately \$46.7 million from the Broad Market Fund, including a subsequent transfer of approximately \$32 million in the third quarter of 2007. Those amounts, upon information and belief, were initially transferred from BLMIS to the Broad Market Fund, which had received initial transfers from BLMIS as set forth in Exhibits A and B.

279. Of the Subsequent Transfers, upon information and belief, XL LP and XL Portfolio received transfers based on synthetic investments in the Broad Market and Portfolio Limited Funds provided through various total return swap transactions by the swap counterparty. To the extent the swap counterparty used funds received from, or made available for use directly or indirectly from BLMIS, to transfer funds to XL LP and XL Portfolio, the monies received by XL LP and XL Portfolio are recoverable Subsequent Transfers.

Subsequent Transfers: Tremont Funds

280. Upon information and belief, Opportunity III Fund was indirectly invested with BLMIS through the Prime Fund and the Broad Market Fund. Of the Subsequent Transfers, upon information and belief, Opportunity III Fund received transfers from the Broad Market Fund totaling approximately \$130 million, as well as transfers from the Prime Fund totaling

approximately \$88.3 million. The Broad Market Fund and Prime Fund received initial transfers from BLMIS as set forth in Exhibits A and B.

281. Upon information and belief, Opportunity Limited was indirectly invested with BLMIS through the Portfolio Fund and XL Portfolio. Of the Subsequent Transfers, upon information and belief, Opportunity Limited received transfers totaling approximately \$76.3 million from the Portfolio Limited Fund, which received initial transfers from BLMIS as set forth in Exhibits A and B.

282. In addition, upon information and belief, as part of the Subsequent Transfers, Opportunity Limited received transfers totaling approximately \$9.1 million from XL Portfolio, which, upon information and belief, received transfers from the Portfolio Limited Fund and/or swap counterparties. The swap counterparties, upon information and belief, received the subsequent transfers from the Portfolio Limited Fund, which received initial transfers from BLMIS as set forth in Exhibits A and B.

283. Upon information and belief, Opportunity II Fund was indirectly invested with BLMIS through the Prime Fund, the Broad Market Fund, and XL LP. Of the Subsequent Transfers, upon information and belief, Opportunity II Fund received transfers from the Prime Fund totaling approximately \$13.6 million, as well as transfers from the Broad Market Fund totaling approximately \$13.4 million. The Prime Fund and Broad Market Fund received initial transfers from BLMIS as set forth in Exhibits A and B.

284. In addition, upon information and belief, as part of the Subsequent Transfers, Opportunity II Fund received transfers totaling approximately \$2.4 million from XL LP, which, upon information and belief, received transfers from the Broad Market Fund and/or swap counterparties. The swap counterparties, upon information and belief, received the subsequent

transfers from the Broad Market Fund, which received initial transfers from BLMIS as set forth in Exhibits A and B.

285. Upon information and belief, Market Neutral Limited was indirectly invested with BLMIS through the Portfolio Limited Fund, as well as XL Portfolio. Of the Subsequent Transfers, upon information and belief, Market Neutral Limited received transfers totaling approximately \$91.8 million from the Portfolio Limited Fund, which received initial transfers from BLMIS as set forth in Exhibits A and B.

286. In addition, upon information and belief, as part of the Subsequent Transfers, Market Neutral Limited received transfers totaling approximately \$10 million from XL Portfolio, which, upon information and belief, received transfers from the Portfolio Limited Fund and/or swap counterparties. The swap counterparties, upon information and belief, received the subsequent transfers from the Portfolio Limited Fund, which received initial transfers from BLMIS as set forth in Exhibits A and B.

287. Upon information and belief, Market Neutral Fund was indirectly invested with BLMIS through the Prime Fund and the Broad Market Fund. Of the Subsequent Transfers, upon information and belief, Market Neutral Fund received transfers from the Broad Market Fund totaling approximately \$39.5 million, as well as transfers from the Prime Fund totaling approximately \$8 million. The Broad Market Fund and Prime Fund received initial transfers from BLMIS as set forth in Exhibits A and B.

288. Upon information and belief, LifeInvest was indirectly invested with BLMIS through the Insurance Portfolio LDC Fund. Of the Subsequent Transfers, upon information and belief, LifeInvest received transfers totaling approximately \$20.3 million from the Portfolio Limited Fund, which received initial transfers from BLMIS as set forth in Exhibits A and B.

289. Upon information and belief, Long/Short Fund was indirectly invested with BLMIS through the Prime Fund and the Broad Market Fund. Of the Subsequent Transfers, upon information and belief, Long/Short Fund received transfers from the Prime Fund totaling approximately \$12.1 million, as well as transfers from the Broad Market Fund totaling approximately \$10.8 million. The Prime Fund and Broad Market Fund received initial transfers from BLMIS as set forth in Exhibits A and B.

290. Upon information and belief, International Insurance Fund was indirectly invested with BLMIS through the Prime Fund. Of the Subsequent Transfers, upon information and belief, International Insurance Fund received transfers totaling approximately \$9.4 million from the Prime Fund, which received initial transfers from BLMIS as set forth in Exhibits A and B.

291. Upon information and belief, Equity Fund – Ireland was indirectly invested with BLMIS through the Portfolio Limited Fund and XL Portfolio. Of the Subsequent Transfers, upon information and belief, Equity Fund – Ireland received transfers totaling approximately \$5 million from the Portfolio Limited Fund, which received initial transfers from BLMIS as set forth in Exhibits A and B.

292. In addition, upon information and belief, as part of the Subsequent Transfers, Equity Fund – Ireland received transfers totaling approximately \$740,000 from XL Portfolio, which, upon information and belief, received transfers from the Portfolio Limited Fund and/or swap counterparties. The swap counterparties, upon information and belief, received the subsequent transfers from the Portfolio Limited Fund, which received initial transfers from BLMIS as set forth in Exhibits A and B.

293. Upon information and belief, Market Neutral II Fund was indirectly invested with BLMIS through the Prime Fund, the Broad Market Fund, and XL LP. Of the Subsequent

Transfers, upon information and belief, Market Neutral II Fund received transfers from the Prime Fund totaling approximately \$36.1 million, as well as transfers from the Broad Market Fund totaling approximately \$36.4 million. The Prime Fund and Broad Market Fund received initial transfers from BLMIS as set forth in Exhibits A and B.

294. In addition, upon information and belief, as part of the Subsequent Transfers, Market Neutral II Fund received subsequent transfers totaling approximately \$10.3 million from XL LP, which, upon information and belief, received transfers from the Broad Market Fund and/or swap counterparties. The swap counterparties, upon information and belief, received the subsequent transfers from the Broad Market Fund, which received initial transfers from BLMIS as set forth in Exhibits A and B.

295. Upon information and belief, Arbitrage Ireland was indirectly invested with BLMIS through the Portfolio Limited Fund. Of the Subsequent Transfers, upon information and belief, Arbitrage Ireland received transfers totaling approximately \$8.6 million from the Portfolio Limited Fund, which received initial transfers from BLMIS as set forth in Exhibits A and B.

296. Upon information and belief, Multimanager Fund was indirectly invested with BLMIS through the Portfolio Limited Fund and XL Portfolio Fund. Of the Subsequent Transfers, upon information and belief, Multimanager Fund received transfers totaling approximately \$7.4 million from the Portfolio Limited Fund, which received initial transfers from BLMIS as set forth in Exhibits A and B.

297. In addition, of the Subsequent Transfers, upon information and belief, Multimanager Fund received subsequent transfers totaling approximately \$6.1 million from XL LP, which, upon information and belief, received transfers from the Broad Market Fund and/or swap counterparties. The swap counterparties, upon information and belief, received the

subsequent transfers from the Broad Market Fund, which received initial transfers from BLMIS as set forth in Exhibits A and B.

298. Upon information and belief, Emerging Markets – Ireland was indirectly invested with BLMIS through the Portfolio Limited Fund. Of the Subsequent Transfers, upon information and belief, Emerging Markets – Ireland received transfers totaling approximately \$4.3 million from the Portfolio Limited Fund, which received initial transfers from BLMIS as set forth in Exhibits A and B.

299. Upon information and belief, Arbitrage Fund was indirectly invested with BLMIS through the Broad Market Fund. Of the Subsequent Transfers, upon information and belief, the Arbitrage Fund received transfers totaling approximately \$3.1 million from the Broad Market Fund, which received initial transfers from BLMIS as set forth in Exhibits A and B.

300. Upon information and belief, Equities Fund was indirectly invested with BLMIS through the Prime Fund. Of the Subsequent Transfers, upon information and belief, Equities Fund received transfers totaling approximately \$1 million from the Prime Fund, which received initial transfers from BLMIS as set forth in Exhibits A and B.

Subsequent Transfers: Fees

301. Upon information and belief, of the Subsequent Transfers, Tremont Partners received transfers in the form of management and administrative fees from the Rye Funds, which received initial transfers from BLMIS. The Trustee estimates these fees to be more than \$240 million since 1994. Manzke and Schulman, upon information and belief, received a portion of these fees as subsequent transfers. Upon information and belief, as part of the Subsequent Transfers, a portion of those fees were also transferred from Tremont Partners to Tremont Group.

