

**THIS IS NOT A SOLICITATION OF ACCEPTANCE OR REJECTION OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT BEEN APPROVED BY THE COURT.**

UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK

IN RE:

GREENWICH SENTRY PARTNERS, L.P.

DEBTOR.

CASE No. 10-16230 (BRL)<sup>1</sup>

CHAPTER 11

**DISCLOSURE STATEMENT ON DEBTOR'S PLAN OF REORGANIZATION UNDER CHAPTER 11 OF  
THE BANKRUPTCY CODE**

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Dated: July 20, 2011  
New York, New York

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<sup>1</sup> Pursuant to the Order Granting the Motion for an Order Directing Joint Administration of Related Chapter 11 Cases Pursuant to Fed.R.Bankr.P. 1015 [Docket No. 14] entered in the Chapter 11 proceeding of the above captioned Debtor's affiliated debtor, Greenwich Sentry, L.P., Case No.: 10-16229 (BRL), the Chapter 11 proceeding of Debtor Greenwich Sentry Partners, L.P., Case No.: 10-16230 (BRL) is to be jointly administered under the Chapter 11 proceeding of Greenwich Sentry, L.P., Case No.: 10-16229 (BRL) (the "Greenwich Sentry Case").

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**EXHIBITS**

Exhibit A - Plan of Reorganization

Exhibit B - Proposed Disclosure Statement Order

Exhibit C - BLMIS Trustee Settlement Agreement

Exhibit D - Liquidating Trust Agreement

Exhibit E - Litigation Trust Agreement

Exhibit F - Liquidation Analysis

## I. INTRODUCTION AND SUMMARY

### 1. Overview

On November 19, 2010 (the “Petition Date”), Greenwich Sentry Partners, L.P., a Delaware limited partnership, debtor and debtor-in-possession (“Debtor”), filed with the Clerk of the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”) a voluntary petition (the “Petition”) for relief under chapter 11, title 11, United States Code, 11 U.S.C. §§ 101-1532 (the “Bankruptcy Code”). On July 20, 2011, the Debtor (alternatively, the “Plan Proponent” or the “Proponent”) filed with the Bankruptcy Court its Plan of Reorganization under Chapter 11 of the Bankruptcy Code (the “Plan”).

The purpose of this Disclosure Statement is to provide holders of Claims against, or Interests in, the Debtor with adequate information to make an informed judgment about the contents of the Plan. This information includes, among other matters, a brief history of the Debtor, a description of the assets and liabilities of the Debtor, and an explanation of how the Plan will function.

The primary components of the Plan are:

- The payment in full of Allowed Administrative Expense Claims, Allowed Professional Fee Claims, Allowed Priority Tax Claims, Allowed Priority Claims, and Allowed General Unsecured Claims; and
- The implementation of a settlement with the Trustee (the “BLMIS Trustee”) for the estate of Bernard L. Madoff Investment Securities (“BLMIS”, and such settlement, the “BLMIS Trustee Settlement”); and
- The establishment of two trusts to hold the Retained Assets left in the Debtor’s Estate after consummation of the BLMIS Trustee Settlement and payment of Allowed Claims with priority over the Allowed Limited Partner Interests and the distribution to Holders of Allowed Limited Partner Interests of certificates representing the beneficial ownership of such trusts.

The central feature of the Plan is the BLMIS Trustee Settlement, wherein the Debtor, believing, pursuant to its good faith business judgment, that avoidance action claims of the BLMIS Trustee would be difficult to defend, has agreed, in sum, to allow the BLMIS Trustee a claim and judgment in the amount of \$5,985,000 and the BLMIS Trustee has agreed to seek recovery of his \$5,985,000 claim only from certain specified assets of the Debtor, to allow the Debtor’s customer claim against BLMIS in the amount of \$2,011,304.00, to share recovery on certain litigation claims with the Debtor, and to provide for the distribution of the Retained Assets to creditors and Limited Partners free and clear of the BLMIS’ Trustee’s claims.

It is important that the holders of Claims and Interests read and carefully consider this Disclosure Statement and the Plan, and that the eligible Claim holders vote promptly on the acceptance of the Plan. The Plan Proponent believes that the terms of the Plan and the BLMIS Trustee Settlement will yield a recovery to Holders of Allowed Claims and Interests in the

impaired Classes 3 and 4 greater than the return that could be achieved through other restructuring alternatives or a liquidation under Chapter 7 of the Bankruptcy Code.

**YOU SHOULD READ THIS DISCLOSURE STATEMENT IN ITS ENTIRETY BEFORE VOTING ON THE PLAN. THIS DISCLOSURE STATEMENT SUMMARIZES CERTAIN TERMS OF THE PLAN, BUT THE PLAN ITSELF IS THE GOVERNING DOCUMENT. IF ANY INCONSISTENCY EXISTS BETWEEN THE PLAN AND THE DISCLOSURE STATEMENT, THE TERMS OF THE PLAN WILL CONTROL.**

A SUMMARY DESCRIPTION OF THE CLASSIFICATION OF YOUR CLAIM OR INTEREST AND THE TREATMENT PROPOSED UNDER THE PLAN ARE CONTAINED UNDER "SUMMARY OF CLASSIFICATION AND TREATMENT UNDER THE PLAN" BELOW. A COMPLETE COPY OF THE PLAN IS ATTACHED TO THIS DISCLOSURE STATEMENT AS EXHIBIT A.

The Plan Proponent reserves the right to amend, modify, or supplement the Plan at any time before the confirmation of the Plan, subject to the reasonable approval of the BLMIS Trustee and provided that such amendments or modifications do not materially alter the treatment of, or distributions to, Holders of Claims and Interests under the Plan or the BLMIS Trustee Settlement.

ALL FINANCIAL INFORMATION PRESENTED IN THIS DISCLOSURE STATEMENT WAS PREPARED BY THE DEBTOR. EACH HOLDER OF A CLAIM OR INTEREST IS URGED TO REVIEW THE PLAN IN FULL BEFORE VOTING ON THE PLAN TO ENSURE A COMPLETE UNDERSTANDING OF THE PLAN AND THIS DISCLOSURE STATEMENT.

THIS DISCLOSURE STATEMENT IS INTENDED FOR THE SOLE USE OF THE HOLDERS OF CLAIMS AGAINST, OR INTERESTS IN, DEBTOR AND OTHER PARTIES IN INTEREST AND FOR THE SOLE PURPOSE OF ASSISTING THEM IN MAKING AN INFORMED DECISION ABOUT THE PLAN. NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS IN CONJUNCTION WITH THE SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PLAN OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT OR IN THE BALLOTS. IF GIVEN OR MADE, ANY SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE PLAN PROPONENT.

APPROVAL OF THE LEGAL ADEQUACY OF THIS DISCLOSURE STATEMENT BY THE BANKRUPTCY COURT IS NOT A CERTIFICATION BY THE BANKRUPTCY COURT AS TO THE TRUTH OR ACCURACY OF THE FACTUAL MATTERS THAT ARE CONTAINED IN THIS DISCLOSURE STATEMENT.

CAPITALIZED TERMS USED BUT NOT DEFINED IN THIS DISCLOSURE STATEMENT HAVE THE DEFINITIONS GIVEN TO THEM IN THE PLAN.

THE PLAN PROPONENT STRONGLY URGES YOU TO VOTE FOR THE PLAN AS IT BELIEVES THAT THE PLAN WILL PROVIDE FOR A LARGER DISTRIBUTION TO HOLDERS OF ALLOWED CLAIMS AND INTERESTS THAN WOULD OTHERWISE RESULT IF AN ALTERNATIVE RESTRUCTURING PLAN WERE PROPOSED.

**2. Summary of Classification, Treatment and Confirmation Procedures**

**a. Classification and Treatment Under the Plan**

The Plan divides the Claims against, and Interests in, the Debtor into Classes and sets forth the treatment afforded to each Class. The classification of Claims and Interests and the distributions to be made under such classification takes into account the relative priorities of Claims and Interests. The Debtor believes that it has classified all Claims and Interests in compliance with the provisions of Section 1122 of the Bankruptcy Code.

If the Plan is confirmed by the Bankruptcy Court, each holder of an Allowed Claim or Interest will receive the same treatment as all Holders of other Allowed Claims or Interests in the same Class, regardless of whether a particular Holder voted to accept the Plan. Moreover, upon confirmation, the Plan will be binding on all Holders of Claims and Interests regardless of whether such Holders of Claims or Interests voted to accept the Plan.

The Plan creates various Classes of Claims against, and Interests in, the Debtor. The table below sets forth the specific classification and treatment under the Plan of each of the Classes.

<b>Class</b>	<b>Type of Claim or Interest</b>	<b>Treatment</b>
Class 1	Priority Claims	Allowed Priority Claims will be paid the full Allowed Amount of such Priority Claim in Cash on the later of the Effective Date or entry of a Final Order allowing such Claim. This Class is not impaired.
Class 2	General Unsecured Claims	Allowed General Unsecured Claims will be paid the full Allowed amount of such Claim in Cash as soon after the Effective Date as is practicable. This Class is not impaired.
Class 3	BLMIS Trustee Claim	The Allowed BLMIS Trustee Claim will receive the consideration due on account of such Claim pursuant to the terms and conditions of the BLMIS Trustee Settlement. This Class is impaired.
Class 4	Limited Partner Interests	Each Allowed Limited Partner Interest will receive its pro rata share of Litigation Trust Certificates and Liquidating Trust Certificates, in full settlement and satisfaction of such Interests. This Class is impaired.
Class 5	General Partners' Claims and Interests,	General Partners' Claims and Interests, Management Indemnity Claims, Fairfield Claimants General



Class	Type of Claim or Interest	Treatment
	Management Indemnity Claims, Fairfield Claimants General Unsecured Claims, Massachusetts Interests Claims, and Management Interests Claims.	Unsecured Claims, Massachusetts Interests Claims, and Management Interests Claims will not receive or retain anything of value under the Plan. This Class is impaired.

**b. Voting and Confirmation Procedures**

This Disclosure Statement is accompanied by copies of the following: (a) the Plan, attached as Exhibit A to this Disclosure Statement; (b) a form of proposed Order of the Bankruptcy Court (i) approving this Disclosure Statement under Section 1125 of the Bankruptcy Code, (ii) approving the form, manner and notice of, and fixing a date for the hearing to approve this Disclosure Statement and for the Confirmation Hearing, (iii) approving the forms of Ballots to be used for voting on the Plan, and (iv) approving the notice of, and fixing the time for, submitting Ballots (the “Proposed Disclosure Statement Order”), attached as Exhibit B to this Disclosure Statement; and (c) forms of each Ballot to accept or reject the Plan attached as exhibits to the Proposed Disclosure Statement Order.

The appropriate forms of Ballots are to be used by (i) the Holder of the Allowed BLMIS Trustee Claim and (ii) Holders of Allowed Limited Partner Interests. Holders of Allowed General Unsecured Claims and Allowed Priority Claims are unimpaired under the Plan and are deemed to have accepted the Plan without voting.

**Who May Vote.** Under the Bankruptcy Code, impaired Classes of Claims or Interests are entitled to vote to accept or reject a plan of reorganization. A Class that is not impaired under a plan is deemed to have accepted a plan and does not vote. A Class is “impaired” under the Bankruptcy Code when the legal, equitable, and contractual rights of the Holders of Claims or Interests in that Class are modified or altered. As noted, for purposes of the Plan, the Holder of the Allowed BLMIS Trustee Claim and Holders of Allowed Limited Partner Interests are impaired and entitled to vote on the Plan. Class 5, which consists of Holders of Allowed General Partners’ Claims and Interests, Management Indemnity Claims, Fairfield Claimants General Unsecured Claims, Massachusetts Interests Claims, and Management Interests Claims, is deemed to reject the Plan.

If, however, the Debtor or other party in interest files an objection with respect to a Claim or Interest, the Claim or Interest Holder will have the responsibility to request that the Bankruptcy Court grant temporary allowance of its Claim or Interest for voting purposes. Rule 3018 of the Federal Rules of Bankruptcy Procedure provides that the Bankruptcy Court after notice and hearing may temporarily allow the Claim or Interest in an amount or number that the Bankruptcy Court deems proper for the purpose of accepting or rejecting the Plan. If the Debtor or other party in interest files an objection with respect to a Claim or Interest, the Claim or Interest Holder is urged to seek the assistance of an attorney.

