

ATTACHMENT B

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

SECURITIES INVESTOR PROTECTION
CORPORATION,

Plaintiff-Applicant,

v.

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

Defendant.

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

SIPA LIQUIDATION

(Substantively Consolidated)

In re:

BERNARD L. MADOFF,

Debtor.

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

Plaintiff,

v.

SQUARE ONE FUND LTD.,

Defendant.

Adv. Pro. No. 10-04330 (LGB)

**EXPERT REPORT OF
LISA M. COLLURA, CPA, CFE, CFF**

**Proof of Transfers
To the Defendant**

December 9, 2024

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I. PROFESSIONAL BACKGROUND

1. I am a Senior Managing Director in the Forensic and Litigation Consulting practice of FTI Consulting, Inc. ("FTI"), with 30 years of experience in accounting, auditing and litigation consulting services. I specialize in providing forensic accounting and financial fraud investigative services in connection with internal investigations on behalf of trustees, boards of directors and audit committees of companies.
2. I have extensive experience in conducting large-scale, fact-finding investigations into fraudulent financial transactions, including tracing significant flows of funds between accounts and entities. During my career at FTI, I have assisted in the investigation of several of the largest fraud cases in the United States.
3. I am a Certified Public Accountant (CPA), a Certified Fraud Examiner (CFE), a member of the American Institute of Certified Public Accountants (AICPA), and am Certified in Financial Forensics (CFF) by the AICPA. My curriculum vitae, attached as **Exhibit 1** to this report, further describes my professional credentials, experience, and qualifications, including my testimony in the last four years.

II. SCOPE OF ASSIGNMENT

4. Bernard L. Madoff Investment Securities LLC ("BLMIS") was an investment firm owned and operated by Bernard L. Madoff ("Madoff"). On December 11, 2008, Madoff was arrested for violating multiple securities laws in connection with running a Ponzi scheme through the investment advisory business of BLMIS (the "IA Business"). On December 15, 2008, Irving H. Picard was appointed as the Trustee for the liquidation of the business of BLMIS, and Baker & Hostetler LLP was retained as his counsel. Shortly thereafter, FTI was retained by Baker & Hostetler LLP, on behalf of the Trustee, to analyze, among other things, the financial affairs of BLMIS and to assist the Trustee with the liquidation of BLMIS. As part of our engagement, FTI was tasked with the exercise of reconstructing the books and records of BLMIS, including all records of the cash transactions related to the BLMIS IA Business customer accounts as far back as the records allow.

5. This report should be read in conjunction with my Expert Report regarding the Reconciliation of Cash Transactions for All BLMIS Customers and Analysis of IA Business Cash Activity dated January 16, 2019 (the “Collura January 2019 Report”).¹

6. For this report, I was specifically tasked with performing forensic analyses to determine the following:

- Whether the cash deposit and withdrawal transactions reflected on the customer statements for the Defendant’s² customer account at BLMIS that is at issue in this matter (the “Square One Account”³) reconciled to available documentation; and
- Whether, based on my review of available bank records, the cash withdrawals (*i.e.*, transfers from BLMIS) reflected on the customer statements for the Square One Account during the period between and including December 11, 2006 and December 11, 2008 (the “Two Year Period”) could be traced to a bank account held by, or for the benefit of, the Defendant.

7. For purposes of this report, I use the term “reconciled” to indicate when I have matched, agreed and/or determined consistency between cash deposits and withdrawals reflected on BLMIS customer statements to information or data per another source (*e.g.*, amounts on BLMIS bank records, correspondence between the customer and BLMIS regarding incoming deposits and/or requests for withdrawals, or documents produced to the Trustee by the Defendant). For purposes of this report, I use the term “traced” to indicate when I have followed the flow of funds from one bank account (*e.g.*, BLMIS’s bank account) to another bank account (*e.g.*, the Defendant’s bank account).

8. This report has been prepared in connection with the above-captioned litigation and is to be used only for the specific purposes of this lawsuit. It is not to be used for any other

¹ My findings and conclusions rendered in the Collura January 2019 Report, along with the accompanying Exhibits to that report are all incorporated by reference herein. All capitalized terms that are defined in the Collura January 2019 Report shall have the same meaning in this report.

² The Defendant in this matter is Square One Fund Ltd. (the “Defendant”).

³ The Defendant maintained BLMIS customer account 1FR048 under the name “SQUARE ONE FUND LTD” (prior to May 1999, the name on this account was “ISIS WORLDWIDE LIMITED” - *see* AMF00075076-77).

purpose without the express written consent of FTI. If called upon to testify in this matter, I intend to provide testimony regarding my analyses and conclusions consistent with this report.

9. FTI is being compensated at a rate of \$975 per hour for my professional time incurred in performing the work necessary to prepare this report. FTI's fees are not contingent on the conclusions reached in this report or the outcome of the above-captioned litigation.