302. Upon information and belief, as part of the Subsequent Transfers, Tremont Group's Parents received transfers from Tremont Group in the form of a dividend between \$10-35 million. As noted above, upon information and belief, that dividend originated from transfers from BLMIS to the Rye Funds, which were then transferred to Tremont Partners and/or Tremont Group.

Preference Period Subsequent Transfers

303. Of the Preference Period Subsequent Transfers, upon information and belief, Opportunity III Fund received subsequent transfers totaling approximately \$40.4 million from the Broad Market Fund, which received preferential transfers from BLMIS as set forth in Exhibits A and B.

304. Of the Preference Period Subsequent Transfers, upon information and belief, Arbitrage Ireland received subsequent transfers totaling approximately \$3.5 million from the Portfolio Limited Fund, which had received preferential transfers from BLMIS as set forth in Exhibits A and B.

305. Of the Preference Period Subsequent Transfers, upon information and belief, Opportunity Limited received subsequent transfers totaling approximately \$6.1 million from XL Portfolio, which, upon information and belief received subsequent transfers from the Portfolio Limited Fund and/or swap counterparties. The swap counterparties, upon information and belief, received the subsequent transfers from the Portfolio Limited Fund, which had received preferential transfers from BLMIS as set forth in Exhibits A and B.

306. Of the Preference Period Subsequent Transfers, upon information and belief, Market Neutral received subsequent transfers totaling approximately \$2.3 million from the Broad

Market Fund, which received preferential transfers from BLMIS as set forth in Exhibits A and B.

307. Of the Preference Period Subsequent Transfers, upon information and belief, Market Neutral Limited received subsequent transfers totaling approximately \$1 million from the Portfolio Limited Fund, which received preferential transfers from BLMIS as set forth in Exhibits A and B.

308. To the extent that Tremont Partners, Tremont Group, or the Parents took fees from the Rye Funds within 90 days prior to the Filing Date, those fees are recoverable as Preference Period Subsequent Preferences.

Conclusion

309. Under the circumstances set forth above, the XL Funds, Tremont Funds, Tremont Partners, Tremont Group, Parents, Manzke, and Schulman knew or should have known of fraudulent activity in the Rye Funds' accounts and/or that the Transfers and Subsequent Transfers were made and/or received with a fraudulent purpose.

310. All of the Subsequent Transfers, or the value thereof, are recoverable from the XL Funds, Tremont Funds, Manzke, Schulman, Tremont Group, and/or Parents pursuant to section 550(a) of the Bankruptcy Code.

311. To the extent that any of the recovery counts may be inconsistent with each other, they are to be treated as being pled in the alternative.

312. The Trustee's investigation is on-going and the Trustee reserves the right to (i) supplement the information regarding the Transfers and Subsequent Transfers and any additional transfers, and (ii) seek recovery of such additional transfers.

CUSTOMER CLAIMS

313. The Trustee has received Customer Claims from the Prime Fund, the Portfolio Limited Fund, the Broad Market Fund, the Insurance Portfolio LDC Fund, and Rye Insurance (“Defendants’ Claims”). Defendants’ Claims are summarized in Exhibit C.

314. In response to the Prime Fund’s Customer Claim, the Trustee issued a Notice of Trustee’s Determination of Claim. See Exhibit C. The Trustee is not aware of any objections to that Determination being filed with the Court. The remainder of the Defendant’s claims have not yet been determined. See Exhibit C.

315. On December 23, 2008, this Court entered an Order on Application for Entry of an Order Approving Form and Manner of Publication and Mailing of Notices, Specifying Procedures for Filing, Determination and Adjudication of Claims, and Providing Other Relief (“Claims Procedures Order”; Docket No. 12). The Claims Procedures Order includes a process for determination and allowance of claims under which the Trustee has been operating. The Trustee intends to resolve the Customer Claims and any related objections to the Trustee’s determination of such claims through a separate hearing as contemplated by the Claims Procedures Order.

COUNT ONE **PREFERENTIAL TRANSFERS (INITIAL TRANSFEREES) - 11 U.S.C. §§ 547(B), 550** **AND 551**

Against Broad Market Fund, Portfolio Limited Fund and Insurance Portfolio LDC Fund

316. The Trustee incorporates by reference the allegations contained in the previous paragraphs of this Complaint as if fully rewritten herein.

317. At the time of each of the Preference Period Transfers, the Portfolio Limited Fund, Broad Market Fund, and Insurance Portfolio LDC Fund were each a “creditor” of BLMIS

within the meaning of section 101(10) of the Bankruptcy Code and pursuant to section 78fff-2(c)(3) of SIPA.

318. Each of the Preference Period Transfers constitutes a transfer of an interest of BLMIS in property within the meaning of section 101(54) of the Bankruptcy Code and pursuant to section 78fff-2(c)(3) of SIPA.

319. Each of the Preference Period Transfers was to or for the benefit of the Portfolio Limited Fund, Broad Market Fund, and/or Insurance Portfolio LDC Fund.

320. Each of the Preference Period Transfers was made for or on account of an antecedent debt owed by BLMIS to the Portfolio Limited Fund, Broad Market Fund, and/or Insurance Portfolio LDC Fund before such transfer was made.

321. Each of the Preference Period Transfers was made while BLMIS was insolvent.

322. Each of the Preference Period Transfers was made during the preference period under section 547(b)(4) of the Bankruptcy Code.

323. Each of the Preference Period Transfers enabled the Portfolio Limited Fund, Broad Market Fund, and/or Insurance Portfolio LDC Fund to receive more than each of them would receive if (i) this case was a case under chapter 7 of the Bankruptcy Code, (ii) the transfers had not been made, and (iii) the applicable Defendant received payment of such debt to the extent provided by the provisions of the Bankruptcy Code.

324. Each of the Preference Period Transfers constitutes a preferential transfer avoidable by the Trustee pursuant to section 547(b) of the Bankruptcy Code and recoverable from the Portfolio Limited Fund, Broad Market Fund, and/or Insurance Portfolio LDC Fund pursuant to section 550(a)(1) of the Bankruptcy Code.

325. As a result of the foregoing, pursuant to sections 547(b), 550(a)(1), and 551 of the Bankruptcy Code and section 78fff-2(c)(3) of SIPA, the Trustee is entitled to a judgment against the Portfolio Limited Fund, Broad Market Fund, and/or Insurance Portfolio LDC Fund: (a) avoiding and preserving the Preference Period Transfers, (b) directing that the Preference Period Transfers be set aside and (c) recovering the Preference Period Transfers, or the value thereof, for the benefit of the estate of BLMIS.

COUNT TWO
PREFERENTIAL TRANSFERS (GENERAL PARTNER AND CORPORATE PARENT
LIABILITY) - 11 U.S.C. §§ 547(B), 550 AND 551

Against Tremont Partners, Tremont Group, Oppenheimer, MassMutual Holding and Mass Mutual

326. The Trustee incorporates by reference the allegations contained in the previous paragraphs of this Complaint as if fully rewritten herein.

327. At the time of each of the Preference Period Transfers, the Portfolio Limited Fund, Broad Market Fund, and/or Insurance Portfolio LDC Fund each was a “creditor” of BLMIS within the meaning of section 101(10) of the Bankruptcy Code and pursuant to section 78fff-2(c)(3) of SIPA.

328. Each of the Preference Period Transfers constitutes a transfer of an interest of BLMIS in property within the meaning of section 101(54) of the Bankruptcy Code and pursuant to section 78fff-2(c)(3) of SIPA.

329. Each of the Preference Period Transfers was to or for the benefit of the Portfolio Limited Fund, Broad Market Fund, and/or Insurance Portfolio LDC Fund.

330. Each of the Preference Period Transfers was made for or on account of an antecedent debt owed by BLMIS to the Portfolio Limited Fund, Broad Market Fund, and/or Insurance Portfolio LDC Fund before such transfer was made.

331. Each of the Preference Period Transfers was made during the preference period under section 547(b)(4) of the Bankruptcy Code.

332. Each of the Preference Period Transfers enabled the Portfolio Limited Fund, Broad Market Fund, and/or Insurance Portfolio LDC Fund to receive more than each of them would receive if (i) this case was a case under chapter 7 of the Bankruptcy Code, (ii) the transfers had not been made, and (iii) the applicable Defendant received payment of such debt to the extent provided by the provisions of the Bankruptcy Code.

333. Each of the Preference Period Transfers constitutes a preferential transfer avoidable by the Trustee pursuant to section 547(b) of the Bankruptcy Code and recoverable from the Broad Market Fund pursuant to section 550(a)(1) of the Bankruptcy Code.

334. Tremont Partners served as the general partner to the Broad Market Fund during the Preference Period. For all intents and purposes, the Broad Market Fund is insolvent, and its assets are insufficient to satisfy any judgment on the claims asserted herein. As a general partner to the Broad Market Fund, Tremont Partners is liable, pursuant to sections 15-306(a) and 17-403(b) of Title 6 of the Delaware Code, for all obligations the Broad Market Fund incurred while Tremont Partners was serving as general partner.