**Voting Instructions.** All votes to accept or reject the Plan must be cast by using the appropriate form of Ballot enclosed with this Disclosure Statement. No votes other than ones using the Ballots will be counted, except to the extent the Bankruptcy Court orders otherwise. The Bankruptcy Court has set [\_\_\_\_\_] as the Voting Record Date under the Plan. The Voting Record Date is the date for the determination of record Holders of Claims or Interests entitled to receive a copy of this Disclosure Statement and vote, using appropriate Ballots, to accept or reject the Plan. All Ballots must be actually received by Wollmuth Maher & Deutsch LLP, 500 Fifth Avenue, New York, NY 10110 Attn: Autumn Anderson by [\_\_\_\_\_] , 2011, at 4:00 p.m. (New York City time) (the “Voting Deadline”), unless the Bankruptcy Court extends such date before such time.

**For a vote to count, a Ballot must be properly completed according to the voting instructions on the Ballot and received no later than the Voting Deadline by Wollmuth Maher & Deutsch LLP, 500 Fifth Avenue, New York, NY 10110 Attn: Autumn Anderson. Any Ballot not indicating an acceptance or rejection will be deemed an acceptance of the Plan.**

**c. Acceptance or Rejection of the Plan**

Under the Bankruptcy Code, a Class of Claims entitled to vote is deemed to have accepted the Plan if it is accepted by claimants in such Class who, of those actually voting on the Plan, hold at least two-thirds in amount and more than one-half in number of the Allowed Claims of such Class. A Class of Interests entitled to vote is deemed to have accepted the Plan if it is accepted by Holders of Interests who hold at least two-thirds in amount of the Allowed Interests of such Class that have actually voted on the Plan.

**d. Cramdown and No Unfair Discrimination**

If any impaired Class of Claims or Interests entitled to vote will not accept the Plan by the requisite statutory majorities provided in sections 1126(c) or 1126(d) of the Bankruptcy Code, as applicable, the Debtor reserves the right to undertake to have the Bankruptcy Court confirm the Plan under section 1129(b) of the Bankruptcy Code, in which case the Plan will constitute a motion for such relief, or to amend the Plan, or both.

**e. Confirmation Hearing, Objections**

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a Confirmation Hearing. Section 1128(b) of the Bankruptcy Code provides that any party-in-interest may object to Confirmation of the Plan. Under Section 1128 of the Bankruptcy Code and Rule 3017(c) of the Bankruptcy Rules, the Bankruptcy Court has scheduled the Confirmation Hearing before the Honorable Burton R. Lifland, United States Bankruptcy Judge, at the United States Bankruptcy Court, Southern District of New York. A notice (the “Confirmation Hearing Notice”) setting forth the time and date of the Confirmation Hearing has been included along with this Disclosure Statement. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice, except for an announcement of such adjourned hearing date by the Bankruptcy Court in open court at such hearing.

Any objection to Confirmation of the Plan must be in writing, must comply with the Bankruptcy Rules and the Local Rules of the Bankruptcy Court, and must be filed and served as required in the Confirmation Hearing Notice.

**f. Identity of Person to Contact for More Information Regarding the Plan**

Any interested party desiring further information about the Plan should contact John D. Giampolo, Esq., at Wollmuth Maher & Deutsch LLP, One Gateway Center, Ninth Floor, Newark, New Jersey 07102, counsel for the Debtor, telephone: (973) 733-9200 or email at [jgiampolo@wmd-law.com](mailto:jgiampolo@wmd-law.com).

**g. Disclaimer**

The data relied upon in formulating the Plan is based on the Debtor's books and records. The Debtor represents that everything stated in this Disclosure Statement is true to its best knowledge. However, because virtually all of the Debtor's assets were invested with BLMIS, its historical financial statements should not be relied upon.

PLEASE NOTE THAT THE APPROVAL OF THIS DISCLOSURE STATEMENT BY THE COURT DOES NOT CONSTITUTE A RULING ON THE MERITS, FEASIBILITY OR DESIRABILITY OF THE PLAN.

**II. GENERAL BACKGROUND**

The Debtor has filed the Petition in an effort to preserve the value of its assets for its unsecured creditors and limited partners.

**1. Events Leading to Chapter 11 Filing**

The Debtor was organized as a Delaware limited partnership on April 5, 2006. The Debtor qualified to do business in New York on May 11, 2006. The Debtor commenced operations in May 2006.

The Debtor operated as a private investment partnership. It privately offered limited partnership interests to potential investors through a Confidential Offering Memorandum. Interests generally were sold only to "accredited investors" under Regulation D of the Securities Act of 1933, as amended. The net proceeds from the offering of the interests were invested pursuant to the Debtor's investment program.

The Debtor's investment objective was to seek to obtain capital appreciation of assets principally through the utilization of a non-traditional options trading strategy described as "split strike conversion," to which the Debtor allocated the predominant portion of its assets. The split strike conversion strategy was implemented by BLMIS, a broker-dealer registered with the Securities and Exchange Commission, through accounts maintained by the Debtor at BLMIS.

On December 11, 2008, Bernard Madoff, the principal of BLMIS, was arrested and charged with securities fraud for operating a giant Ponzi scheme. After Madoff's arrest, the

Debtor suspended taking contributions and making payments with respect to requested withdrawals.

Also in December 2008, Irving H. Picard was appointed as the BLMIS Trustee to oversee the liquidation of BLMIS under the Securities Investor Protection Act. In March 2009, the Debtor filed a customer claim with the BLMIS Trustee for approximately \$10 million, the amount shown on the last account statements and purchase/sale confirmations that the Debtor received from BLMIS.

The Debtor is a named party in several civil actions, pending in various courts and in different stages of litigation, arising out of their investments in BLMIS. The cases, described in more detail below, include: (A) a derivative action, brought in the name of and for the purported benefit of the Debtor and its limited partners, against the General Partner and others, which names the Debtor as nominal defendant (the “Derivative Action”); and (B) an adversary proceeding, brought by the BLMIS Trustee, asserting “claw back” claims against the Debtor and others, and which seeks to disallow the Debtor’s SIPC claims.

#### **a. The Derivative Action**

On or about February 17, 2009, a civil action was brought derivatively in the name of and for the benefit of the Debtor and its limited partners. The Debtor is named as a nominal defendant in the Derivative Action, *Pierce v. Fairfield Greenwich Group*, Index No. 600498/2009 (N.Y. Sup. Ct. 2009). On November 15, 2010, an amended complaint was served in the *Pierce* action. The amended complaint alleges breach of fiduciary duty, aiding and abetting breach of fiduciary duty, negligent misrepresentation and unjust enrichment, and seeks an accounting, against the General Partner, its affiliated entities and associated individuals, as well as against the Debtor’s administrator. The amended complaint also alleges professional negligence, breach of contract and negligent misrepresentation against the Debtor’s auditor. To the extent the claims asserted in the Derivative Action constitute Claims Against Management, they will be assigned to the BLMIS Trustee on the Effective Date. The balance of the claims in the Derivative Action will be transferred to the Litigation Trust and the Litigation Trustee will be substituted as plaintiff in the Derivative Action with respect to such claims and the Litigation Trustee may prosecute, settle, or litigate to judgment such claims for the benefit of the Litigation Trust.

#### **b. The BLMIS Trustee’s Adversary Proceeding**

On May 18, 2009, the BLMIS Trustee commenced an avoidance action against the Debtor and others, *Irving H. Picard, Trustee for the Liquidation of Bernard L. Madoff Investment Securities LLC v. Fairfield Sentry Limited, et al.*, Adv. Pro. No. 09-1239 (BRL) (Bankr. S.D.N.Y.) (the “BLMIS Trustee’s Adversary Proceeding”). On July 20, 2010, the BLMIS Trustee amended its complaint to add additional defendants to the BLMIS Trustee’s Adversary Proceeding, including certain affiliates of the Debtor and the General Partner. The BLMIS Trustee’s amended complaint asserts “claw back” claims against the defendants, under the Bankruptcy Code and State law, and also asserts that the Debtor’s SIPC customer claim should

be disallowed. An exhibit to the amended complaint identifies the following purported transfers made by BLMIS to the Debtor:

- \$5.425 million during the two year period prior to December 11, 2008 (the “BLMIS Filing Date”); and
- \$5.985 million over the life of the Debtor.

**c. The Net Equity Decision**

On March 1, 2010, the Honorable Burton R. Lifland issued an opinion applying the BLMIS Trustee’s “net equity” calculation of customer claims in the SIPA Proceeding, as the difference between investment into BLMIS accounts and amounts withdrawn by the customer. The Bankruptcy Court’s net equity decision has been appealed to the Second Circuit Court of Appeals and no decision on the appeal has been rendered. The Debtor’s customer claim based on the net equity method is \$2,540,000, representing the difference between deposits into BLMIS and withdrawals from BLMIS by the Debtor.

**2. Chapter 11 Filing**

On the Petition Date, in order to preserve the value of its assets for the benefit of all its stakeholders and to attempt to implement a comprehensive resolution of the claims against it, the Debtor commenced the Case by the filing the Petition with the Bankruptcy Court.

**3. Significant Chapter 11 Events**

The following is a summary of significant events which have occurred during the Case. However, the descriptions of the relief sought or obtained in the Case set forth in this Section and throughout this Disclosure Statement are summaries only. All pleadings filed in the Case and all orders entered by the Bankruptcy Court are publicly available.

**a. Retention of Professionals**

Wollmuth Maher & Deutsch LLP was retained as counsel to the Debtor and an affiliated debtor, Greenwich Sentry, L.P., pursuant to the Order, Signed December 21, 2010, Granting the Application of the Debtors for Authorization to Employ and Retain Wollmuth Maher & Deutsch LLP as Counsel for the Debtors and Debtors-In-Possession, [Docket No. 35], *Nunc Pro Tunc* to November 19, 2010.

**b. Exclusivity**

The exclusive period in which the Debtor may file a chapter 11 plan and the exclusive period for the solicitation of acceptances has been extended pursuant to the Order, Signed April 6, 2011, Granting Motion for Extension of the Exclusive Periods for Filing and Solicitation of Acceptances of Chapter 11 Plan of Reorganization [Docket No. 92].

**c. Proofs of Claim and Proofs of Interest**

The Court established a general bar date of May 23, 2011, for filing Proofs of Claim and Proofs of Interest in the Case and approved the form and manner thereof pursuant to the Order, Signed on April 6, 2011, (A) Fixing a Date for Filing Proofs of Claim and Proofs of Interest Pursuant to Bankruptcy Rule 3003(c)(3) and (B) Fixing The Form and Manner of Notice Thereof [Docket No. 93]. As of the Bar Date, there were [ ] Proofs of Claim in the face amount of \$[ ] and [ ] Proofs of Interest in the face amount of \$[ ] that were filed.

**d. Approval of BLMIS Trustee Settlement.** The Debtor and the BLMIS Trustee each filed motions to approve the BLMIS Trustee Settlement on May 18, 2011, respectively. On July 7, 2011, an order approving the BLMIS Trustee Settlement was signed in both the SIPA Proceeding and the Greenwich Sentry Case.

**e. The BLMIS Trustee Settlement**

The Debtor has entered into the BLMIS Trustee Settlement with the BLMIS Trustee which forms the central feature of the Plan and wherein the BLMIS Trustee, in sum, has agreed to seek recovery of his \$5,985,000 claim only from certain specified assets of the Debtor, to allow the Debtor's customer claim against BLMIS in the amount of \$2,011,304, to share recovery on certain litigation claims with the Debtor, and to allow the distribution of the Retained Assets to creditors and Limited Partners of the Debtor free and clear of the BLMIS' Trustee's claims. The BLMIS Trustee has agreed to support confirmation of the Plan. The Plan provides for the establishment of two trusts, the Liquidation Trust and the Litigation Trust, to hold the Retained Assets left in the Debtor's Estate after consummation of the BLMIS Trustee Settlement and payment of Allowed Claims with priority over the Allowed Limited Partner Interests.

**III. OVERVIEW OF THE PLAN**

**THIS SECTION PROVIDES A SUMMARY OF THE STRUCTURE, CLASSIFICATION, TREATMENT AND IMPLEMENTATION OF THE PLAN AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN, WHICH ACCOMPANIES THIS DISCLOSURE STATEMENT, AND THE EXHIBITS ATTACHED THERETO.**

**THE PLAN ITSELF AND THE DOCUMENTS REFERENCED THEREIN WILL CONTROL THE TREATMENT OF CLAIMANTS, EQUITY SECURITY HOLDERS AND OTHER PARTIES-IN-INTEREST UNDER THE PLAN AND WILL, UPON THE EFFECTIVE DATE, BE BINDING UPON HOLDERS OF CLAIMS AGAINST, OR INTEREST IN, THE DEBTOR. AS ABOVE, ANY CAPITALIZED TERMS THAT ARE NOT DEFINED IN THIS SECTION OF THE DISCLOSURE STATEMENT ARE DEFINED IN THE PLAN. IT IS RECOMMENDED THAT ONE REFER TO THOSE DEFINITIONS WHEN READING THIS DOCUMENT.**

## **1. Brief Explanation of Chapter 11 Reorganization**

Under Chapter 11, a debtor is authorized to restructure or liquidate its business for the benefit of its creditors and shareholders. Confirmation of a plan of reorganization is the principal objective of a Chapter 11 case.