III. METHODOLOGY

10. To determine whether the cash transactions reflected on the customer statements for the Square One Account reconciled to available documentation, I used the results of the forensic analysis of the available BLMIS bank records as described in the Collura January 2019 Report. In addition, I reviewed and analyzed other documents and records maintained at BLMIS, including documents contained in the BLMIS customer file for the Square One Account, as well as documents produced to the Trustee by the Defendant. Based on my review and analysis of these materials, I identified the cash transactions related to the Square One Account that reconciled to these documents.

11. Next, to determine whether the cash withdrawals reflected on the customer statements for the Square One Account during the Two Year Period could be traced to a bank account held by, or for the benefit of, the Defendant, I again used the available information from BLMIS bank records. In addition, I reviewed records produced to the Trustee by the Defendant. Using these available bank records, I identified the recipient of the transfers from BLMIS.

12. The documents and data that I considered in connection with this report are listed in **Exhibit 2**. I reserve the right to supplement my report based on any additional documents or information received.

IV. SUMMARY OF FINDINGS

13. Based on the forensic analyses performed, as described above and throughout this report, as well as my skills, knowledge, experience, education and training that I applied to the

documents and information available to me as of the date of this report, my findings are summarized as follows:

- For my reconciliation analysis, I analyzed the cash transactions in the Square One Account from February 1999 to December 2008. During this time period, the customer statements for the Square One Account reflected 50 cash deposit and withdrawal transactions. I reconciled 100% of the cash transactions reflected on the customer statements for the Square One Account to available BLMIS bank records, documentation contained in BLMIS customer files, and/or documents produced to the Trustee by the Defendant. In addition, based on my review of documents contained in the customer file maintained at BLMIS for the Square One Account, I have not found any instance of the Defendant communicating to BLMIS any disagreement with respect to the accuracy of any cash transaction reflected on the customer statements for the Square One Account.
- For my tracing analysis, I analyzed the cash withdrawals from the Square One Account during the Two Year Period, totaling \$6,410,000. Based on available bank records from BLMIS and records produced to the Trustee by the Defendant, I traced 100% of the total amount of cash withdrawals reflected on the customer statements for the Square One Account during the Two Year Period to a bank account held by the Defendant.

V. RECONCILIATION OF CASH TRANSACTIONS FOR THE SQUARE ONE ACCOUNT

A. OVERVIEW

14. The chronological listings of all cash and principal transactions for every BLMIS customer account compiled by FTI, as described in the Principal Balance Calculation Report, included the cash transactions for the Square One Account. From February 1999 to December 2008, the customer statements for the Square One Account reflected 50 cash transactions, which consisted of 21 cash deposits into the Square One Account totaling \$28,097,165 and 29 cash

withdrawals from the Square One Account totaling \$25,757,791.⁴ I was tasked with reconciling these 50 cash transactions to available BLMIS bank records, documents contained in the BLMIS customer file related to the Square One Account, and/or documents produced to the Trustee by the Defendant. *See Exhibit 3* for a list of these cash deposit and withdrawal transactions; *see also Exhibit 6 – “Reconciliation and Tracing Results – Square One Account.”*

B. BLMIS BANK ACCOUNTS

15. All 50 cash transactions reflected on the customer statements for the Square One Account occurred in the ten-year period for which there were available bank records for the three BLMIS bank accounts described in the Collura January 2019 Report. I reconciled all 50 cash transactions reflected on the customer statements for the Square One Account during the period February 1999 to December 2008 to available BLMIS bank records, including monthly bank statements and wire transfer details. The 50 cash transactions consisted of 21 deposits and 29 withdrawals via wire transfers and were reconciled to the 703 Account.

C. BLMIS CUSTOMER FILES

16. In addition to reconciling the cash deposit and withdrawal transactions for the Square One Account to the available BLMIS bank records as described above, I also reviewed customer files from BLMIS’s records to identify correspondence related to the cash transactions reflected on the customer statements for the Square One Account.

⁴ In addition to these 29 cash withdrawal transactions, there were 994 transactions totaling \$504,540 that represented purported tax obligations withheld from the Square One Account. BLMIS withheld certain amounts from foreign and other account holders and made combined payments to the Internal Revenue Service (IRS), generally on a monthly basis, on behalf of these BLMIS customers. More specifically, BLMIS made a single payment from the 703 Account to the IRS related to multiple tax withholding transactions across multiple BLMIS customer statements, including the Square One Account. The count of total cash withdrawals from the Square One Account excludes these tax withholding transactions because the amounts were not transferred to the Defendant or at its request. *See* paragraphs 20 – 24 and footnote 8 of the Collura January 2019 Report for further explanation of my reconciliation of these combined payments to the IRS.

17. Customer files related to customer accounts were maintained in BLMIS's records and were generally organized by BLMIS account number. These customer files contained documents including, but not limited to, correspondence between the customer and BLMIS employees regarding incoming deposits and/or requests for withdrawals, customer contact information, BLMIS customer agreements, as well as trust and other agreements.