335. Due to their domination and control over Tremont Partners and the Rye Funds, liability of the Portfolio Limited Fund, Broad Market Fund, Insurance Portfolio LDC Fund and Tremont Partners is imputed to Tremont Group and the Parents, who are jointly and severally liable for the obligations of the Portfolio Limited Fund, Broad Market Fund, and/or Insurance Portfolio LDC Fund and Tremont Partners.

336. As a result of the foregoing, pursuant to sections 547(b), 550(a)(1), and 551 of the Bankruptcy Code, section 78fff-2(c)(3) of SIPA, sections 15-306(a) and 17-403(b) of the

Delaware Code, and other applicable state law, the Trustee is entitled to a judgment: (a) avoiding and preserving the Preference Period Transfers, (b) directing that the Preference Period Transfers be set aside; (c) recovering the Preference Period Transfers to the Broad Market Fund, or the value thereof, from Tremont Partners for the benefit of the estate of BLMIS; and (d) recovering the Preference Period Transfers to Portfolio Limited Fund, Broad Market Fund, and/or Insurance Portfolio LDC Fund, or the value thereof, from Tremont Group and Parents for the benefit of the estate of BLMIS.

COUNT THREE
PREFERENTIAL TRANSFERS (SUBSEQUENT TRANSFEREES) - 11 U.S.C. §§ 547(B),
550 AND 551

Against Arbitrage Ireland, Market Neutral Fund, Opportunity Limited, Opportunity III Fund,
Tremont, and/or Parents

337. The Trustee incorporates by reference the allegations contained in the previous paragraphs of this Complaint as if fully rewritten herein.

338. At the time of each of the Preference Period Transfers, the Portfolio Limited Fund, Broad Market Fund, and Insurance Portfolio LDC Fund were “creditors” of BLMIS within the meaning of section 101(10) of the Bankruptcy Code and pursuant to SIPA § 78fff-2(c)(3).

339. Each of the Preference Period Transfers constitutes a transfer of an interest of BLMIS in property within the meaning of section 101(54) of the Bankruptcy Code and pursuant to SIPA § 78fff-2(c)(3).

340. Each of the Preference Period Transfers was to or for the benefit of the Portfolio Limited Fund, Broad Market Fund, and Insurance Portfolio LDC Fund.

341. Each of the initial transfers made during the Preference Period was made for or on account of an antecedent debt owed by BLMIS before such transfer was made.

342. Each of the initial transfers made during Preference Period was made while BLMIS was insolvent.

343. Each of the Preference Period Transfers was made during the preference period under section 547(b)(4) of the Bankruptcy Code.

344. Each of the Preference Period Transfers enabled the Portfolio Limited Fund, Broad Market Fund, and/or Insurance Portfolio LDC Fund to receive more than each of the funds would receive if (i) this case was a case under chapter 7 of the Bankruptcy Code, (ii) the transfers had not been made, and (iii) the applicable fund received payment of such debt to the extent provided by the provisions of the Bankruptcy Code.

345. Each of the Preference Period Transfers constitutes a preferential transfer avoidable by the Trustee pursuant to section 547(b) of the Bankruptcy Code.

346. Upon information and belief, Arbitrage Ireland, Market Neutral Fund, Opportunity Limited, Opportunity III Fund, Tremont, and/or Parents were immediate or mediate transferees of some portion of the Preference Period Transfers pursuant to section 550(a)(2) of the Bankruptcy Code.

347. Each of the Preference Period Subsequent Transfers were made directly or indirectly to or for the benefit of Arbitrage Ireland, Market Neutral Fund, Opportunity Limited, Opportunity III Fund, Tremont and/or Parents.

348. As a result of the foregoing, pursuant to sections 547(b), 550(a)(2), and 551 of the Bankruptcy Code and SIPA § 78fff-2(c)(3), the Trustee is entitled to a judgment recovering the subsequent transfers made during the Preference Period, or the value thereof, from Arbitrage Ireland, Market Neutral Fund, Opportunity Limited, Opportunity III Fund, Tremont, and/or Parents, for the benefit of the estate of BLMIS.

COUNT FOUR
FRAUDULENT TRANSFERS (INITIAL TRANSFEREES) – 11 U.S.C. §§ 548(A)(1)(A),
550 AND 551

AGAINST THE RYE FUNDS

349. The Trustee incorporates by reference the allegations contained in the previous paragraphs of this Complaint as if fully rewritten herein.

350. The Two Year Transfers to the Rye Funds were made on or within two years before the Filing Date.

351. The Two Year Transfers to the Rye Funds were made by BLMIS with the actual intent to hinder, delay, and defraud some or all of BLMIS's then existing or future creditors.

352. The Two Year Transfers to the Rye Funds constitute a fraudulent transfer avoidable by the Trustee pursuant to section 548(a)(1)(A) of the Bankruptcy Code and recoverable from the Rye Funds pursuant to section 550(a) of the Bankruptcy Code and section 78fff-2(c)(3) of SIPA.

353. As a result of the foregoing, pursuant to sections 548(a)(1)(A), 550(a), and 551 of the Bankruptcy Code and section 78fff-2(c)(3) of SIPA, the Trustee is entitled to a judgment: (a) avoiding and preserving the Two Year Transfers to the Rye Funds, (b) directing that the Two Year Transfers to the Rye Funds be set aside, and (c) recovering the Two Year Transfers to the Rye Funds, or the value thereof, from the Rye Funds for the benefit of the estate of BLMIS.

COUNT FIVE
FRAUDULENT TRANSFERS (GENERAL PARTNER AND CORPORATE PARENT
LIABILITY) – 11 U.S.C. §§ 548(A)(1)(A), 550 AND 551

Against Tremont Partners, Tremont Group, Oppenheimer, MassMutual Holding and Mass Mutual

354. The Trustee incorporates by reference the allegations contained in the previous paragraphs of this Complaint as if fully rewritten herein.

355. The Two Year Transfers to the Rye Funds were made on or within two years before the filing date.

356. The Two Year Transfers to the Rye Funds were made by BLMIS with the actual intent to hinder, delay, and defraud some or all of BLMIS's then existing or future creditors.

357. The Two Year Transfers to the Rye Funds constitute a fraudulent transfer avoidable by the Trustee pursuant to section 548(a)(1)(A) of the Bankruptcy Code and recoverable from the Rye Funds pursuant to section 550(a) of the Bankruptcy Code and section 78fff-2(c)(3) of SIPA.

358. Tremont Partners served as the general partner to the Broad Market Fund and the Prime Fund during the two years preceding the Filing Date. For all intents and purposes, the Broad Market Fund and Prime Fund are insolvent, and their assets are insufficient to satisfy any judgment on the claims asserted herein. As general partner of the Broad Market Fund and the Prime Fund, Tremont Partners is liable, pursuant to sections 15-306(a) and 17-403(b) of the Delaware Code, for all obligations incurred by the Broad Market Fund and the Prime Fund while Tremont Partners was serving as general partner.

359. Due to their domination and control over Tremont Partners and the Rye Funds, liability of the Rye Funds and Tremont Partners is imputed to Tremont Group and the Parents, who are jointly and severally liable for the obligations of the Rye Funds and Tremont Partners.

360. As a result of the foregoing, pursuant to sections 548(a)(1)(A), 550(a)(1), and 551 of the Bankruptcy Code, section 78fff-2(c)(3) of SIPA, sections 15-306(a) and 17-403(b) of Title 6 the Delaware Code, and other applicable state law, the Trustee is entitled to a judgment: (a) avoiding and preserving the Two Year Transfers to the Rye Funds; (b) directing that the Two Year Transfers to the Rye Funds be set aside; (c) recovering the Two Year Transfers to the

Broad Market Fund and the Prime Fund, or the value thereof, from Tremont Partners for the benefit of the estate of BLMIS; and (d) recovering the Two Year Transfers to all of the Rye Funds, or the value thereof, from Tremont Group, Oppenheimer, MassMutual Holding, and Mass Mutual for the benefit of the estate of BLMIS.

COUNT SIX
FRAUDULENT TRANSFERS (INITIAL TRANSFEREES) – 11 U.S.C. §§ 548(A)(1)(B),
550 AND 551

Against the Rye Funds

361. The Trustee incorporates by reference the allegations contained in the previous paragraphs of this Complaint as if fully rewritten herein.

362. The Two Year Transfers to the Rye Funds were made on or within two years before the Filing Date.

363. BLMIS received less than reasonably equivalent value in exchange for each of the Two Year Transfers.

364. At the time of each of the Two Year Transfers, BLMIS was insolvent, or became insolvent as a result of the Two Year Transfer in question.

365. At the time of each of the Two Year Transfers, BLMIS was engaged in a business or a transaction, or was about to engage in a business or a transaction, for which any property remaining with BLMIS was an unreasonably small capital.

366. At the time of each of the Two Year Transfers, BLMIS intended to incur, or believed that it would incur, debts that would be beyond BLMIS's ability to pay as such debts matured.

367. Each of the Two Year Transfers constitutes a fraudulent transfer avoidable by the Trustee pursuant to section 548(a)(1)(B) of the Bankruptcy Code and recoverable from the Rye Funds pursuant to section 550(a)(1) of the Bankruptcy Code and SIPA § 78fff-2(c)(3).