In general, a Chapter 11 plan of reorganization (a) divides Claims and Interests into separate Classes, (b) specifies the property that each Class is to receive under the plan, and (c) contains other provisions necessary to the restructuring or liquidation of the debtor's business. A Chapter 11 plan may provide that certain Classes of Claims or Interests are either: (i) to be paid in full upon the effective date of the plan; (ii) reinstated; or (iii) their legal, equitable and contractual rights are to remain unchanged by the reorganization or liquidation effectuated by the plan. These Classes are referred to under the Bankruptcy Code as "unimpaired" and, because of such favorable treatment, are deemed to accept the plan. Accordingly, it is not necessary to solicit votes from the Holders of Claims or Interest in such unimpaired Classes. A Chapter 11 plan may also provide that certain Classes will not receive any distributions of property. Such Classes are deemed to reject the plan.

All other Classes of Claims or Interests contain "impaired" Claims or Interests that have the right to vote on the plan. An "impaired" Class is generally a Class that will receive something less than the full amount of their Claim under the plan of reorganization. Before the Bankruptcy Court can confirm a plan, Chapter 11 generally requires that each impaired Class of Claims or Interests votes to accept a plan. Acceptances must be received (a) from the Holders of Claims constituting at least two-thirds in dollar amount and more than one-half in number of the allowed Claims in each impaired Class of Claims that have voted to accept or reject the plan, and (b) from the Holders of at least two-thirds in dollar amount of the allowed Interests in each impaired Class of Interests that have voted to accept or reject the plan. However, even if an "impaired" Class rejects the plan, the Bankruptcy Court may confirm the plan if certain minimum treatment standards are met with respect to such Class or Classes.

Chapter 11 does not require each holder of a Claim or Interest to vote in favor of a plan of reorganization in order for the Bankruptcy Court to confirm the plan. However, the Bankruptcy Court must find that the plan of reorganization meets a number of tests (other than the voting requirements described in this section) before it may confirm, or approve, the plan of reorganization. Many of these tests are designed to protect the interests of Holders of Claims or Interests who do not vote to accept the plan of reorganization but who will nonetheless be bound by the plan's provisions if it is confirmed by the Bankruptcy Court.

## **2. Solicitation of Acceptances of the Plan**

The Debtor is seeking acceptances of the Plan from Class 3 and 4, which consists of the Holder of the Allowed BLMIS Trustee Claim and Holders of Allowed Limited Partners' Interests. Classes 1 and 2 are deemed to accept the Plan and Class 5 is deemed to reject the Plan. If the requisite acceptances are received, the Debtor will use the acceptances as evidenced by the Ballots solicited in accordance with this Disclosure Statement to seek confirmation of the Plan under Chapter 11.

The Proponent believes that this Disclosure Statement complies with applicable bankruptcy and non-bankruptcy law. The Plan Proponent believes that this Disclosure Statement contains adequate information for all Holders of impaired Claims and Interests to cast an informed vote to accept or reject the Plan. Furthermore, the Plan Proponent believes that Holders of impaired Claims and Interests will obtain a greater recovery under the Plan than they would otherwise obtain if the Case were under Chapter 7 of the Bankruptcy Code.

### **3. Classification of Claims and Interests**

Section 1123 of the Bankruptcy Code provides that a plan of reorganization must classify Claims and Interests against a debtor. Under Section 1122 of the Bankruptcy Code, a plan must classify Claims and Interests into Classes that contain substantially similar Claims and Interests. The Plan divides the Claims and the Interests into Classes and sets forth the treatment offered each Class. The Plan Proponent believes to have classified all Claims and Interests in compliance with the provisions of Section 1122 of the Bankruptcy Code, but it is possible that a Creditor or Interest Holder may challenge such classification of Claims or Interests and that the Bankruptcy Court may find that a different classification is required for the Plan to be confirmed. If so, the Plan Proponent intends, to the extent permitted by the Bankruptcy Code and the provisions of the Plan, to amend or revoke the Plan and file an amended or different Plan that would make modifications to the classification of Claims or Interests required by the Bankruptcy Court for confirmation.

For the Holder of a Claim or Interest to participate in a reorganization plan and receive the treatment offered to the Class in which it is classified, its Claim or Interest must be Allowed. Under the Plan, an Allowed Claim means any Claim against the Debtor: (a) proof or application for allowance of which was (i) Filed on or before the Bar Date or such other date as fixed in the Plan, or otherwise fixed by the Bankruptcy Court, (ii) Filed after the Bar Date or such other date fixed in the Plan or by the Bankruptcy Court, if Filed with Bankruptcy Court leave after notice and a hearing, or (iii) if no Proof of Claim or application for allowance was Filed, which Claim or Interest has been or hereafter is listed by the Debtor in the Schedules as liquidated in amount and not disputed or contingent; and (b) which (i) is due and payable and as to which no objection to the allowance thereof has been interposed within the applicable period of limitation fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules, the Local Rules or the Bankruptcy Court or (ii) as to which any objection has been determined by Final Order of the Bankruptcy Court to the extent such objection has been resolved in favor of the Holder of such Claim or Interest. An Allowed Limited Partner Interest in the Debtor means a limited partnership Interest in the Debtor held by a Partner which is otherwise Allowed and as to which no property was transferred to the Partner on account of such Interest by the Debtor within the six (6) years preceding the Petition Date, unless the Court orders otherwise. Limited Partner Interests will be Allowed based upon the amount invested by a Limited Partner in the Debtor, less payments on account of such Interest received from sources than the Debtor, without regard to amounts reported by the Debtor or its representatives as the value of such Holder's account with the Debtor.

### **4. Treatment of Claims and Interests Under the Plan**

The following describes the Plan's classification of Claims against, and Interests in, the Debtor and the treatment that Holders of Allowed Claims or Allowed Interests within such



Classes of Claims and Interests would receive under the Plan. The treatment of Claims set forth below is consistent with the requirements of Section 1129(a)(9)(A) of the Bankruptcy Code.

**a. Classification and Treatment of Classified Claims and Interests**

The Plan classifies the Claims against and Interests in the Debtor as follows:

Class 1 - Priority Claims: any Claim to the extent entitled to priority in payment under sections 507(a)(2)-(7) and (9) of the Bankruptcy Code.

Class 2 - General Unsecured Claims: any Claim that is not an Administrative Expense Claim, Priority Claim, Priority Tax Claim, General Partner Claim, Management Indemnity Claim, Fairfield Claimants General Unsecured Claim, Massachusetts Interests Claims, Management Interest Claims or Claim of the BLMIS Trustee.

Class 3 - BLMIS Trustee Claim: any Claim of the BLMIS Trustee.

Class 4 - Limited Partner Interests: any limited partnership Interest in the Debtor.

Class 5 - General Partners' Claims and Interests: any General Partners' Claims and Interests, Management Indemnity Claims, Fairfield Claimants General Unsecured Claims, Massachusetts Interests Claims, and Management Interests Claims.

Each Member of a Class of Claims or Interests will receive the following in full and complete exchange, satisfaction, settlement, payment and discharge of all of their Claims against and Interests in the Debtor.

Class 1 – Allowed Priority Claims will be paid the full Allowed Amount of such Priority Claim in Cash on the later of the Effective Date or entry of a Final Order allowing such Claim. This Class is not impaired.

Class 2 – Allowed General Unsecured Claims will be paid the full Allowed amount of such Claim in Cash as soon after the Effective Date as is practicable. This Class is not impaired.

Class 3 - The Allowed BLMIS Trustee Claim will receive the consideration due on account of such Claim under the BLMIS Trustee Settlement. This Class is impaired.

Class 4 - Each Allowed Limited Partner Interest will receive its pro rata share of Litigation Trust Certificates and Liquidating Trust Certificates, in full settlement and satisfaction of such Interests. This Class is impaired.

Class 5 - Holders of General Partners' Claims and Interests, Management Indemnity Claims, Fairfield Claimants General Unsecured Claims, Massachusetts Interests Claims, and Management Interests Claims will not receive or retain anything of value under the Plan but will retain any and all such claims and may assert any and all such claims and rights by way of set-off, defense, counterclaim or recoupment with respect to any claim or claims filed or

asserted against any one or more of them by the BLMIS Trustee, including without limitation the Claims Against Management. This Class is impaired.

**b. Unclassified Claims and Interests and Treatment of Unclassified Claims and Interests**

Certain types of Claims are not placed into voting Classes. They are not considered impaired and they do not vote on the Plan because they are automatically entitled to specific treatment provided for them in the Bankruptcy Code. As such, the Debtor has not placed the following Claims in a Class:

(i) Administrative Expense Claims

An Administrative Expense Claim is a Claim for payment of any costs or expenses of administration of the Debtor's Case incurred after the commencement of the Case allowable under sections 503(b) or 507(a)(1) of the Bankruptcy Code, including, without limitation: (a) the actual and necessary expenses of preserving the estate of the Debtor; (b) the actual and necessary expenses of operating the business of the Debtor (such as wages, salaries or commissions for services rendered, or severance, bonuses or other amounts due and payable to employees of the Debtor pursuant to any Court order); (c) indebtedness or obligations incurred or assumed by the Debtor in connection with the conduct of its business, the acquisition or lease of property, or the rendition of services to the Debtor; (d) allowances of compensation for legal and other services and reimbursement of expenses awarded pursuant to sections 330(a), 331 and 503(b) of the Bankruptcy Code; (e) any amounts necessary to cure defaults under assumed leases pursuant to section 365(b)(1)(A) of the Bankruptcy Code; (f) all fees or charges assessed against the estate of the Debtor under section 1930, title 28, United States Code; provided, however, that an Exempt Tax will not be an Administrative Claim, and (g) Allowed 503(b)(9) Claims.

The Code requires that all Allowed Administrative Expense Claims including fees payable to the Bankruptcy Court and the Office of the United States Trustee which were incurred during the pendency of the Debtor's Case must be paid on the Effective Date of the Plan, unless a particular claimant agrees to a different treatment. Under the Plan, Allowed Administrative Expense Claims (other than those for the services rendered by the Debtor's Professionals), including United States Trustee Fees, will be paid in full on the later of (a) the Effective Date or (b) the date when the Administrative Expense Claim becomes an Allowed Administrative Expense Claim, unless the Debtor and the Holder of an Allowed Administrative Expense Claim agree to other treatment of such Claim.

The following chart lists all of the Debtor's estimated Administrative Expense Claims as of [\_\_\_\_], 2011, and their treatment under the Plan, which includes payments made through [\_\_\_\_], 2011. With respect to Claims for compensation and expenses asserted by the Debtor's Professionals, "Professional Fee Claims" (as defined in the Plan), such Professionals have agreed to the treatment set forth below.

<u>Name</u>	<u>Estimated Amount</u>	<u>Treatment</u>	<u>Type of Claim</u>
Wollmuth Maher & Deutsch LLP	\$[ ]	100% paid by Effective Date or allowance	Professional Fee Claim as Debtor's counsel
Bifferato LLC	\$[ ]	100% paid by Effective Date or allowance	Professional Fee Claim as Debtor's Delaware counsel
Clerk's Office Fees	\$[ ]	Paid in full on Effective Date	Statutory fees
Office of U.S. Trustee Fees	\$[ ]	Paid in full on Effective Date	Statutory fees

**Total:**

**COURT APPROVAL OF PROFESSIONAL COMPENSATION REQUIRED**

Pursuant to the Bankruptcy Code, the Court must rule on all Professional Fee Claims listed in this chart before such Professional Fee Claims will be owed. The Professional in question must file and serve a properly noticed fee application for its Professional Fee Claim and the Court must rule on the application. Only the amount of a Professional Fee Claim allowed by the Court will be owed and required to be paid under the Plan as an Allowed Administrative Expense Claim.