18. As part of my analysis, I identified the customer file for the Square One Account within BLMIS's records. I reviewed the documents contained in this customer file to identify correspondence that related to the cash transactions reflected on the customer statements for the Square One Account. I identified letters and/or other correspondence in this customer file that support 34 of the 50 cash transactions in the Square One Account. One of these letters, which is a request for a cash withdrawal from the Square One Account, is attached as **Exhibit 4** and is described further below:

- A facsimile regarding the Square One Account dated July 25, 2008 which states:
"Please effect remittance of USD 5,400,000 for the next possible value date to:
Fortis Bank (Netherland) NV . . . In favor of Square One Fund . . ."

19. Furthermore, based on my review of the documents contained in the customer file for the Square One Account, I have not found any instance of the Defendant communicating to BLMIS any disagreement with respect to the accuracy of any transaction reflected on the customer statements for the Square One Account.

D. DOCUMENTS PRODUCED TO THE TRUSTEE BY THE DEFENDANT

20. As of the date of this report, the Defendant has produced to the Trustee documents consisting of, among other things, correspondence, electronic files and bank records relating to the cash transactions in the Square One Account. I reconciled 49 of the 50 cash transactions reflected on the customer statements for the Square One Account to these documents produced to the Trustee in this matter.

E. RESULTS OF RECONCILIATION

21. In total, based on my analyses described above, I reconciled 100% of the 50 cash transactions reflected on the customer statements for the Square One Account to available BLMIS bank records, documentation contained in BLMIS customer files, and/or documents produced to the Trustee by the Defendant. **Exhibit 3**, which lists each of the 50 cash transactions for the Square One Account, contains three columns that indicate the results of my reconciliation to each of these sources of information.

22. In addition, as noted above, I have not found any instance of the Defendant communicating to BLMIS any disagreement with respect to the accuracy of any cash transaction reflected on the customer statements for the Square One Account.

VI. TRACING CASH WITHDRAWALS FROM THE SQUARE ONE ACCOUNT

A. OVERVIEW

23. The available BLMIS bank records, as described in the Collura January 2019 Report, were also used to determine whether I could trace the funds that left BLMIS's bank accounts to a bank account held by, or for the benefit of, the Defendant. To determine this, I performed a "Receiving Bank" analysis, which traces transfers from BLMIS's bank accounts to bank accounts that received funds from BLMIS.

24. During the Two Year Period, the customer statements for the Square One Account reflected four cash withdrawal transactions totaling \$6,410,000. These cash withdrawal transactions were in the form of wire transfers from the 703 Account.

25. Tracing of cash withdrawals from the 703 Account via wire transfers was based on the transaction description contained on the monthly bank statements. Often, the description on the bank statements for the 703 Account included the identification of both the banking institution that received the cash transfer and the beneficiary of the transfer. In some cases, the description also included the corresponding bank account number. The JPMC Wire File produced to the Trustee by JPMC detailing the activity in the 703 Account contained the same, and in some cases additional, detail related to the transactions via wire transfers. Therefore, I

also relied on the JPMC Wire File to identify information regarding the flow of funds related to wire transfers in and out of the 703 Account.

26. In addition, to trace the cash withdrawals from BLMIS, I also reviewed bank records produced to the Trustee by the Defendant.

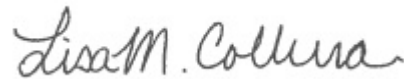
B. RESULTS OF TRACING

27. **Exhibit 5** summarizes the results of my Receiving Bank analysis and my review of bank records produced to the Trustee by the Defendant.⁵ This exhibit lists the bank accounts I identified by tracing cash withdrawals from BLMIS during the Two Year Period and supports that 100% of the total dollar amount of withdrawals reflected on the customer statements for the Square One Account during the Two Year Period went to a bank account held by the Defendant.⁶

VII. SIGNATURE AND RIGHT TO MODIFY

28. This report and the exhibits contained herein present my findings and the bases thereof. To the extent that any additional information is produced by any party, I reserve the right to incorporate such additional information into my report or to modify my report as necessary.

By:



Lisa M. Collura, CPA, CFE, CFF
December 9, 2024

⁵ See also **Exhibit 6**.

⁶ In addition, the Defendant admits to receiving “the Initial Transfers listed in Exhibit B to the Trustee’s Amended Complaint,” which include the withdrawals reflected on the customer statements for the Square One Account during the Two Year Period. See Square One Fund Ltd.’s Responses and Objections to Plaintiff’s First Set of Requests for Admission, dated March 20, 2023, No. 18.

VIII. LIST OF EXHIBITS

Exhibit 1: Curriculum Vitae

Exhibit 2: Documents Considered

Exhibit 3: List of All Cash Transactions in the Square One Account

Exhibit 4: Letter from BLMIS Customer File for the Square One Account

Exhibit 5: Results of Tracing Analysis – Square One Account (*During the Two Year Period*)

Exhibit 6: Reconciliation and Tracing Results – Square One Account