368. As a result of the foregoing, pursuant to sections 548(a)(1)(B), 550(a)(1), and 551 of the Bankruptcy Code, SIPA § 78fff-2(c)(3), the Trustee is entitled to a judgment: (a) avoiding and preserving the Two Year Transfers, (b) directing that the Two Year Transfers be set aside, and (c) recovering the Two Year Transfers, or the value thereof, from the Rye Funds for the benefit of the estate of BLMIS, and to return to injured customers.

COUNT SEVEN
FRAUDULENT TRANSFERS (GENERAL PARTNER AND CORPORATE PARENT
LIABILITY) – 11 U.S.C. §§ 548(A)(1)(B), 550 AND 55

Against Tremont Partners, Tremont Group, Oppenheimer, MassMutual Holding and Mass Mutual

369. The Trustee incorporates by reference the allegations contained in the previous paragraphs of this Complaint as if fully rewritten herein.

370. The Two Year Transfers to the Rye Funds were made on or within two years before the Filing Date.

371. BLMIS received less than reasonably equivalent value in exchange for each of the Two Year Transfers.

372. At the time of each of the Two Year Transfers, BLMIS was insolvent, or became insolvent as a result of the Two Year Transfer in question.

373. At the time of each of the Two Year Transfers, BLMIS was engaged in a business or a transaction, or was about to engage in a business or a transaction, for which any property remaining with BLMIS was an unreasonably small capital.

374. At the time of each of the Two Year Transfers, BLMIS intended to incur, or believed that it would incur, debts that would be beyond BLMIS's ability to pay as such debts matured.

375. Each of the Two Year Transfers constitutes a fraudulent transfer avoidable by the Trustee pursuant to section 548(a)(1)(B) of the Bankruptcy Code and recoverable from the Rye Funds pursuant to section 550(a)(1) of the Bankruptcy Code and SIPA § 78fff-2(c)(3).

376. Tremont Partners served as general partner to the Broad Market Fund and Prime Fund during the two years preceding the Filing Date. For all intents and purposes, the Broad Market Fund and Prime Fund are insolvent, and their assets are insufficient to satisfy any judgment on the claims asserted herein. As general partner of the Broad Market Fund and Prime Fund, Tremont Partners is liable, pursuant to sections 15-306(a) and 17-403(b) of Title 6 of the Delaware Code, for all obligations the Broad Market Fund and Prime Fund incurred while Tremont Partners was serving as general partner.

377. Due to their domination and control over Tremont Partners and the Rye Funds, liability of the Rye Funds and Tremont Partners is imputed to Tremont Group and the Parents, who are jointly and severally liable for the obligations of the Rye Funds and Tremont Partners.

378. As a result of the foregoing, pursuant to sections 548(a)(1)(B), 550(a)(1), and 551 of the Bankruptcy Code, section 78fff-2(c)(3) of SIPA, sections 15-306(a) and 17-403(b) of Title 6 of the Delaware Code, and other applicable state law, the Trustee is entitled to a judgment: (a) avoiding and preserving the Two Year Transfers; (b) directing that the Two Year Transfers to the Rye Funds be set aside; (c) recovering the Two Year Transfers to the Broad Market Fund and Prime Fund, or the value thereof, from Tremont Partners, for the benefit of the estate of BLMIS; and (d) recovering the Two Year Transfers to all of the Rye Funds, or the value thereof, from Tremont Group, Oppenheimer, MassMutual Holding, and Mass Mutual for the benefit of the estate of BLMIS.

COUNT EIGHT
FRAUDULENT TRANSFER (INITIAL TRANSFEREES) – NEW YORK DEBTOR AND
CREDITOR LAW §§ 276, 276-A, 278 AND/OR 279, AND 11 U.S.C. §§ 544, 550(A) AND
551

Against the Rye Funds

379. The Trustee incorporates by reference the allegations contained in the previous paragraphs of this Complaint as if fully rewritten herein.

380. At all times relevant to the Six Year Transfers, there have been one or more creditors who have held and still hold matured or unmatured unsecured claims against BLMIS that were and are allowable under section 502 of the Bankruptcy Code or that were and are not allowable only under section 502(e) of the Bankruptcy Code.

381. The Six Year Transfers were made by BLMIS and transferees with the actual intent to hinder, delay, or defraud the creditors of BLMIS. BLMIS made the Six Year Transfers to or for the benefit of the Rye Funds in furtherance of a fraudulent investment scheme.

382. The Six Year Transfers were made by BLMIS with the actual intent to hinder, delay, or defraud the creditors of BLMIS. BLMIS made the Six Year Transfers to or for the benefit of the Defendants in furtherance of a fraudulent investment scheme.

383. The Six Year Transfers were received by the Rye Funds with actual intent to hinder, delay, or defraud creditors of BLMIS at the time of each of the transfers and/or future creditors of BLMIS.

384. As a result of the foregoing, pursuant to DCL sections 276, 276-a, 278 and/or 279, sections 544(b), 550(a), and 551 of the Bankruptcy Code, and section 78fff-2(c)(3) of SIPA, the Trustee is entitled to a judgment: (a) avoiding and preserving the Six Year Transfers, (b) directing that the Six Year Transfers be set aside; and (c) recovering the Six Year Transfers, or

the value thereof, from the Rye Funds for the benefit of the estate of BLMIS, and (d) recovering attorneys' fees from the Rye Funds.

COUNT NINE
FRAUDULENT TRANSFER (GENERAL PARTNER AND CORPORATE PARENT
LIABILITY) – NEW YORK DEBTOR AND CREDITOR LAW §§ 276, 276-A, 278
AND/OR 279, AND 11 U.S.C. §§ 544, 550(A) AND 551

Against Tremont Partners, Tremont Group, Oppenheimer, MassMutual Holding and Mass
Mutual

385. The Trustee incorporates by reference the allegations contained in the previous paragraphs of this Complaint as if fully rewritten herein.

386. At all times relevant to the Six Year Transfers, there have been one or more creditors who have held and still hold matured or unmatured unsecured claims against BLMIS that were and are allowable under section 502 of the Bankruptcy Code or that were and are not allowable only under section 502(e) of the Bankruptcy Code.

387. The Six Year Transfers were made by BLMIS and transferees with the actual intent to hinder, delay, or defraud the creditors of BLMIS. BLMIS made the Six Year Transfers to or for the benefit of the Rye Funds in furtherance of a fraudulent investment scheme.

388. The Six Year Transfers were received by the Rye Funds with actual intent to hinder, delay, or defraud creditors of BLMIS at the time of each of the transfers and/or future creditors of BLMIS.

389. Tremont Partners served as the general partner to the Broad Market Fund and the Prime Fund during the two years preceding the Filing Date. For all intents and purposes, the Broad Market Fund and Prime Fund are insolvent, and their assets are insufficient to satisfy any judgment on the claims asserted herein. As general partner of the Broad Market Fund and the Prime Fund, Tremont Partners is liable, pursuant to sections 15-306(a) and 17-403(b) of the

Delaware Code, for all obligations incurred by the Broad Market Fund and the Prime Fund while Tremont Partners was serving as general partner.

390. Due to their domination and control over Tremont Partners and the Rye Funds, liability of the Rye Funds and Tremont Partners is imputed to Tremont Group and the Parents, who are jointly and severally liable for the obligations of the Rye Funds and Tremont Partners.

391. As a result of the foregoing, pursuant to DCL sections 276, 276-a, 278 and/or 279, sections 544(b), 550(a), and 551 of the Bankruptcy Code, section 78fff-2(c)(3) of SIPA, sections 15-306(a) and 17-403(b) of Title 6 of the Delaware Code, and other applicable state law, the Trustee is entitled to a judgment: (a) avoiding and preserving the Six Year Transfers, (b) directing that the Six Year Transfers be set aside; (c) recovering the Six Year Transfers to the Broad Market Fund and the Prime Fund, or the value thereof, from Tremont Partners, for the benefit of the estate of BLMIS and to return to injured customers; (d) recovering the Six Year Transfers to all of the Rye Funds, or the value thereof, from Tremont Group, Oppenheimer, MassMutual Holding, and Mass Mutual for the benefit of the estate of BLMIS and (e) recovering attorneys' fees from Tremont Partners, Tremont Group, Oppenheimer, MassMutual Holding, and Mass Mutual.

COUNT TEN

FRAUDULENT TRANSFER (INITIAL TRANSFEREE) -- NEW YORK DEBTOR AND CREDITOR LAW §§ 273 AND 278 AND/OR 279, AND 11 U.S.C. §§ 544, 550(A), AND 551

Against the Rye Funds

392. The Trustee incorporates by reference the allegations contained in the previous paragraphs of the Complaint as if fully rewritten herein.

393. At all relevant times there was and is at least one or more creditors who held and hold matured or unmatured unsecured claims against BLMIS that were and are allowable under

section 502 of the Bankruptcy Code or that were and are not allowable only under section 502(e) of the Bankruptcy Code.

394. BLMIS did not receive fair consideration for the Six Year Transfers.

395. BLMIS was insolvent at the time it made each of the Six Year Transfers or, in the alternative, BLMIS became insolvent as a result of each of the Six Year Transfers.