Under the Plan, each Professional who asserts a further Professional Fee Claim that accrues before the Confirmation Date will file with the Bankruptcy Court, and serve on all parties required to receive notice, a final application for allowance and payment of its Professional Fee Claim no later than forty-five (45) days after the Effective Date of the Plan. The failure to timely file any such application will result in the Professional Fee Claim being forever barred. A Professional Fee Claim with respect to which such a final application is properly filed will become an Allowed Administrative Expense Claim and entitled to payment as an Allowed Administrative Expense Claim only to the extent allowed by Final Order of the Bankruptcy Court. Thus, Allowed Professional Fee Claims will be paid in full.

Each and every other person or entity requesting payment of an Administrative Expense Claim will file and serve such request on the Debtor no later than the first Business Day before the Confirmation Hearing (the "Administrative Bar Date"). Any person or entity that is required to file and serve such a request for payment of an Administrative Expense Claim and that fails to do so, will be forever barred, estopped and enjoined from asserting such request or Claim against the Debtor, the Estate of the Debtor, the Trusts or their beneficiaries, or any of its or their property. No motion or application is required to fix the fees payable to the Clerk's Office or Office of the United States Trustee. Such fees are determined by statute.

## (ii) Priority Tax Claims

Priority Tax Claims are certain unsecured income, employment and other taxes described by section 507(a)(8) of the Bankruptcy Code. The Bankruptcy Code requires that each Holder of such Priority Tax Claim receive the present value of such Claim in deferred cash payments, over a period not exceeding six years from the date of the assessment of such tax.

Under the Plan, every person or entity requesting payment of a Priority Tax Claim will file and serve such request on the Debtor no later than the Administrative Bar Date. Any person or entity that is required to file and serve such a request for payment of a Priority Tax Claim and that fails to do so, will be forever barred, estopped and enjoined from asserting such request or Claim against the Debtor, the Estate of the Debtor, the Trusts or their beneficiaries, or any of its or their property.

At the option of the Debtor, each Holder of an Allowed Priority Tax Claim either (a) will be paid the full amount of such Allowed Priority Tax Claim in Cash, on the later of (i) the Effective Date, or (ii) the first Business Day after such Claim becomes an Allowed Claim, or (b) will be paid the full amount of such Allowed Priority Tax Claim in equal quarterly installments with interest at the rate required by applicable law beginning on the Effective Date and ending on the date which is six (6) years after assessment of such Priority Tax Claim. THE DEBTOR DOES NOT BELIEVE THERE ARE ANY PRIORITY TAX CLAIMS AGAINST IT.

## **5. Description of Transactions to be Implemented in Connection with the Plan**

### **a. The BLMIS Trustee Settlement**

The Debtor has entered into the BLMIS Trustee Settlement with the BLMIS Trustee which forms the central feature of the Plan. The Debtor and the BLMIS Trustee, in sum, have agreed to allow the BLMIS Trustee a claim and judgment in the amount of \$5,985,000, which \$5,985,000 claim is satisfied as against the Debtor (but not as against any other Person who may have liability to the BLMIS Trustee) by the Debtor's assignment to the BLMIS Trustee of (i) any and all claims it owns, holds or which could be asserted by or on behalf of the Debtor under Delaware common or statutory law against the Debtor's limited partners who or which redeemed all or part of their limited partnership interests (the "Redeemer Claims"); and (ii) any and all claims it owns, holds or which could have been asserted by, or on behalf of, the Debtor against entities denominated as the "Fairfield Greenwich Group", Fairfield Greenwich (Bermuda) Limited, Fairfield Greenwich Advisors, LLC, Fairfield Risk Services Limited, Fairfield Greenwich Limited, Fairfield International Managers, Inc., Walter M. Noel, Jr., Jeffrey Tucker, Andres Piedrahita, Amit Vijayvergiya and all other officers, directors, employees, shareholders, partners, alleged partners, or members of the foregoing Fairfield Greenwich entities or their relatives (as defined in 11 U.S.C. 101(45)) or the affiliates of any of the foregoing (such entities or individuals collectively "Management"), including but not limited to any claims for breach of fiduciary duty, breach of contract, unjust enrichment, constructive trust, mutual mistake, and accounting and claims under any other legal, equitable, statutory or common law theory (such claims the "Assigned Management Claims"). Only the BLMIS Trustee will be entitled to sue on the Assigned Management Claims, and all Creditors and Partners in the Debtor will be enjoined from asserting or prosecuting such claims.

In addition, the Debtor will retain one-hundred percent (100%) of the Net Recoveries (as defined in the BLMIS Trustee Settlement Agreement) from all claims and causes of action against the Debtor's custodians, administrators, accountants, and auditors, including but not limited to GlobeOps Financial Services, LLC, Citco Fund Services (Europe) BV, Citco (Canada), Inc., PricewaterhouseCoopers LLC, and PricewaterhouseCoopers Accountants N.V., and all affiliates of the foregoing entities (the "Service Provider Claims"), until the Debtor collects Two Million Eight Hundred Thousand Dollars (\$2,800,000) in the aggregate from such claims, and (ii) the Debtor will pay to the BLMIS Trustee twenty percent (20%) of the Net Recoveries from Service Provider Claims in excess of Two Million Eight Hundred Thousand Dollars (\$2,800,000) in the aggregate, and the Debtor will retain the remaining eighty percent (80%) of such Net Recoveries, until the Non-Forbearance Amount (as defined in the BLMIS Trustee Settlement) of the Judgment has been satisfied in full.

Further, the BLMIS Trustee, in his sole discretion, may commence, prosecute and settle certain actions pursuant to the Bankruptcy Code, SIPA, the New York Debtor-Creditor Law and other applicable laws, to recover transfers from BLMIS to the Debtor, and subsequently transferred to other individuals and/or entities (the "Subsequent Transferee Claims"). The BLMIS Trustee will pay to the Debtor twenty percent (20%) of the gross recoveries received by the BLMIS Trustee from the Subsequent Transferee Claims, and the BLMIS Trustee will retain all other recoveries from such actions until the BLMIS Trustee has recovered the Trustee's Maximum Recovery (as defined in the BLMIS Trustee Settlement).

The BLMIS Trustee has agreed to allow the Debtor's customer claim against BLMIS in the amount of \$2,011,304, with a mechanism for adjustment of such claim in the event the Net Equity Decision is reversed on appeal. The BLMIS Trustee has also agreed that the Retained Assets (consisting of all assets not assigned or transferred to the BLMIS Trustee or to be paid over to the BLMIS Trustee in whole or in part) may be distributed to holders of Allowed Claims and Allowed Limited Partner Interests free and clear of the BLMIS' Trustee's Claims.

The BLMIS Trustee Settlement Agreement also provides that Claims and Interests held by certain members of Management will not receive or retain anything of value from Greenwich Sentry, although those parties will retain their rights as offsets, recoupments and counterclaims against any claims asserted against them by the BLMIS Trustee.

The BLMIS Trustee Settlement Agreement is attached hereto as Exhibit C. If the Plan is confirmed the BLMIS Trustee Settlement will be consummated as of the Effective Date of the Plan.

Based on indicative trading prices for allowed customer claims in the SIPA Proceeding, the Debtor believes its customer claim may be worth between 70% or more of its face amount, subject to the Net Equity Decision. The BLMIS Trustee takes no position as to the relative worth of the Debtor's customer claim. The Debtor has not attempted to assign a value to the balance of the Retained Assets, although the debtor expects to also deposit Cash in excess of \$1 million into the Trusts to be established for the benefit of Limited Partners. Based on the

debtor's records, there should be approximately \$[ ] million in Allowed Limited Partner Interests.

**b. Payment of Claims**

On the Effective Date, the Debtor will pay or deposit in the Disputed Claims Reserve Cash in amounts necessary to pay estimated Administrative Expenses, Priority Claims, and Claims in Classes 1 and 2 in accordance with the terms of the Plan.

**c. The Liquidating Trust Agreement**

On the Effective Date, the Debtor and the Liquidating Trustee will execute the Liquidating Trust Agreement and the Debtor will transfer, convey and assign to the Liquidating Trustee the Liquidating Trust Assets, which will include, as of the Effective Date, the Debtor's Allowed Claim against BLMIS, all remaining property of the Estate not used to pay Allowed Claims, including property used to fund the Disputed Claims or Interests Reserve if not distributed to Holders of Allowed Claims and Interests, amounts payable to the Debtor in accordance with the BLMIS Trustee Settlement Agreement, and all other property of the Estate not constituting Litigation Trust Assets; provided, however, none of the Debtor's evidentiary privileges, including, without limitation, its attorney client, work product or other privileges or immunities, including, without limitation, the protections afforded materials prepared in anticipation of litigation or for trial, shall be transferred to the Litigation Trust, the Liquidating Trust or any trust and all such privileges and immunities shall remain the property of the Reorganized Debtor. The Liquidating Trustee will distribute Liquidating Trust Certificates pro rata to Holders of Allowed Limited Partner Interests in accordance with the Liquidating Trust Agreement. A true and accurate copy of the Liquidating Trust Agreement is attached hereto as Exhibit D.

**d. The Litigation Trust Agreement**

Also on the Effective Date, the Debtor and the Litigation Trustee will execute the Litigation Trust Agreement (together with the Liquidating Trust Agreement, the "Trust Agreements") and the Debtor will transfer, convey and assign to the Litigation Trustee the Litigation Trust Assets, which will include, all Causes of Action not otherwise released, assigned, or compromised as of the Effective Date and after giving effect to the BLMIS Trustee Settlement, including Avoidance Actions, and Cash in an amount determined by the Debtor as of the Confirmation Hearing; provided, however, none of the Debtor's evidentiary privileges, including, without limitation, its attorney client, work product or other privileges or immunities, including, without limitation, the protections afforded materials prepared in anticipation of litigation or for trial, shall be transferred to the Litigation Trust, the Liquidating Trust or any trust and all such privileges and immunities shall remain the property of the Reorganized Debtor. The Litigation Trustee will distribute all Litigation Trust Certificates to the Liquidating Trustee, who shall be the sole initial Holder of Litigation Trust Certificates. The Litigation Trustee will be deemed a representative of the Estate for purpose of prosecution of any Cause of Action transferred to the Litigation Trust, in accordance with Section 1123(b)(3)(B) of the Bankruptcy

Code. A true and accurate copy of the Litigation Trust Agreement is attached hereto as Exhibit E.

**e. Duties of Litigation Trustee and Liquidation Trustee**

Each of the Litigation Trustee and Liquidation Trustee shall cooperate with the other in the discharge of their respective duties in order to maximize the value of each Trust's assets. The Trustees shall make information available to each other on reasonable request. Unless otherwise provided in the Plan or the Trust Agreements, all objections to Claims or Interests after the Effective Date shall be prosecuted by the Debtor, the Liquidating Trustee or the Litigation Trustee. The Debtor's books and records after the Effective Date shall be maintained by the Liquidating Trustee, who shall allow the General Partner access to such records on reasonable request.

**f. The Derivative Action**

On the Effective Date, the Litigation Trustee will be substituted on behalf of the Debtor in the Derivative Action, and will be realigned as a plaintiff in such action, to prosecute only those Causes of Action which are Retained Assets, and may prosecute, settle, or litigate to judgment the Causes of Action asserted in the Derivative Action for the benefit of the Litigation Trust. For the avoidance of doubt, on the Effective Date, the stay of the Derivative Action provided under the Interim Consent Order Staying Certain Derivative Actions Pending in the Supreme Court of the State of New York [Docket No. 46] signed on January 3, 2011 in the Greenwich Sentry Case will be lifted.

**g. Dissolution of the Debtor**

The Debtor will be dissolved by the General Partner as soon as practicable after the Effective Date.

**6. Effects of Plan Upon Confirmation**

**a. No Preclusive Effect**

After giving effect to the BLMIS Trustee Settlement Agreement, Avoidance Actions and Causes of Action of the Debtor and the Estate are expressly preserved by the Plan, and nothing contained in the Plan, the Confirmation Order, or this Disclosure Statement will have the effect of barring, releasing, prejudicing, impacting or waiving any of those rights or claims under the doctrines of res judicata, collateral estoppel, equitable estoppel, judicial estoppel, or any other legal or equitable doctrines of preclusive effect, except to the extent that such claims may be expressly released or assigned in the Plan.

**b. Exculpation**

Pursuant to the Plan and the Confirmation Order, none of the Debtor, members of Management or their Affiliates, the Debtor's Affiliates, the BLMIS Trustee or the professionals retained by any of the foregoing, or any of their respective officers, employees, shareholders, directors, agents, partners, alleged partners or Affiliates as of the Effective Date, will have any

liability to any Creditor, Interest Holder, or other Person for any act or omission in connection with or arising out of the administration of the chapter 11 Case, including, without limitation, the filing of the Case, the prosecution of the Case, the negotiation, preparation and pursuit of approval of the BLMIS Trustee Settlement or confirmation of the Plan, or approval of the BLMIS Trustee Settlement or the confirmation of the Plan, the consummation of the BLMIS Trustee Settlement or the Plan, the administration of the Plan or the property to be distributed under the Plan, except for any such liability based on willful misconduct of such parties as determined by Final Order of the Bankruptcy Court.