396. The Six Year Transfers constituted a conveyance by BLMIS as defined under DCL section 270.

397. As a result of the foregoing, pursuant to DCL sections 273, 278 and 279, sections 544(b), 550, 551 of the Bankruptcy Code, and section 78fff-2(c)(3) of SIPA, the Trustee is entitled to a judgment: (a) avoiding and preserving the Six Year Transfers; (b) directing that the Six Year Transfers be set aside; and (c) recovering the Six Year Transfers, or the value thereof, from the Rye Funds for the benefit of the estate of BLMIS, and to return to injured customers.

COUNT ELEVEN

FRAUDULENT TRANSFER (GENERAL PARTNER AND CORPORATE PARENT LIABILITY) -- NEW YORK DEBTOR AND CREDITOR LAW §§ 273 AND 278 AND/OR 279, AND 11 U.S.C. §§ 544, 550(A), AND 551

Against Tremont Partners, Tremont Group, Oppenheimer, MassMutual Holding and Mass Mutual

398. The Trustee incorporates by reference the allegations contained in the previous paragraphs of the Complaint as if fully rewritten herein.

399. At all relevant times there was and is at least one or more creditors who held and hold matured or unmatured unsecured claims against BLMIS that were and are allowable under section 502 of the Bankruptcy Code or that were and are not allowable only under section 502(e) of the Bankruptcy Code.

400. BLMIS did not receive fair consideration for the Six Year Transfers.

401. BLMIS was insolvent at the time it made each of the Six Year Transfers or, in the alternative, BLMIS became insolvent as a result of each of the Six Year Transfers.

402. The Six Year Transfers constituted a conveyance by BLMIS as defined under DCL section 270.

403. Tremont Partners served as general partner to the Broad Market Fund and Prime Fund during the six years preceding the Filing Date. For all intents and purposes, the Broad Market Fund and Prime Fund are insolvent, and their assets are insufficient to satisfy any judgment on the claims asserted herein. As general partner to the Broad Market Fund and Prime Fund, Tremont Partners is liable, pursuant to sections 15-306(a) and 17-403 of Title 6 of the Delaware Code, for all obligations incurred by the Broad Market Fund and Prime Fund while serving as general partner.

404. Due to their domination and control over Tremont Partners and the Rye Funds, liability of the Rye Funds and Tremont Partners is imputed to Tremont Group and the Parents, who are jointly and severally liable for the obligations of the Rye Funds and Tremont Partners.

405. As a result of the foregoing, pursuant to DCL sections 273, 278 and 279, sections 544(b), 550, 551 of the Bankruptcy Code, section 78fff-2(c)(3) of SIPA, sections 15-306(a) and 17-403 of Title 6 of the Delaware Code, and other applicable state law, the Trustee is entitled to a judgment: (a) avoiding and preserving the Six Year Transfers; (b) directing that the Six Year Transfers be set aside; (c) recovering the Six Year Transfers to the Broad Market Fund and Prime Fund, or the value thereof, from Tremont Partners, for the benefit of the estate of BLMIS; and (d) recovering the Six Year Transfers to all of the Rye Funds, or the value thereof, from Tremont Group, Oppenheimer, MassMutual Holding, and Mass Mutual for the benefit of the estate of BLMIS.

COUNT TWELVE

**FRAUDULENT TRANSFERS (INITIAL TRANSFEREES) —NEW YORK DEBTOR
AND CREDITOR LAW §§274, 278 AND/OR 279, AND 11 U.S.C. §§ 544, 550(A), AND 551**

Against the Rye Funds

406. The Trustee incorporates by reference the allegations contained in the previous paragraphs of the Complaint as if fully rewritten herein.

407. At all relevant times there was and is at least one or more creditors who held and hold matured or unmatured unsecured claims against BLMIS that were and are allowable under section 502 of the Bankruptcy Code or that were and are not allowable only under section 502(e).

408. BLMIS did not receive fair consideration for the Six Year Transfers.

409. At the time BLMIS made each of the Six Year Transfers, BLMIS was engaged or was about to engage in a business or transaction for which the property remaining in its hands after each of the Six Year Transfers was an unreasonably small capital.

As a result of the foregoing, pursuant to DCL sections 274, 278 and/or 279, sections 544(b), 550(a), and 551 of the Bankruptcy Code, and section 78fff-2(c)(3) of SIPA, the Trustee is entitled to a judgment: (a) avoiding and preserving the Six Year Transfers; (b) directing that the Six Year Transfers be set aside; and (c) recovering the Six Year Transfers, or the value thereof, from the Rye Funds for the benefit of the estate of BLMIS.

COUNT THIRTEEN

**FRAUDULENT TRANSFERS (GENERAL PARTNER AND CORPORATE PARENT
LIABILITY) —NEW YORK DEBTOR AND CREDITOR LAW §§274, 278 AND/OR 279,
AND 11 U.S.C. §§ 544, 550(A), AND 551**

***Against Tremont Partners, Tremont Group, Oppenheimer, MassMutual Holding and Mass
Mutual***

410. The Trustee incorporates by reference the allegations contained in the previous paragraphs of the Complaint as if fully rewritten herein.

411. At all relevant times there was and is at least one or more creditors who held and hold matured or unmatured unsecured claims against BLMIS that were and are allowable under section 502 of the Bankruptcy Code or that were and are not allowable only under section 502(e).

412. BLMIS did not receive fair consideration for the Six Year Transfers.

413. At the time BLMIS made each of the Six Year Transfers, BLMIS was engaged or was about to engage in a business or transaction for which the property remaining in its hands after each of the Six Year Transfers was an unreasonably small capital.

Tremont Partners served as general partner to the Broad Market Fund and Prime Fund during the six years preceding the Filing Date. For all intents and purposes, the Broad Market Fund and Prime Fund are insolvent, and their assets are insufficient to satisfy any judgment on the claims asserted herein. As general partner to the Broad Market Fund and Prime Fund, Tremont Partners is liable, pursuant to sections 15-306(a) and 17-403 of Title 6 of the Delaware Code, for all obligations incurred by the Broad Market Fund and Prime Fund while serving as general partner.

414. Due to their domination and control over Tremont Partners and the Rye Funds, liability of the Rye Funds and Tremont Partners is imputed to Tremont Group and the Parents, who are jointly and severally liable for the obligations of the Rye Funds and Tremont Partners.

415. As a result of the foregoing, pursuant to DCL sections 274, 278 and/or 279, sections 544(b), 550(a), and 551 of the Bankruptcy Code, section 78fff-2(c)(3) of SIPA, sections 15-306(a) and 17-403 of Title 6 of the Delaware Code, and other applicable state law, the Trustee is entitled to a judgment: (a) avoiding and preserving the Six Year Transfers; (b) directing that the Six Year Transfers be set aside; (c) recovering the Six Year Transfers to the Broad Market Fund and Prime Fund, or the value thereof, from Tremont Partners, for the benefit

of the estate of BLMIS, and to return to injured customers; and (d) recovering the Six Year Transfers to all of the Rye Funds, or the value thereof, from Tremont Group, Oppenheimer, MassMutual Holding, and Mass Mutual for the benefit of the estate of BLMIS.

COUNT FOURTEEN
FRAUDULENT TRANSFERS (INITIAL TRANSFEREES) -NEW YORK DEBTOR AND
CREDITOR LAW §§ 275, 278 AND/OR 279, AND 11 U.S.C. §§ 544, 550(A) AND 551

Against the Rye Funds

416. The Trustee incorporates by reference the allegations contained in the previous paragraphs of the Complaint as if fully rewritten herein.

417. At all relevant times there was and is at least one or more creditors who held and hold matured or unmatured unsecured claims against BLMIS that were and are allowable under section 502 of the Bankruptcy Code or that were and are not allowable only under section 502(e).

418. BLMIS did not receive fair consideration for the Six Year Transfers.

419. At the time BLMIS made each of the Six Year Transfers, BLMIS had incurred, was intending to incur, or believed that it would incur debts beyond its ability to pay them as the debts matured.

420. As a result of the foregoing, pursuant to DCL sections 275, 278 and/or 279, sections 544(b), 550(a) and 551 of the Bankruptcy Code, and section 78ff-2(c)(3) of SIPA, the Trustee is entitled to a judgment: (a) avoiding and preserving the Six Year Transfers; (b) directing that the Six Year Transfers be set aside; and (c) recovering the Six Year Transfers, or the value thereof, from the Rye Funds for the benefit of the estate of BLMIS.

COUNT FIFTEEN

**FRAUDULENT TRANSFERS (GENERAL PARTNER AND CORPORATE PARENT
LIABILITY) -NEW YORK DEBTOR AND CREDITOR LAW §§ 275, 278 AND/OR 279,
AND 11 U.S.C. §§ 544, 550(A) AND 551**

***Against Tremont Partners, Tremont Group, Oppenheimer, MassMutual Holding and Mass
Mutual***

421. The Trustee incorporates by reference the allegations contained in the previous paragraphs of the Complaint as if fully rewritten herein.

422. At all relevant times there was and is at least one or more creditors who held and hold matured or unmatured unsecured claims against BLMIS that were and are allowable under section 502 of the Bankruptcy Code or that were and are not allowable only under section 502(e).

423. BLMIS did not receive fair consideration for the Six Year Transfers.

424. At the time BLMIS made each of the Six Year Transfers, BLMIS had incurred, was intending to incur, or believed that it would incur debts beyond its ability to pay them as the debts matured.

425. Tremont Partners served as general partner to the Broad Market Fund and Prime Fund during the six years preceding the Filing Date. For all intents and purposes, the Broad Market Fund and Prime Fund are insolvent, and their assets are insufficient to satisfy any judgment on the claims asserted herein. As general partner to the Broad Market Fund and Prime Fund, Tremont Partners is liable, pursuant to sections 15-306(a) and 17-403 of Title 6 of the Delaware Code, for all obligations incurred by the Broad Market Fund and Prime Fund while serving as general partner.

426. Due to their domination and control over Tremont Partners and the Rye Funds, liability of the Rye Funds and Tremont Partners is imputed to Tremont Group and the Parents, who are jointly and severally liable for the obligations of the Rye Funds and Tremont Partners.

427. As a result of the foregoing, pursuant to DCL sections 275, 278 and/or 279, sections 544(b), 550(a) and 551 of the Bankruptcy Code, section 78ff-2(c)(3) of SIPA, sections 15-306(a) and 17-403 of Title 6 of the Delaware Code, and other applicable state law, the Trustee is entitled to a judgment: (a) avoiding and preserving the Six Year Transfers; (b) directing that the Six Year Transfers be set aside; and (c) recovering the Six Year Transfers to the Broad Market Fund and Prime Fund, or the value thereof, from Tremont Partners, for the benefit of the estate of BLMIS, and to return to injured customers; and (d) recovering the Six Year Transfers to all of the Rye Funds, or the value thereof, from Tremont Group, Oppenheimer, MassMutual Holding, and Mass Mutual for the benefit of the estate of BLMIS.

COUNT SIXTEEN
RECOVERY OF THE TRANSFERS (INITIAL TRANSFEREE) – NEW YORK CIVIL
PROCEDURE LAW AND RULES 203(G), 213(8), NEW YORK DEBTOR AND
CREDITOR LAW §§ 276, 276-A, 278, AND/OR 279, AND 11 U.S.C. §§ 544, 550(A)(1),
AND 551

Against the Rye Funds

428. The Trustee incorporates by reference the allegations contained in the previous paragraphs of the Complaint as if fully rewritten herein.

429. At all times relevant to the Transfers, the fraudulent scheme perpetrated by BLMIS was not reasonably discoverable by at least one unsecured creditor of BLMIS.

430. At all times relevant to the Transfers, there have been one or more creditors who have held and still hold matured or unmatured unsecured claims against BLMIS that were and are allowable under section 502 of the Bankruptcy Code or that were and are not allowable only under section 502(e).

431. The Transfers were made by BLMIS and the transferees with the actual intent to hinder, delay, or defraud the creditors of BLMIS. BLMIS made the Transfers to or for the benefit of the Rye Funds in furtherance of a fraudulent investment scheme.

432. The Rye Funds received the Transfers with actual intent to hinder, delay, or defraud creditors of BLMIS at the time of each of the transfers and/or future creditors of BLMIS.

433. As a result of the foregoing, pursuant to NY CPLR 203(g), 213(8), sections 276, 276-a, 278, and/or 279 of the New York Debtor and Creditor Law, sections 544(b), 550(a)(1), and 551 of the Bankruptcy Code, SIPA § 78fff-2(c)(3), the Trustee is entitled to a judgment: (a) avoiding and preserving the Transfers; (b) directing that the Transfers be set aside; (c) recovering the Transfers or the value thereof, from the Rye Funds for the benefit of the estate of BLMIS, and to return to injured customers; and (d) recovering attorneys' fees from the Rye Funds.

COUNT SEVENTEEN
RECOVERY OF THE TRANSFERS (GENERAL PARTNER AND CORPORATE
PARENT LIABILITY) – NEW YORK CIVIL PROCEDURE LAW AND RULES 203(G),
213(8), NEW YORK DEBTOR AND CREDITOR LAW §§ 276, 276-A, 278, AND/OR 279,
AND 11 U.S.C. §§ 544, 550(A)(1), AND 551

Against Tremont Partners, Tremont Group, Oppenheimer, MassMutual Holding and Mass Mutual

434. The Trustee incorporates by reference the allegations contained in the previous paragraphs of the Complaint as if fully rewritten herein.

435. At all times relevant to the Transfers, the fraudulent scheme perpetrated by BLMIS was not reasonably discoverable by at least one unsecured creditor of BLMIS.

436. At all times relevant to the Transfers, there have been one or more creditors who have held and still hold matured or unmatured unsecured claims against BLMIS that were and are allowable under section 502 of the Bankruptcy Code or that were and are not allowable only under section 502(e).

437. The Transfers were made by BLMIS and the transferees with the actual intent to hinder, delay, or defraud the creditors of BLMIS. BLMIS made the Transfers to or for the benefit of the Rye Funds in furtherance of a fraudulent investment scheme.

438. The Rye Funds received the Transfers with actual intent to hinder, delay, or defraud creditors of BLMIS at the time of each of the transfers and/or future creditors of BLMIS.

439. Tremont Partners served as general partner to the Broad Market Fund and Prime Fund. For all intents and purposes, the Broad Market Fund and Prime Fund are insolvent, and their assets are insufficient to satisfy any judgment on the claims asserted herein. As general partner to the Broad Market Fund and Prime Fund, Tremont Partners is liable, pursuant to sections 15-306(a) and 17-403 of Title 6 of the Delaware Code, for all obligations incurred by the Broad Market Fund and Prime Fund while serving as general partner.

440. Due to their domination and control over Tremont Partners and the Rye Funds, liability of the Rye Funds and Tremont Partners is imputed to Tremont Group and the Parents, who are jointly and severally liable for the obligations of the Rye Funds and Tremont Partners.

441. As a result of the foregoing, pursuant to NY CPLR 203(g), 213(8), sections 276, 276-a, 278, and/or 279 of the New York Debtor and Creditor Law, sections 544(b), 550(a)(1), and 551 of the Bankruptcy Code, SIPA § 78fff-2(c)(3), sections 15-306(a) and 17-403 of Title 6 of the Delaware Code, and other applicable state law, the Trustee is entitled to a judgment: (a) avoiding and preserving the Transfers; (b) directing that the Transfers be set aside; and (c) recovering the Transfers to the Broad Market Fund and Prime Fund, or the value thereof, from Tremont Partners for the benefit of the estate of BLMIS, and to return to injured customers; (d) recovering the Transfers to all of the Rye Funds, or the value thereof, from Tremont Group, Oppenheimer, MassMutual Holding, and Mass Mutual for the benefit of the estate of BLMIS; and (e) recovering attorneys' fees from the Rye Funds.

COUNT EIGHTEEN

**RECOVERY OF SUBSEQUENT TRANSFERS – NEW YORK CIVIL PROCEDURE
LAW AND RULES 203(G), 213(8), NEW YORK DEBTOR AND CREDITOR LAW §§
276, 276-A, 278, AND/OR 279, AND 11 U.S.C. §§ 544, 550(A)(1), AND 551**

Against XI LP, XI Portfolio, The Tremont Funds, Tremont Partners, Tremont Group, Tremont Bermuda, Oppenheimer, MassMutual Holding, Mass Mutual, Manzke, and/or Schulman

442. The Trustee incorporates by reference the allegations contained in the previous paragraphs of the Complaint as if fully rewritten herein.

443. Each of the Transfers are avoidable under sections 544 and 548 of the Bankruptcy Code, DCL sections 273-276 and SIPA § 78fff-2(c)(3).

444. At all times relevant to the Transfers, the fraudulent scheme perpetrated by BLMIS was not reasonably discoverable by at least one unsecured creditor of BLMIS.

445. At all times relevant to the Transfers, there have been one or more creditors who have held and still hold matured or unmatured unsecured claims against BLMIS that were and are allowable under section 502 of the Bankruptcy Code or that were and are not allowable only under section 502(e).

446. The Transfers were made by BLMIS and the transferees with the actual intent to hinder, delay, or defraud the creditors of BLMIS. BLMIS made the Transfers to or for the benefit of the Rye Funds in furtherance of a fraudulent investment scheme.

447. Upon information and belief, XL LP, XL Portfolio, the Tremont Funds, Tremont Partners, Tremont Group, Tremont Bermuda, Oppenheimer, MassMutual Holding, Mass Mutual, Manzke, and/or Schulman (the “Subsequent Transferee Defendants”) received Subsequent Transfers, which are recoverable pursuant to Section 550(a) of the Bankruptcy Code.

448. Each of the Subsequent Transfers was made directly or indirectly to, or for the benefit of, the Subsequent Transferee Defendants.

449. The Subsequent Transferee Defendants are immediate or mediate transferees of the Transfers.

450. The Subsequent Transferees received the Subsequent Transfers with actual intent to hinder, delay, or defraud creditors of BLMIS at the time of each of the transfers and/or future creditors of BLMIS.