**c. Release of Claims Against Co-Debtor**

Pursuant to the Plan and the Confirmation Order, to the extent that the Debtor holds any Claims and/or Causes of Action against Greenwich Sentry, L.P., an affiliated debtor and the debtor and debtor-in-possession of the case under chapter 11 of the Bankruptcy Code, case number 10-16229, under which the Debtor's Case is jointly administered, the Debtor releases and waives any and all such Claims and Causes of Action and any and all such Claims and Causes of Action are extinguished as of the Effective Date.

**d. Permanent Injunction**

**PURSUANT TO THE PLAN AND THE CONFIRMATION ORDER, EXCEPT AS EXPRESSLY PROVIDED IN THE PLAN, AT ALL TIMES ON AND AFTER THE EFFECTIVE DATE, ALL PERSONS WHO HAVE BEEN, ARE, OR MAY BE HOLDERS OF CLAIMS AGAINST OR INTERESTS IN THE DEBTOR ARISING PRIOR TO THE EFFECTIVE DATE, WILL BE ENJOINED FROM TAKING ANY OF THE FOLLOWING ACTIONS WITH RESPECT TO SUCH CLAIMS OR INTERESTS (OTHER THAN ACTIONS BROUGHT TO ENFORCE ANY RIGHTS OR OBLIGATIONS UNDER THE PLAN OR THE BLMIS TRUSTEE SETTLEMENT AGREEMENT):**

**(i) COMMENCING, CONDUCTING OR CONTINUING IN ANY MANNER, DIRECTLY OR INDIRECTLY ANY SUIT, ACTION, OR OTHER PROCEEDING OF ANY KIND AGAINST THE DEBTOR OR THE ESTATE, INCLUDING, WITHOUT LIMITATION, ALL SUITS, ACTIONS, AND PROCEEDINGS THAT ARE PENDING AS OF THE EFFECTIVE DATE, WHICH WILL BE WITHDRAWN OR DISMISSED WITH PREJUDICE BASED UPON OR ARISING FROM THEIR CLAIMS AGAINST THE DEBTOR;**

**(ii) ENFORCING, LEVYING, ATTACHING, COLLECTING, OR OTHERWISE RECOVERING BY ANY MANNER OR MEANS WHETHER DIRECTLY OR INDIRECTLY ANY JUDGMENT, AWARD, DECREE, OR ORDER AGAINST THE DEBTOR OR THE ESTATE;**

**(iii) CREATING, PERFECTING, OR OTHERWISE ENFORCING IN ANY MANNER, DIRECTLY OR INDIRECTLY, ANY LIEN AGAINST THE DEBTOR OR THE ESTATE;**



**(iv) ASSERTING ANY RIGHT OF SUBROGATION, SETOFF OR RECOUPMENT OF ANY KIND, DIRECTLY OR INDIRECTLY AGAINST ANY OBLIGATION DUE THE DEBTOR, OR THE ESTATE;**

**(v) ASSERTING, PROSECUTING, COMMENCING OR CONTINUING ANY CLAIMS AGAINST MANAGEMENT OR OTHER CLAIMS AGAINST MANAGEMENT ARISING FROM RELATED FACTS AND CIRCUMSTANCES THAT THE DEBTOR OWNS OR HOLDS, AND IS ASSIGNING TO THE BLMIS TRUSTEE UNDER THE BLMIS TRUSTEE SETTLEMENT AGREEMENT, WHETHER OR NOT SUCH CLAIMS HAVE BEEN ASSERTED BY OR ON BEHALF OF THE DEBTOR OR THE BLMIS TRUSTEE AGAINST MANAGEMENT, INCLUDING WITHOUT LIMITATION THE CLAIMS ASSERTED IN *PIERCE V. FAIRFIELD GREENWICH GROUP*, INDEX NO. 600498/2009 (N.Y. SUP. CT. 2009); OR**

**(vi) PROCEEDING IN ANY MANNER IN ANY PLACE WHATSOEVER THAT DOES NOT CONFORM TO OR COMPLY WITH THE PROVISIONS OF THE PLAN.**

**e. Retention of Jurisdiction; Broad Retention**

Notwithstanding entry of the Confirmation Order, the occurrence of the Effective Date or consummation of the Plan, the Bankruptcy Court will retain jurisdiction post-confirmation to the full extent that it is legally permissible, including all jurisdiction necessary to ensure that the provisions of the Plan are carried out. The Bankruptcy Court will also retain jurisdiction post-confirmation for the following specific purposes:

(i) to adjudicate all controversies concerning the classification of, value of, or allowance or estimation of any Claims or Interests;

(ii) to liquidate, allow or disallow any Claims which are disputed, contingent or unliquidated;

(iii) to determine any and all objections to the allowance of Claims or Interests, or counterclaims to any Claim;

(iv) to determine any and all applications for allowance of compensation and reimbursement of expenses and any other fees and expenses authorized to be paid or reimbursed under the Bankruptcy Code or the Plan;

(v) to determine any applications pending on the Effective Date for the rejection or assumption of executory contracts or unexpired leases or for the assumption and assignment, as the case may be, of executory contracts or unexpired leases to which the Debtor is a party or with respect to which it may be liable, and to hear and determine, and if need be to liquidate, any and all Claims arising therefrom;

(vi) to adjudicate any actions brought on any Avoidance Actions, at any time prior to expiration of the relevant statute of limitations;

(vii) to determine any and all applications, adversary proceedings and contested or litigated matters that may be pending, including without limitation, litigation of insurance claims;

(viii) to consider any modifications of the Plan, remedy any ambiguity, defect or omission or reconcile any inconsistency in any order of the Bankruptcy Court, including the Confirmation Order, to the extent authorized by the Bankruptcy Court;

(ix) to determine all controversies, suits and disputes that may arise in connection with the interpretation, enforcement or consummation of the Plan;

(x) to consider and act on the compromise and settlement of any Claim or cause of action by or against the Estate;

(xi) to issue orders in aid of execution of the Plan to the extent authorized by section 1142 of the Bankruptcy Code;

(xii) to determine such other matters as may be set forth in the Confirmation Order or which may arise in connection with the Plan or the Confirmation Order;

(xiii) to enforce the releases and injunctions set forth in the Plan; or

(xiv) to enforce the BLMIS Trustee Settlement Agreement.

## **7. Treatment of Executory Contracts and Unexpired Leases**

### **a. Executory Contracts**

All executory contracts that exist between any Debtor and any Entity that have not been assumed or rejected prior to the Effective Date, will be deemed rejected as of the Effective Date, except for any executory contract which is subject to a pending application to assume or reject or extend time to assume or reject. Nothing contained herein or in the Plan will constitute a waiver of any claim, right or cause of action that the Debtor may hold against any party to any executory contract with the Debtor, including the insurer under any policy of insurance.

### **b. Unexpired Leases**

All unexpired leases that exist between the Debtor and any Entity which have not been assumed or rejected prior to the Effective Date, will be deemed rejected as of the Effective Date, except for any unexpired lease which is subject to a pending application to assume or reject or extend time to assume or reject. Nothing contained herein or in the Plan will constitute a waiver of any claim, right or cause of action that the Debtor may hold against any lessor or lessee.

### **c. Bar Date for Filing Proofs of Claim Relating to Executory Contracts and Unexpired Leases Rejected Pursuant to the Plan**

Any and all Proofs of Claim arising out of the rejection of an executory contract or unexpired lease pursuant to the Plan must be Filed within thirty (30) days after the later of the Confirmation Date or, if the contract or lease is not automatically rejected by virtue of the

Confirmation Order, the date the Bankruptcy Court enters an order approving such rejection. Any Holder of a Claim arising out of the rejection of an executory contract or unexpired lease who fails to File a Proof of Claim within such time will be forever barred, estopped and enjoined from asserting such Claim against the Debtor, or the Estate. Unless otherwise ordered by the Bankruptcy Court, all Claims arising from the rejection of executory contracts and unexpired leases will be treated as General Unsecured Claims under the Plan. Nothing contained herein or in the Plan will extend the time for Filing a Proof of Claim for rejection of any contract or lease rejected prior to the Confirmation Date.

## **8. Other Plan Provisions**

### **a. Modification or Revocation of Plan**

Subject to the limitations contained herein and subject to the BLMIS Trustee's reasonable consent, (1) the Debtor reserves the right, in accordance with the Bankruptcy Code and the Bankruptcy Rules, to amend or modify the Plan and related documents in any manner prior to the entry of the Confirmation Order and (2) after the entry of the Confirmation Order, the Debtor may, upon order of the Bankruptcy Court, amend or modify the Plan and related documents in any manner, in accordance with Section 1127(b) of the Bankruptcy Code, or remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan. The Debtor reserves the right, subject to the BLMIS Trustee's reasonable consent, at any time prior to the entry of the Confirmation Order, to revoke and withdraw the Plan. If the Debtor revokes or withdraws the Plan, then the Plan will be deemed null and void and nothing contained herein or in the Plan will be deemed an admission or waiver of any rights of the Debtor with respect to the Holders of Claims or Interests prior to the Effective Date.

### **b. Exemption from Transfer Taxes and Withholding Taxes**

Pursuant to section 1146(c) of the Bankruptcy Code, the issuance, transfer or exchange of securities or other property under the Plan, or the creation, transfer, filing, cancellation or recording of any mortgage, deed of trust, financing statement or other security interest, or the making, delivery, filing or recording of any deed, bill of sale, assignment or other instrument of transfer under, in furtherance of or in connection with the Plan, will not be subject to any stamp tax, real estate tax, conveyance, filing or transfer fees, mortgage, recording or other similar tax or other government assessment.

The Debtor with respect to all distributions under the Plan may, but will not be obligated to, deduct any federal, state or local withholding taxes from any payments made under the Plan with respect to Allowed Claims.

### **c. Payment of Statutory Fees**

No later than the Effective Date, the Debtor will have paid all fees due to the United States Trustee through the Effective Date. Such fees which accrue after the Effective Date and until the Case is closed will be payable by the Disbursing Agent.

#### **d. Conditions Precedent to Confirmation Date and Effective Date**

The occurrence of the Confirmation Date of the Plan and the Effective Date will be subject to satisfaction or waiver of each of the following conditions:

(i) The Bankruptcy Court has entered the Confirmation Order in form and substance reasonably satisfactory to the Debtor and the BLMIS Trustee.

(ii) The Debtor has received the consent of any governmental units whose consent is required for confirmation.

(iii) The Confirmation Order will have been entered and will have become a Final Order.

(iv) All actions, documents, and agreements necessary to implement the Plan, and the transactions contemplated thereby will have been effected or executed, except to the extent waived in writing.

The Debtor will have the right, subject to the BLMIS Trustee's reasonable consent, to waive any of the foregoing conditions to the Effective Date, other than entry of the Confirmation Order, and the Effective Date may occur notwithstanding the pendency of an appeal of the Confirmation Order or any order related thereto so long as there is no stay in effect. The Effective Date may occur before the expiration of time to take an appeal or to seek reconsideration of the Confirmation Order without the giving of any notice to any objecting party. In the event of any such appeal, the Debtor may seek the dismissal of such appeal as moot following the Effective Date of the Plan.

#### **IV. ACCEPTANCE AND CONFIRMATION OF THE PLAN**

The following is a brief summary of the provisions of the Bankruptcy Code relevant to acceptance and confirmation of a plan of reorganization. Holders of Claims and Interests are encouraged to review the relevant provisions of the Bankruptcy Code with their own attorneys.

##### **1. Acceptance of the Plan**

This Disclosure Statement is provided in connection with the solicitation of acceptances of the Plan. The Bankruptcy Code defines acceptance of a plan of reorganization by a Class of Claims as acceptance by Holders of at least two-thirds in dollar amount, and more than one-half in number, of the Allowed Claims of that Class that have actually voted or are deemed to have voted to accept or reject a plan. The Bankruptcy Code defines acceptance of a plan of reorganization by a Class of Interests as acceptance by at least two-thirds in amount of the allowed interests of that Class that have actually voted or are deemed to have voted to accept or reject a plan.

## **2. Confirmation**

### **a. Confirmation Hearing**

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing on confirmation of a plan. Notice of the Confirmation Hearing regarding the Plan has been provided to all known holders of Claims and Interests or their respective representatives along with this Disclosure Statement. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or any subsequent adjourned Confirmation Hearing.

Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of a plan. Any objection to Confirmation of the Plan must be in writing, must conform with the Bankruptcy Rules and the Local Rules of the Bankruptcy Court and the requirements of any solicitation procedures order, must set forth the name of the objecting party, the nature and amount of Claims or Interests held or asserted by that party against the Debtor's Estate or property, and the specific basis for the objection.

### **b. Statutory Requirements for Confirmation of the Plan**

At the Confirmation Hearing, the Debtor will request that the Bankruptcy Court determine that the Plan satisfies the requirements of Section 1129 of the Bankruptcy Code. If the Bankruptcy Court so determines, the Bankruptcy Court will enter an order confirming the Plan. The applicable requirements of Section 1129 of the Bankruptcy Code are as follows:

- The Plan must comply with the applicable provisions of the Bankruptcy Code;
- The Plan Proponent must have complied with the applicable provisions of the Bankruptcy Code;
- The Plan must have been proposed in good faith and not by any means forbidden by law;
- Any payment made or to be made by the Debtor under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Case, or in connection with the Plan or incidence to the Case, has been approved by or is subject to approval of, the Court as reasonable;
- Best Interests of Creditors Test: With respect to each Class of impaired Claims or Interests, either each Holder of a Claim or Interest of such Class must have accepted the Plan, or must receive or retain under the Plan on account of such Claim or Interest, property of a value, as of the Effective Date of the Plan, that is not less than the amount that such Holder would receive or retain if the Debtor was liquidated on such date under Chapter 7 of the Bankruptcy Code. In a Chapter 7 liquidation, creditors and interest holders of a debtor are paid from available assets generally in the following order, with no lower Class receiving

any payments until all amounts due to senior Classes have either been paid in full or payment in full is provided for: (i) first to secured creditors (to the extent of the value of their collateral), (ii) next to priority creditors, (iii) next to unsecured creditors, and (iv) last to holders of interests. Attached as Exhibit F to this Disclosure Statement is a liquidation analysis prepared by the Proponent, which indicates that, in light of the foregoing priority scheme, if the Chapter 11 Case were converted to a Chapter 7 liquidation, Holders of Allowed Claims and Interests in the impaired Classes 3 and 4 would receive less than they will receive under the Plan;

- Each Class of Claims or Interests must have either accepted the Plan or not be impaired under the Plan;
- Except to the extent that the Holder of a particular Claim has agreed to a different treatment of such Claim, the Plan provides that Allowed Administrative Expense Claims and Priority Claims (other than Allowed Priority Tax Claims) will be paid in full on the Effective Date and that Allowed Priority Tax Claims will receive on account of such Claims deferred Cash payment, over a period not exceeding six years after the date of assessment of such Claim, of a value, as of the Effective Date, equal to the Allowed amount of such Claim;
- At least one impaired Class of Claim must have accepted the Plan, determined without including any acceptance of the Plan by any insider holding a Claim of such Class; and
- Feasibility: The Debtor must be able to effect the necessary payments and distributions of property provided in the Plan.

## **V. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN**

CREDITORS AND INTEREST HOLDERS CONCERNED WITH HOW THEY PLAN MAY AFFECT THEIR TAX LIABILITY SHOULD CONSULT WITH THEIR OWN ACCOUNTANTS, ATTORNEYS, AND/OR ADVISORS. The following disclosure of possible tax consequences is intended solely for the purpose of alerting readers to possible tax issues the Plan may present to the Debtor. No opinion of counsel has been sought or obtained with respect to any tax consequences of the Plan and no tax opinion is given by this Disclosure Statement. No rulings or determinations of the IRS or any other tax authorities have been obtained or will be sought with respect to the Plan. No representations are made regarding the particular tax consequences of the Plan to any Holder of a Claim or Interest. The Proponent CANNOT and DOES NOT represent that the tax consequences contained below are the only tax consequences of the Plan because the Tax Code embodies many complicated rules which make it difficult to state completely and accurately all the tax implications of any action.

### **1. Tax Consequences to the Debtor**

The Debtor does not expect to incur any substantial federal or state tax liability as a result of the Plan.

## **2. Tax Consequences to General Unsecured Creditors**

The U.S federal income tax consequences to Holders of Claims and the character and amount of income, gain or loss recognized as a consequence of the Plan and the distributions provided thereby will depend upon, among other things (i) the nature and origin of the Claim, (ii) the tax status of the Holder of the Claim, (iii) whether the Claim is a capital asset in the hands of the Holder, (iv) whether the Claim has been held by the Holder for more than one year, and (v) the extent to which the Holder previously claimed a loss or bad debt deduction with respect to the Claim.

A Holder who receives consideration in satisfaction of its Claim may recognize ordinary income or loss to the extent that any portion of such consideration is characterized as accrued interest. Although the manner in which consideration is allocated between accrued interest and principal for these purposes is unclear under present law, the Debtor intends to allocate the consideration paid on account of Claims first to the principal portion of the Claim, and then to accrued interest if any. There is no assurance that such allocation will be respected by the IRS for tax purposes.

A Claim Holder will recognize gain or loss equal to the difference between the value of consideration received and the basis of the Holder in the Claim.

## **3. Tax Consequences to Holders of Interest**

The U.S federal income tax consequences to Holders of Interests and the character and amount of income, gain or loss recognized as a consequence of the Plan and the distributions provided thereby will depend upon, among other things (i) the nature and origin of the Interest, (ii) the tax status of the Holder of the Interest, (iii) whether the Interest is a capital asset in the hands of the Holder, (iv) whether the Interest has been held by the Holder for more than one year, (v) whether the Holder has lived in the residence for two of the preceding five years and (vi) the extent to which the Holder previously claimed a loss or bad debt deduction with respect to the Interest.

THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN, AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE ABOVE DISCUSSION IS FOR INFORMATION PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A HOLDER'S INDIVIDUAL CIRCUMSTANCES. ACCORDINGLY, HOLDERS ARE URGED TO CONSULT WITH THEIR TAX ADVISORS ABOUT THE FEDERAL, STATE, LOCAL AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN.

## **VI. RISK FACTORS**

The reorganization of the Debtor does not involve a high degree of risk. HOWEVER, HOLDERS OF CLAIMS AND INTERESTS SHOULD CONSIDER CAREFULLY THE

FOLLOWING FACTORS, IN ADDITION TO THE OTHER INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT, BEFORE SUBMITTING A VOTE TO ACCEPT OR REJECT THE PLAN.

**Risk of Non-Confirmation of the Plan or Non-Approval of Injunctions in the Plan**

Although the Debtor believes that the Plan will satisfy all requirements necessary for Confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will reach the same conclusion. There can also be no assurance that modifications of the Plan will not be required for Confirmation, that such negotiations would not adversely affect the Holders of Allowed Claims and Interests, or that such modifications would not necessitate the re-solicitation of votes. Additionally, there can be no assurance that the Bankruptcy Court will approve the injunctions against certain third parties (as set forth in Article III, paragraph 6. d. above and in Article 10.04.3 of the Plan) pursuant to Confirmation, or that inability to obtain approval of such injunctions would not materially or adversely affect the Holders of Allowed Claims and Interests entitled to vote on the Plan.

**VII. ALTERNATIVES TO THE PLAN AND CONSEQUENCES OF REJECTION**

If the Plan is not timely confirmed, the most likely alternative is a Chapter 7 liquidation proceeding. In a Chapter 7 liquidation proceeding, a trustee would be appointed by the Bankruptcy Court to oversee the liquidation of the Debtor's assets. Such trustee would be entitled to retain a new set of professionals, including lawyers and accountants, to review and analyze all of the Claims and Interests and the Debtor's assets. In addition, the liquidation trustee would be entitled to request a fee based on all distributions made to Holders of Allowed Claims. The Plan Proponent believes that the conversion to a Chapter 7 liquidation proceeding and the appointment of a new trustee and new estate professionals would significantly increase professional fees and result in further delays and a significant reduction in distributions to the Holders of Allowed Claims and Interests. In addition, in a Chapter 7 case, the BLMIS Trustee would be entitled to assert that its entire \$206 million claim should be paid from all available estate assets before any assets may be distributed to Partners. Moreover, in a Chapter 7 case, the Debtor's customer claim in the SIPA Proceeding would not be allowed unless the Chapter 7 trustee were able to defeat the BLMIS Trustee's avoidance actions against the Debtor. The Debtor has examined those avoidance actions and believes (i) that the claim of the BLMIS Trustee to avoid \$23 million in preferential would be extremely difficult to defeat, and (ii) that the fraudulent transfer claims would also be difficult to defend. Therefore the Debtor believes that it is unlikely that more value would be recovered on account of its customer claim in a Chapter 7 case than is being recovered under the Plan. For those reasons, the Plan distributes not less to holders of Allowed Claims and Interests than they would receive in a Chapter 7. A liquidation analysis is attached hereto as Exhibit F.

The Plan Proponent and its professional advisors have explored various alternative scenarios, and believe that the Plan enables the Holders of Claims and Interests to realize the maximum recovery under the circumstances. The Plan Proponent believes that the Plan is the best plan that can be proposed and served the best interests of the Debtor and other parties in interest.



## VIII. RECOMMENDATION AND CONCLUSION

The Plan Proponent has analyzed different scenarios and believes that the Plan will provide for a larger distribution to Holders of Allowed Class 3 and 4 Claims and Interests than would otherwise result if an alternative restructuring plan were proposed. In addition, any alternative other than Confirmation of the Plan could result in extensive delays and increased administrative expenses resulting in potentially smaller distributions to the Holders of Allowed Class 3 and 4 Claims and Interests. Accordingly, the Plan Proponent recommends confirmation of the Plan and urges all Holders of Allowed Class 3 and 4 Claims and Interests to vote to accept the Plan and to indicate acceptance by returning their Ballots so as to be received by no later than as provided in the voting instructions above.

Dated: July 20, 2011  
New York, New York

GREENWICH SENTRY PARTNERS, L.P.

By:                   /s/Jeffrey Tucker                  

Name: /s/Jeffrey Tucker

Title: Director of Fairfield Greenwich (Bermuda), Ltd.,  
General Partner of Greenwich Sentry Partners, L.P.

**EXHIBIT A**  
**PLAN OF REORGANIZATION**  
**[INTENTIONALLY OMITTED]**

**EXHIBIT B**

**THE PROPOSED DISCLOSURE  
STATEMENT ORDER**

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

In re:

GREENWICH SENTRY, L.P. and  
GREENWICH SENTRY PARTNERS, L.P.,  
  
Debtors and Debtors-in-Possession.

Case No: 10-16229 (BRL)

Chapter 11

(Jointly Administered)<sup>1</sup>

**ORDER (A) APPROVING THE ADEQUACY OF DEBTORS' DISCLOSURE  
STATEMENTS FOR DEBTORS' CHAPTER 11 REORGANIZATION PLANS  
PURSUANT TO 11 U.S.C. § 1125, (B) APPROVING THE FORM OF BALLOTS  
AND REQUIREMENTS FOR VOTING ON DEBTORS' PLANS, (C) FIXING A  
DATE FOR THE HEARING FOR CONFIRMATION OF THE PLANS AND  
FOR THE DEADLINES TO OBJECT AND TO ACCEPT OR REJECT THE  
PLANS, AND (D) APPROVING THE FORM AND MANNER OF NOTICE OF  
THE PLAN CONFIRMATION HEARING AND THE DEADLINES TO  
OBJECT AND TO ACCEPT OR REJECT THE PLANS**

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Upon the motion (the "Motion") of Greenwich Sentry, L.P. ("GS") and Greenwich Sentry Partners, L.P. ("GSP"), debtors and debtors-in-possession (sometimes collectively the "Debtors") in the above-captioned matter, seeking entry of an order approving (A) the adequacy of the Debtors' disclosure statements (collectively, the "Disclosure Statements") [Docket No. \_\_\_\_] for the Debtors' Chapter 11 reorganization plans (collectively, the "Plans")<sup>2</sup> [Docket No. \_\_\_\_] filed contemporaneously with the Motion pursuant to Section 1125 of the United States Bankruptcy Code (the "Bankruptcy Code"), (B) approving the form of ballots and requirements for voting on the Plans, (C) fixing dates for the hearing for confirmation of the Plans (the "Confirmation Hearing") and for the deadlines for objecting and for voting to accept or reject the

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<sup>1</sup> Pursuant to the Order Granting the Debtors' Motion for an Order Directing Joint Administration of Related Chapter 11 Cases Pursuant to Fed. R. Bankr. P. 1015 [Docket No. 14], the Chapter 11 proceeding of Greenwich Sentry Partners, L.P., Case No.: 10-16230 (BRL), is to be jointly administered under the above-captioned matter.