451. In addition, Tremont Partners served as general partner to XL LP. For all intents and purposes, upon information and belief, XL LP is insolvent, and its assets are insufficient to satisfy any judgment on the claims asserted herein. As general partner to XL LP, Tremont Partners is liable, pursuant to sections 15-306(a) and 17-403 of Title 6 of the Delaware Code, for all obligations incurred by XL LP while serving as general partner.

452. As a result of the foregoing, pursuant to NY CPLR 203(g), 213(8), sections 276, 276-a, 278, and/or 279 of the New York Debtor and Creditor Law, sections 544(b), 550(a), and 551 of the Bankruptcy Code, and SIPA § 78fff-2(c)(3), the Trustee is entitled to a judgment: (a) directing that the Subsequent Transfers be set aside; and (b) recovering the Subsequent Transfers, or the value thereof, from the Subsequent Transferee Defendants for the benefit of the estate of BLMIS; and (c) recovering attorneys' fees from the Subsequent Transferee Defendants.

COUNT NINETEEN
DISALLOWANCE OF RYE FUNDS' AND RYE INSURANCE'S SIPA CLAIMS

453. The Trustee incorporates by reference the allegations contained in the previous paragraphs of this Complaint as if fully rewritten herein.

454. The Rye Funds and Rye Insurance have filed Customer Claims. The Prime Fund's Customer Claim has been determined, while the remaining Customer Claims have not been determined. See Exhibit C.

455. The Customer Claims of the Rye Funds and Rye Insurance should not be allowed pursuant to section 502(d) of the Bankruptcy Code, as the Rye Funds and Rye Insurance who filed the Customer Claims are the recipients of transfers of BLMIS' property which are avoidable and recoverable under sections 544, 547, 548 and/or 550(a) of the Bankruptcy Code, DCL sections 273, 274, 275 and 276 and SIPA § 78fff-2(c)(3) as set forth above, and the Rye Funds have not returned the transfers to the Trustee.

456. The Claims Procedures Order includes a process for determination and allowance of claims under which the Trustee has been operating. As a result of the foregoing, the Trustee intends to resolve the Customer Claims of the Rye Funds and Rye Insurance and any related objections through the mechanisms contemplated by the Claims Procedures Order.

COUNT TWENTY
EQUITABLE SUBORDINATION OF
CUSTOMER CLAIMS

457. The Trustee incorporates by reference the allegations contained in the previous paragraphs of this Complaint as if fully rewritten herein.

458. The Defendants herein engaged in inequitable conduct, including behavior described in this Complaint, which has resulted in injury to the customers and creditors of the estate and has conferred an unfair advantage on each of the Rye Funds and Rye Insurance.

459. Based on the Defendants' inequitable conduct as described above, the customers of BLMIS have been misled as to the true financial condition of the debtor, customers have been induced to invest without knowledge of the actual facts regarding BLMIS's financial condition, and/or customers and creditors are less likely to recover the full amounts due to them because of the conduct of the Defendants.

460. The Court should exercise the full extent of its equitable powers to ensure that claims, payments, or benefits, of whatever kind or nature, which are asserted or sought by the

Rye Funds, Rye Insurance, or any of the other Defendants, directly or indirectly against the estate – and only to the extent such claims are allowed – are subordinated for distribution purposes pursuant to sections 510(c)(1) and 105(a) of the Bankruptcy Code.

461. Equitable subordination as requested herein is consistent with the provisions and purposes of the Bankruptcy Code.

COUNT TWENTY-ONE
UNJUST ENRICHMENT

Against Tremont Group, Tremont Partners, Tremont Bermuda, Oppenheimer, MassMutual Holding, Mass Mutual, Manzke and Schulman

462. The Trustee incorporates by reference the allegations contained in the previous paragraphs of this Complaint as if fully rewritten herein.

463. Tremont Group, Tremont Partners, Tremont Bermuda, Oppenheimer, and Manzke, Schulman (“Management Defendants”) have been unjustly enriched. They have wrongfully and unconscionably benefitted from the receipt of stolen money from BLMIS and the Rye Funds, for which they did not in good faith provide fair value. These Defendants were further unjustly enriched as a result of recklessly enabling Madoff’s fraudulent scheme.

464. Tremont Partners earned more than \$180 million in fees during the six year period, which in turn was distributed to Tremont Group, Tremont Bermuda, Oppenheimer, and Manzke, Schulman in the form of distributions, dividends, salaries, bonuses, and other compensation. None of this money has been returned to the Trustee for equitable distribution to BLMIS customers who lost billions of dollars in the Ponzi scheme.

465. As described above, the Management Defendants were constantly faced with evidence that BLMIS was a fraud. They knew the consistency of Madoff’s returns were, statistically, too good to be true. They knew that there were questions about Madoff’s lack of transparency.

466. Faced with the prospect of losing hundreds of millions of dollars in fees, the Management Defendants chose to ignore the compelling evidence of Madoff's fraud and provide convenient excuses for Madoff's inconsistencies. As a result, they have been unjustly enriched by over \$180 million that rightfully belongs to BLMIS customers.

467. Equity and good conscience require full restoration of the monies received by the Management Defendants, directly and indirectly, from BLMIS and any assets derived from those monies.

WHEREFORE, the Trustee respectfully requests that this Court enter judgment in favor of the Trustee and against the Defendants as follows:

A. On the First Claim for Relief, pursuant to sections 547, 550(a) and 551 of the Bankruptcy Code and section 78fff-2(c)(3) of SIPA: (a) avoiding and preserving the Preference Period Transfers, (b) directing that the Preference Period Transfers be set aside, and (c) recovering the Preference Period Transfers, or the value thereof, from the Broad Market Fund, Portfolio Limited Fund, and Insurance Portfolio LDC for the benefit of the estate of BLMIS;

B. On the Second Claim for Relief, pursuant to sections 547, 550(a) and 551 of the Bankruptcy Code, section 78fff-2(c)(3) of SIPA, sections 15-306(a) and 17-403(b) of Title 6 of the Delaware Code, and other applicable state law: (a) avoiding and preserving the Preference Period Transfers, (b) directing that the Preference Period Transfers be set aside, and (c) recovering the Preference Period Transfers, or the value thereof, from Tremont Partners, Tremont Group, Oppenheimer, MassMutual Holding, and/or Mass Mutual for the benefit of the estate of BLMIS;

C. On the Third Claim for Relief, pursuant to sections 547, 550(a) and 551 of the Bankruptcy Code and section 78fff-2(c)(3) of SIPA: (a) directing that the Preference Period

Subsequent Transfers be set aside, and (b) recovering the Preference Period Subsequent Transfers, or the value thereof, from the Arbitrage Ireland, Market Neutral Fund, Opportunity Limited, and Opportunity III Fund, Tremont and/or Parents for the benefit of the estate of BLMIS;

D. On the Fourth Claim for Relief, pursuant to sections 548(a)(1)(A), 550(a) and 551 of the Bankruptcy Code and section 78fff-2(c)(3) of SIPA: (a) avoiding and preserving the Two Year Transfers, (b) directing that the Two Year Transfers be set aside, and (c) recovering the Two Year Transfers, or the value thereof, from the Rye Funds for the benefit of the estate of BLMIS;

E. On the Fifth Claim for Relief, pursuant to sections 548(a)(1)(A), 550(a) and 551 of the Bankruptcy Code, section 78fff-2(c)(3) of SIPA, sections 15-306(a) and 17-403(b) of Title 6 of the Delaware Code, and other applicable state law: (a) avoiding and preserving the Two Year Transfers, (b) directing that the Two Year Transfers be set aside, and (c) recovering the Two Year Transfers, or the value thereof, from Tremont Partners, Tremont Group, Oppenheimer, MassMutual Holding, and/or Mass Mutual for the benefit of the estate of BLMIS;

F. On the Sixth Claim for Relief, pursuant to sections 548(a)(1)(B), 550(a) and 551 of the Bankruptcy Code and section 78fff-2(c)(3) of SIPA: (a) avoiding and preserving the Two Year Transfers, (b) directing that the Two Year Transfers be set aside, and (c) recovering the Two Year Transfers, or the value thereof, from the Rye Funds for the benefit of the estate of BLMIS;

G. On the Seventh Claim for Relief, pursuant to sections 548(a)(1)(B), 550(a) and 551 of the Bankruptcy Code, section 78fff-2(c)(3) of SIPA, sections 15-306(a) and 17-403(b)

of Title 6 of the Delaware Code, and other applicable state law: (a) avoiding and preserving the Two Year Transfers, (b) directing that the Two Year Transfers be set aside, and (c) recovering the Two Year Transfers, or the value thereof, from Tremont Partners, Tremont Group, Oppenheimer, MassMutual Holding, and/or Mass Mutual for the benefit of the estate of BLMIS;

H. On the Eighth Claim for Relief, pursuant to DCL sections 276, 276-a, 278 and/or 279, sections 544(b), 550(a) and 551 of the Bankruptcy Code, and section 78fff-2(c)(3) of SIPA: (a) avoiding and preserving the Six Year Transfers, (b) directing that the Six Year Transfers be set aside, (c) recovering the Six Year Transfers, or the value thereof, from the Rye Funds for the benefit of the estate of BLMIS, and (d) recovering attorneys' fees from the Rye Funds;