<sup>2</sup> Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Plans and the Disclosure Statements relating thereto.

Plans, and (D) approving the form and manner of notice of the Confirmation Hearing and the deadlines for objecting and for voting to accept or reject the Plans, all as more fully set forth in the Motion; and due and sufficient notice of the Motion and the hearing therefore (the “Disclosure Statement Hearing”) has been given to all parties in interest as required by Rules 2002(b), 3016(b) and 3017(a) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and Rule 3017-1 of the Local Bankruptcy Rules for the Southern District of New York (the “Local Bankruptcy Rules”), as set forth in the Motion; and due consideration having been given to any arguments or testimony presented at the Disclosure Statement Hearing and to any objections or responses to the Motion or to the Disclosure Statements; and any objections to the Motion or to the Disclosure Statements having been withdrawn, resolved or overruled on the merits; and it appearing that the Disclosure Statement contains “adequate information” within the meaning of Section 1125 of the Bankruptcy Code and that the relief requested in the Motion is appropriate and will benefit the Debtors’ estates, their creditors, their equity interest holders, and all other parties in interest; and it further appearing that the legal and factual bases set forth in the Motion established just cause for the relief requested and it further appearing that this Court has jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and after due deliberation; and sufficient cause appearing therefor;

**IT IS**, on this \_\_\_\_\_ day of \_\_\_\_\_, 2011,

**ORDERED** that:

1. The Motion is granted in its entirety.
2. The Disclosure Statements are hereby approved pursuant to Section 1125 of the Bankruptcy Code, as providing holders of Claims and Interests entitled to vote on the Plans with

adequate information to make an informed decision as to whether to vote to accept or reject the Plans in accordance with section 1125(a)(1) of the Bankruptcy Code.

3. The Disclosure Statements (including all applicable exhibits thereto) provide holders of Claims, holders of Interests and other parties in interest with sufficient notice of all injunction, exculpation and release provisions contained in the Plans, in satisfaction of the requirements of Bankruptcy Rule 3016(c).

4. Pursuant to the Plans and Disclosure Statements, for purposes of voting on each of the respective Plans, the amount and classification of Claims and Interests that will be used to tabulate acceptances and rejections of each of the respective Plans shall be as follows:

- a. Only Class 3, which consists of the holder of the BLMIS Trustee Claim, and Class 4, which consists of holders Limited Partner Interests, shall be entitled to vote;
- b. Holders of Claims and Interests entitled to vote, shall only be entitled to vote to the extent their Claims and Interests are allowed; and
- c. With respect to each Limited Partner Interest, if a proof of claim or proof of interest has been timely filed, and has not been objected to before the Voting Deadline (as defined below), the amount of such Limited Partner Interest for voting purposes shall be the amount of cash invested into the applicable Debtor by such Limited Partner (including amounts intended as investments), less payments on account of such Interest received from the Debtor or from any other sources, as calculated and determined from the applicable Debtor's books and records, and in the event of any dispute regarding same, the applicable Debtor's books and records shall govern.

5. The form of ballots (each a “Ballot” and, collectively, the “Ballots”) and the instructions thereon for completing such Ballots to be used by the holder of the Class 3 Claim in GS, holders of Class 4 Interests in GS, the holder of the Class 3 Claim in GSP, and holders of Class 4 Interests in GSP, in substantially the form annexed hereto as Exhibits “1”, “2”, “3” and “4”, respectively, for tabulating votes of such Classes under both respective Plans are approved by this Court.

6. In accordance with Bankruptcy Rule 3017(d) and Bankruptcy Rule 2002(b) and (c)(3), within ten (10) days after the date of entry of this Order and no less than twenty-eight (28) days prior to the Confirmation Objection Deadline (as defined below), the Debtors will serve, to the extent that any of the following items have not already been served on any of the following parties as of the date of entry of this Order, copies of (a) the Disclosure Statements; (b) the Plans; (c) solicitation letters, if any, from the Debtors and/or any other proponents of the Plans; and (d) a copy of this Order entered by the Court enclosed with a copy of the Confirmation Hearing notice (the “Confirmation Hearing Notice”), in substantially the form attached hereto as Exhibit “5” (collectively, the “Plan Confirmation Notice Materials”) upon the following parties by first-class mail:

- (i) all creditors, equity interest holders and equity security holders of either of the Debtors that (a) filed proofs of claim and/or proofs of interest, as of the date of entry of this Order, pursuant to the Order entered by the Court on April 6, 2011 (A) Fixing a Date for Filing Proofs of Claim and Proofs of Interest Pursuant to Bankruptcy Rule 3003(c)(3) and (B) Fixing The Form and Manner of Notice Thereof (the “Bar Date Order”) [Docket No. 93], (b) appear on either of the Debtors’ Schedules or Statements of Financial Affairs, or (c) appear on the Debtors’ creditors matrix;
- (ii) the Office of the United States Trustee for the Southern District of New York (the “U.S. Trustee”);
- (iii) the Securities and Exchange Commission (the “SEC”); and

(iv) any other parties having filed a notice of appearance in the Debtors' Cases (collectively, the "Notice Parties").

7. In accordance with Bankruptcy Rule 3017(d), the Debtors will serve a copy of the appropriate Ballot, along with service of the Plan Confirmation Notice Materials in the foregoing paragraph, upon (i) the BLMIS Trustee and (ii) all holders of Limited Partner Interests in either of the Debtors that (a) filed proofs of claim and/or proofs of interest, as of the date of entry of this Order, pursuant to the Bar Date Order, (b) appear on either of the Debtors' Schedules or Statements of Financial Affairs, or (c) appear on the Debtors' creditors matrix.

8. Bankruptcy Rule 2002(l), the Debtors will publish the Confirmation Hearing Notice (in a format modified for publication) in a newspaper of national circulation, such as *The Wall Street Journal*, *The New York Times* or *USA Today*, once within ten (10) days after the date of entry of this Order and no less than twenty-eight (28) days prior to the Confirmation Objection Deadline.

9. Pursuant to Local Bankruptcy Rule 3018-1(a), at least seven (7) days prior to the Confirmation Hearing, the Debtors shall certify to the Court in writing the amount and number of Allowed Limited Partner Interests and the Allowed BLMIS Trustee Claim of each class accepting or rejecting each of the Plans and the Court may find that each Plan has been accepted or rejected on the basis of the respective certifications.

10. Service of the Ballots and the Plan Confirmation Notice Materials and publication of the Confirmation Hearing Notice as provided in the foregoing paragraphs shall constitute adequate and sufficient notice of the Confirmation Hearing, the Confirmation Objection Deadline and the Voting Deadline in satisfaction of Bankruptcy Rule 3017(d) and (f) and Bankruptcy Rule 2002(b) and (c)(3).



11. In order to be counted, Ballots accepting or rejecting the Plans must be executed by the holder of the Claim or Interest voting and be received by Wollmuth Maher & Deutsch LLP, 500 Fifth Avenue, New York, New York 10110 attn: Autumn Anderson, by no later than **5:00 pm EST on \_\_\_\_\_, 2011 (the “Voting Deadline”)**. Ballots may be filed by email to [aanderson@wmd-law.com](mailto:aanderson@wmd-law.com) provided that an original of the Ballot is received by no later than five (5) days after the Voting Deadline on \_\_\_\_\_, 2011.

12. **The Confirmation Hearing shall be held on the \_\_ day of \_\_\_\_\_, 2011, at \_\_: \_\_.m. (New York City time)** before the Honorable Burton R. Lifland, United States Bankruptcy Judge, at the United States Bankruptcy Court, Alexander Hamilton Custom House, One Bowling Green, New York, New York, 10004, or as soon thereafter as counsel can be heard, and may be adjourned from time to time without further notice (other than by announcement of the adjourned date or dates at such hearing).

13. All objections to confirmation of the Plans must be in writing, conform to the Bankruptcy Rules and the Local Bankruptcy Rules, set forth the legal and factual basis therefore and be filed with the Bankruptcy Court electronically in accordance with General Order M-182 (General Order M-182 and the User’s Manual for the Electronic Case Filing System can be found at [www.nysb.uscourts.gov](http://www.nysb.uscourts.gov), the official website for the Bankruptcy Court), by registered users of the Bankruptcy Court’s case filing system and, by all other parties in interest, on a 3.5 inch disk, preferably in Portable Document Format (PDF), Wordperfect or any other Windows-based word processing format (with a hard-copy delivered directly to Chambers), and be served in accordance with General Order M-182 upon (a) Wollmuth Maher & Deutsch LLP, 500 Fifth Avenue, New York, New York 10110, Attn: Paul R. DeFilippo, Esq., and James N. Lawlor, Esq., counsel to the Debtors; (b) Baker & Hostetler LLP, 45 Rockefeller Plaza, New York, New

York 10111, Attn: David Sheehan, Esq., and Mark Kornfeld, Esq., counsel for the BLMIS Trustee; (c) the Office of the United States Trustee, 33 Whitehall Street, 21<sup>st</sup> Floor, New York, New York 10004, Attn: Brian Masumoto, Esq., and (d) all those persons and entities that have formally requested notice by filing a written request for notice in the above-captioned matter, pursuant to Bankruptcy Rule 2002 and the Local Bankruptcy Rules, **so as to be received no later than \_\_\_\_ \_\_, 2011, at 4:00 p.m. (New York City time)** (the “Confirmation Objection Deadline”).

14. IN ADDITION TO THE FOREGOING, ANY OBJECTIONS TO CONFIRMATION OF THE PLANS MUST BE IN WRITING, STATE WITH PARTICULARITY THE GROUNDS FOR THE OBJECTION, IDENTIFY THE PARTICULAR PLAN, PLAN ARTICLE OR SECTION TO WHICH SUCH OBJECTION PERTAINS AND MUST BE FILED AND STRICTLY SERVED AS PRESCRIBED HEREIN, OR THE OBJECTING PARTY WILL BE BARRED FROM OBJECTING TO CONFIRMATION OF THE PLANS AND WILL NOT BE HEARD AT THE CONFIRMATION HEARING.

15. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

16. Notwithstanding anything contained in the Bankruptcy Code, the Bankruptcy Rules or the Local Bankruptcy Rules, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

17. This Court shall retain jurisdiction to hear and determine all matters arising from or related to this Order.

18. No further or additional notice of the Motion or the Disclosure Statement Hearing is required.

19. This Order is without prejudice to the Debtors' right to request additional rules and guidelines with respect to voting procedures.

Dated: \_\_\_\_\_, 2011  
New York, New York

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THE HONORABLE BURTON R. LIFLAND  
UNITED STATES BANKRUPTCY JUDGE

**EXHIBIT C**  
**THE BLMIS TRUSTEE SETTLEMENT**  
**AGREEMENT**

## AMENDED AGREEMENT

This amended agreement, dated as of July 7, 2011 ("Agreement"), amends, restates and supercedes the agreement dated as of May 17, 2011 made by and between Irving H. Picard, in his capacity as Trustee (the "Trustee") for the liquidation under the Securities Investor Protection Act of 1970, as amended ("SIPA"), of Bernard L. Madoff Investment Securities LLC, and the substantively consolidated Chapter 7 case pending before the United States Bankruptcy Court for the Southern District of New York of Bernard L. Madoff ("Madoff"), on the one hand, and Greenwich Sentry Partners, L.P. ("GSP") debtor and debtor-in-possession, on the other hand (each of the Trustee and GSP, a "Party" and, collectively, the "Parties").

### BACKGROUND

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

B. On December 11, 2008 (the "Filing Date"), the Securities and Exchange Commission (the "SEC") filed a complaint in the United States District Court for the Southern District of New York (the "District Court") against BLMIS and Madoff. On December 12, 2008, the District Court entered an order which, among other things, appointed Lee S. Richards, Esq. as receiver (the "Receiver") for the assets of BLMIS (No. 08-CV-10791 (LSS)).

C. Pursuant to Section 78fff-1(a) of SIPA, Trustee has the general powers of a bankruptcy trustee in a case under Chapter 7 of the United States Bankruptcy Code, 11 U.S.C. §§ 101, *et seq.* (the "Bankruptcy Code") as well as the powers granted pursuant to SIPA. Chapters 1, 3, 5 and subchapters I and II of Chapter 7 of the Bankruptcy Code apply to this SIPA proceeding to the extent consistent with SIPA.