I. On the Ninth Claim for Relief, pursuant to DCL sections 276, 276-a, 278 and/or 279, sections 544(b), 550(a) and 551 of the Bankruptcy Code, section 78fff-2(c)(3) of SIPA, sections 15-306(a) and 17-403(b) of Title 6 of the Delaware Code, and other applicable state law: (a) avoiding and preserving the Six Year Transfers, (b) directing that the Six Year Transfers be set aside, (c) recovering the Six Year Transfers, or the value thereof, from Tremont Partners, Tremont Group, Oppenheimer, MassMutual Holding, and/or Mass Mutual for the benefit of the estate of BLMIS, and (d) recovering attorneys' fees from Tremont Partners, Tremont Group, Oppenheimer, MassMutual Holding, and/or Mass Mutual;

J. On the Tenth Claim for Relief, pursuant to DCL sections 273, 278 and/or 279, sections 544(b), 550, 551, and 1107 of the Bankruptcy Code and section 78fff-2(c)(3) of SIPA: (a) avoiding and preserving the Six Year Transfers, (b) directing that the Six Year Transfers be

set aside, and (c) recovering the Six Year Transfers, or the value thereof, from the Rye Funds for the benefit of the estate of BLMIS;

K. On the Eleventh Claim for Relief, pursuant to DCL sections 273, 278 and/or 279, sections 544(b), 550, 551, and 1107 of the Bankruptcy Code, section 78fff-2(c)(3) of SIPA, sections 15-306(a) and 17-403(b) of Title 6 of the Delaware Code, and other applicable state law: (a) avoiding and preserving the Six Year Transfers, (b) directing that the Six Year Transfers be set aside, and (c) recovering the Six Year Transfers, or the value thereof, from Tremont Partners, Tremont Group, Oppenheimer, MassMutual Holding, and/or Mass Mutual for the benefit of the estate of BLMIS;

L. On the Twelfth Claim for Relief, pursuant to DCL sections 274, 278 and/or 279, sections 544(b), 550, and 551 of the Bankruptcy Code: (a) avoiding and preserving the Six Year Transfers, (b) directing the Six Year Transfers be set aside, and (c) recovering the Six Year Transfers, or the value thereof, from the Rye Funds for the benefit of the estate of BLMIS;

M. On the Thirteenth Claim for Relief, pursuant to DCL sections 274, 278 and/or 279, sections 544(b), 550, and 551 of the Bankruptcy Code, sections 15-306(a) and 17-403(b) of Title 6 of the Delaware Code, and other applicable state law: (a) avoiding and preserving the Six Year Transfers, (b) directing the Six Year Transfers be set aside, and (c) recovering the Six Year Transfers, or the value thereof, from Tremont Partners, Tremont Group, Oppenheimer, MassMutual Holding, and/or Mass Mutual for the benefit of the estate of BLMIS;

N. On the Fourteenth Claim for Relief, pursuant to New York Debtor and Creditor Law §§ 275, 278 and/or 279 and Bankruptcy Code §§ 544(b), 550, 551, and 1107: (a) avoiding and preserving the Six Year Transfers, (b) directing that the Six Year Transfers be set aside,

and (c) recovering the Six Year Transfers, or the value thereof, from the Rye Funds for the benefit of the estate of BLMIS;

O. On the Fifteenth for Relief, pursuant to New York Debtor and Creditor Law §§ 275, 278 and/or 279 and Bankruptcy Code §§ 544(b), 550, 551, and 1107, sections 15-306(a) and 17-403(b) of Title 6 of the Delaware Code, and other applicable state law: (a) avoiding and preserving the Six Year Transfers, (b) directing that the Six Year Transfers be set aside, and (c) recovering the Six Year Transfers, or the value thereof, from Tremont Partners, Tremont Group, Oppenheimer, MassMutual Holding, and/or Mass Mutual for the benefit of the estate of BLMIS;

P. On the Sixteenth Claim for Relief, pursuant to NY CPLR 203(g), sections 276, 276-a, 278, and/or 279 of the New York Debtor and Creditor Law, sections 544(b), 550(a)(1), and 551 of the Bankruptcy Code, and SIPA § 78fff-2(c)(3): (a) avoiding and preserving the Transfers, (b) directing that the Transfers be set aside, (c) recovering the Transfers, or the value thereof, from the Rye Funds for the benefit of the estate of BLMIS, and (d) recovering attorneys' fees from the Rye Funds;

Q. On the Seventeenth Claim for Relief, pursuant to NY CPLR 203(g), sections 276, 276-a, 278, and/or 279 of the New York Debtor and Creditor Law, sections 544(b), 550(a)(1), and 551 of the Bankruptcy Code, and SIPA § 78fff-2(c)(3), sections 15-306(a) and 17-403(b) of Title 6 of the Delaware Code, and other applicable state law: (a) avoiding and preserving the Transfers, (b) directing that the Transfers be set aside, (c) recovering the Transfers, or the value thereof, from Tremont Partners, Tremont Group, Oppenheimer, MassMutual Holding, and/or Mass Mutual for the benefit of the estate of BLMIS, and (d) recovering attorneys' fees from Tremont Partners, Tremont Group, Oppenheimer, MassMutual Holding, and/or Mass Mutual;

R. On the Eighteenth Claim for Relief, pursuant to NY CPLR 203(g), sections 276, 276-a, 278, and/or 279 of the New York Debtor and Creditor Law, sections 544(b), 550(a)(1), and 551 of the Bankruptcy Code, and SIPA § 78fff-2(c)(3), the Trustee is entitled to a judgment: (a) directing that the Subsequent Transfers be set aside, (b) recovering the Subsequent Transfers, or the value thereof, from XL LP, XL Portfolio, the Tremont Funds, Tremont Partners, Tremont Group, Tremont Bermuda, Oppenheimer, MassMutual Holding, Mass Mutual, Manzke, and/or Schulman, for the benefit of the estate of BLMIS, and (c) recovering attorneys' fees from XL LP, XL Portfolio, the Tremont Funds, Tremont Partners, Tremont Group, Tremont Bermuda, Oppenheimer, MassMutual Holding, Mass Mutual, Manzke, and/or Schulman;

S. On the Nineteenth Claim for Relief, that the claim or claims of the Rye Funds and Rye Insurance be disallowed;

T. On the Twentieth Claim for Relief, that the claim or claims of the Rye Funds, Rye Insurance, and any of the other Defendants be subordinated for distribution purposes pursuant to sections 510(c)(1) and 105(a) of the Bankruptcy Code;

U. On the Twenty-First Claim for Relief, compensatory, exemplary, and punitive damages in excess of \$2.1 billion, with the specific amount to be determined at trial;

V. On all Claims for Relief, pursuant to common law and N.Y. CPLR 5001 and 5004 awarding the Trustee prejudgment interest from the date on which the Transfers were received;

W. On all Claims for Relief, establishment of a constructive trust over the proceeds of the transfers in favor of the Trustee for the benefit of BLMIS's estate;

X. On all Claims for Relief, assignment of Defendants' income tax refunds from the United States, state and local governments paid on fictitious profits during the course of the scheme;

Y. Awarding the Trustee all applicable interest, costs, and disbursements of this action; and

Z. Granting Plaintiff such other, further, and different relief as the Court deems just, proper, and equitable.

Dated: December 7, 2010

New York, New York

s/ Marc D. Powers
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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 C

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

SECURITIES INVESTOR PROTECTION
CORPORATION,

Plaintiff-Applicant,

v.

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

Defendant.

In re:

BERNARD L. MADOFF,

Debtor.

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

Plaintiff,

v.

ABN AMRO BANK (IRELAND) LTD.
(f/k/a FORTIS PRIME FUND SOLUTIONS
BANK (IRELAND) LIMITED) and

ABN AMRO CUSTODIAL SERVICES
(IRELAND) LTD. (f/k/a FORTIS PRIME
FUND SOLUTIONS CUSTODIAL
SERVICES (IRELAND) LTD.),

Defendants.

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

SIPA Liquidation

(Substantively Consolidated)

Adv. Pro. No. 10-05355 (SMB)

**[PROPOSED] ORDER GRANTING THE TRUSTEE' S MOTION FOR LEAVE TO
FILE SECOND AMENDED COMPLAINT**

This cause having come before the Court on February 22, 2019 on the motion (“Motion”) of Irving H. Picard (“Trustee”), as 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.*, and the chapter 7 estate of Bernard L. Madoff, by and through his counsel, Baker & Hostetler LLP, seeking entry of an order, pursuant to Rule 15 of the Federal Rules of Civil

Procedure, as incorporated in this proceeding by Rule 7015 of the Federal Rules of Bankruptcy Procedure, granting the Trustee's request for leave to file a Second Amended Complaint; and the Court having considered the Memorandum of Law in Support of the Trustee's Motion for Leave to File a Second Amended Complaint; and any objections thereto; and due notice of the Motion having been given, and it appearing that no other or further notice need be given; and the Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and upon the proceedings before the Court and after due deliberation, it is hereby

ORDERED THAT:

1. The Motion is GRANTED.
2. The Trustee is granted leave to file the Second Amended Complaint.

Dated: _____, 201____,
New York, New York.

HONORABLE STUART M. BERNSTEIN
UNITED STATES BANKRUPTCY JUDGE