D. Under SIPA, Trustee is charged with the responsibility to marshal and liquidate the assets of BLMIS for distribution to BLMIS customers and others in accordance with SIPA in satisfaction of allowed claims, including through the recovery of avoidable transfers such as preference payments and fraudulent transfers made by BLMIS.

E. On December 15, 2008, pursuant to section 5(a)(4)(A) of SIPA, the SEC consented to a combination of its own action with the application of SIPC. Thereafter, SIPC filed an application in the District Court under section 5(a)(3) of SIPA alleging, *inter alia*, that BLMIS was not able to meet its obligations to securities customers as they came due and, accordingly, its customers needed the protections afforded by SIPA. On December 15, 2008, the District Court granted the SIPC application and entered an order under SIPA, which, in pertinent part, appointed Trustee as the trustee for the liquidation of the business of BLMIS under section 5(b)(3) of SIPA, removed the Receiver as the receiver for BLMIS, and removed the case to the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") under section 5(b)(4) of SIPA, where it is currently pending as Case No. 08-01789 (BRL) (the "SIPA Proceeding"). The Trustee is duly qualified to serve and act on behalf of the estate of BLMIS (the "BLMIS Estate").

F. GSP was a customer of BLMIS and maintained Customer Account 1G0371 with BLMIS (the "GSP Account") commencing in or about May 1, 2006. The GSP Account is listed as Attachment A to this Agreement. The GSP Account was opened by the transfer of Five Million Seven Hundred Sixty Two Thousand Five Hundred Sixty Dollars (\$5,762,560) from the Greenwich Sentry LP ("Greenwich Sentry") BLMIS account. At the time of the May 1 transfer, although Greenwich Sentry's BLMIS account statement showed a positive balance, in reality, the Greenwich Sentry BLMIS account had a negative cash balance. On June 30, 2006, One Million Two Hundred Seven Thousand Three Hundred Forty Four Dollars (\$1,207,344) was transferred back to the Greenwich Sentry account from the GSP Account. As a result of these transfers and later cash deposits and withdrawals, between the opening of the account and the Filing Date, on an overall basis, GSP deposited into the GSP Account a total of Two Million Five Hundred Forty Thousand Dollars (\$2,540,000) in excess of the amount of withdrawals that GSP made from the account (the "GSP Net Equity Claim"). GSP withdrew Five Million Nine Hundred Eighty Five Thousand (\$5,985,000) from the GSP Account during the period more than 90 days, but less than six years, before the Filing Date (the "Withdrawals").

G. GSP filed a customer claim in the SIPA Proceeding (assigned claim number 7896) alleging aggregate losses from the GSP Accounts of Ten Million Four Hundred Twenty Six Thousand One Hundred Eighty Two (\$10,426,182) (the "GSP SIPA Claim"). The GSP SIPA Claim, including the relevant BLMIS Account Number, is included as Attachment B to this Agreement. The GSP SIPA Claim, as filed, asserts that GSP is entitled to the allowance and distribution of a customer claim in the SIPA proceeding in an amount reflected on the GSP BLMIS account statement for the period ending November 30, 2008.

H. The Trustee has disputed that GSP is entitled to allowance and distribution of a customer claim in the amount reflected on its November 30, 2008 BLMIS account statement. On March 1, 2010 the Honorable Burton R. Lifland of the Bankruptcy Court issued an opinion applying the Trustee's "net equity" calculation of customer claims as the difference between investment into BLMIS and amounts withdrawn (the "Net Equity Method"). On March 8, 2010 Judge Lifland entered an order implementing the decision and certifying it for immediate appeal for the United States Court of Appeals for the Second Circuit.

I. The Trustee has brought an adversary proceeding against GSP and other defendants in the Bankruptcy Court under the caption *Picard v. Fairfield Sentry Ltd. et al.*, Adv. Pro. No. 09-01239 (BRL) (the "Adversary Proceeding"). In the Adversary Proceeding, the Trustee asserts that GSP is liable to the BLMIS Estate under 11 U.S.C. §§ 544, 547, 548, 550, SIPA, and the New York Fraudulent Conveyance Act (New York Debtor and Creditor Law §§ 270-281) for the Withdrawals made by it from BLMIS ("the Avoiding Power Claims"); specifically, the Trustee seeks, *inter alia*, recovery from GSP in an aggregate amount totaling Five Million Nine Hundred Eighty Five Thousand Dollars (\$5,985,000) ("Trustee's Maximum Recovery"). The Trustee has also asserted claims for turnover and accounting of the Withdrawals, and for disallowance of the GSP SIPA Claim. On November 19, 2010, GSP filed a voluntary petition for relief under the Bankruptcy Code in the Bankruptcy Court (the "GSP Case") and has continued in the possession of its property as a debtor and debtor in possession.

J. GSP has disputed any liability to the BLMIS Estate in connection with the Adversary Proceeding and the Avoiding Power Claims alleged therein. Nevertheless, GSP

recognizes that there is litigation risk associated with the Avoiding Power Claims and has decided to settle with the Trustee. While the Trustee believes he would prevail at trial, he also recognizes there is litigation and/or collection risk associated with his Avoiding Power Claims as against GSP.

K. The Trustee, on the one hand, and GSP, on the other hand, desire to settle their disputes about the matters described above without the expense, delay and uncertainty of litigation, and to provide a framework for the allowance and satisfaction of the Trustee's claims against GSP and GSP's customer claim against the BLMIS Estate.

### AGREEMENT

1. Judgment Regarding the Trustee's Avoiding Power Claims. This Agreement provides for the entry of a judgment against GSP in the aggregate amount of Five Million Nine Hundred Eighty Five Thousand Dollars (\$5,985,000) representing the settled amount of the Trustee's Avoiding Power Claims in the form attached hereto as Attachment C (the "Judgment"). As set forth in the Judgment, the Withdrawals are deemed both to have been avoidable and avoided by the Trustee. The Judgment will be entered by the Bankruptcy Court upon the Effective Date (as defined in paragraph 15 below). The Trustee shall hold an allowed general unsecured claim in the GSP Case in the amount of Five Million Nine Hundred Eighty Five Thousand Dollars (\$5,985,000) (the "Trustee's Allowed Claim"). The Plan (as defined in paragraph 17 below) shall impair and provide for satisfaction of the Trustee's Allowed Claim against GSP on the terms set forth in this Agreement.

2. Forbearance and Non-Forbearance Amounts. The Trustee shall receive under the Plan, in full settlement and satisfaction of the Trustee's Allowed Claim as against GSP, the property described in paragraphs 3, 4, 5 and 6 below. For the avoidance of doubt, it is expressly agreed and understood that the property received by the Trustee under the Plan does not equal the full amount of the Judgment or the amount of the avoided or avoidable transfers from BLMIS to GSP and the Trustee reserves the right, on the terms and subject to the conditions set forth herein, to pursue subsequent transferees of funds initially transferred from BLMIS to GSP. One Million Nine Hundred Seventy Five Thousand Dollars (\$1,975,000) of the Judgment and the Trustee's Allowed Claim shall be referred to herein as the "Forbearance Amount" and the balance of the Judgment and Allowed Claim of Four Million Nine Thousand Nine Hundred Fifty Dollars (\$4,010,000) shall be referred to herein as the "Non-Forbearance Amount." The Trustee agrees that he will not seek to recover any part of the Judgment or the Trustee's Allowed Claim against GSP except as provided in this Agreement, and will not assert any additional claim in the GSP Chapter 11 proceeding except for his right to enforce this Agreement. The Judgment shall be filed and entered by the Trustee on the Effective Date. Any and all property of the GSP estate or proceeds of such property including, without limitation, cash or cash equivalents (including amounts on deposit with any financial institution including Signature Bank), Redeemer Actions, Service Provider Claims, Subsequent Transferee Claims, the Allowed Claim (all as defined below), or claims held by GSP arising under Chapter 5 of the Bankruptcy Code or the proceeds thereof, which this Agreement does not expressly provide to be transferred, assigned, conveyed or paid to the Trustee (collectively the "Retained Assets"), shall be free and clear of any rights of the Trustee arising from the Judgment or the Trustee's Allowed Claim.

3. Redeemer Claims. GSP shall unconditionally and irrevocably assign to the Trustee, upon the Effective Date, and shall not retain in any respects any and all claims it owns, holds or which could be asserted by or on behalf of GSP under Delaware common or statutory law against GSP limited partners who or which redeemed all or part of their limited partnership interests (the "Redeemer Claims"). For the avoidance of doubt, (i) Redeemer Claims shall not include any claims, rights or causes of action held by GSP against any of its limited partners arising under Chapter 5 of the Bankruptcy Code or the proceeds thereof, and (ii) Redeemer Claims shall not include any claims and rights assigned to the Trustee which are included within Claims Against Management (which are defined in and governed by paragraph 4 below). GSP makes this assignment without any representation, warranty or recourse as to the validity, collectability or merits of any of the Redeemer Claims. The Trustee shall prosecute the Redeemer Claims at his expense.

4. Claims Against Management. The Trustee, solely at the Trustee's expense, shall prosecute all claims and causes of action for damages or other relief that he has asserted in the Adversary Proceeding (the "Adversary Proceedings Claims") against GSP's general partner, former investment managers, investment advisors (excluding the Service Providers as defined in paragraph 5 below), managing entities, directors, alleged partners, and officers, including but not limited to entities denominated the "Fairfield Greenwich Group", Fairfield Greenwich (Bermuda) Limited, Fairfield Greenwich Advisors, LLC, Fairfield Risk Services Limited, Fairfield Greenwich Limited, Fairfield International Managers, Inc., Walter M. Noel, Jr., Jeffrey Tucker, and all other individual persons named as defendants in the Adversary Proceeding. GSP shall unconditionally and irrevocably assign to the Trustee upon the Effective Date, and shall not retain in any respect, any and all claims it owns or holds whether or not such claims have been asserted by, or on behalf of GSP against entities denominated as the "Fairfield Greenwich Group", Fairfield Greenwich (Bermuda) Limited, Fairfield Greenwich Advisors, LLC, Fairfield Risk Services Limited, Fairfield Greenwich Limited, Fairfield International Managers, Inc., Walter M. Noel, Jr., Jeffrey Tucker, Andres Piedrahita, Amit Vijayvergiya and all other officers, directors, employees, shareholders, partners, alleged partners, or members of the foregoing Fairfield Greenwich entities or their relatives (as defined in 11 U.S.C. 101(45)), or the affiliates of any of the foregoing (such entities and individuals collectively "Management"), including but not limited to any claims for breach of fiduciary duty, breach of contract, unjust enrichment, constructive trust, mutual mistake, and accounting and claims under any other legal, equitable, statutory or common law theory (such claims the "Assigned Management Claims"). GSP makes this assignment without any representation, warranty or recourse as to the validity, collectability or merits of any of the Assigned Management Claims. The Adversary Proceeding Claims and Assigned Management Claims shall be referred to herein collectively as the "Claims Against Management." The first Two Hundred Million Dollars recovered by the Trustee from assertion or prosecution of the Claims Against Management shall be credited against the Non-Forbearance Amount. If the Trustee recovers a gross amount of Two Hundred Million Dollars (\$200,000,000) in the aggregate from the Claims Against Management, the Trustee thereafter shall credit toward the Non-Forbearance Amount six tenths of one percent (.6%) of the gross consideration received by the Trustee from the Claims Against Management in excess of Two Hundred Million Dollars (\$200,000,000) in the aggregate. GSP and its general or limited partners shall not, and shall have no right to, intervene in, object to, or otherwise interfere in any way with the Trustee's prosecution or settlement of the Claims Against Management, including, without limitation, any



right to object to the amount or any other terms of any settlement of the Claims Against Management; provided, however, any settlement of the Claims Against Management with any member of Management shall provide that such member of Management shall release and waive all of such member's claims against GSP.

5. Service Provider Claim Recoveries. GSP in its discretion, subject only to Bankruptcy Court approval if required, may commence, prosecute, and settle and shall retain one-hundred percent (100%) of the Net Recoveries from all claims and causes of action against GSP's custodians, administrators, accountants, and auditors, including but not limited to GlobeOps Financial Services, LLC, Citco Fund Services (Europe) BV, Citco (Canada), Inc., PricewaterhouseCoopers LLC, and PricewaterhouseCoopers Accountants N.V., and all affiliates of the foregoing entities (the "Service Providers" and the claims the "Service Provider Claims"), until GSP collects Two Million Eight Hundred Thousand Dollars (\$2,800,000) in the aggregate from such claims, and (ii) GSP shall pay to the Trustee twenty percent (20%) of the Net Recoveries from Service Provider Claims in excess of Two Million Eight Hundred Thousand Dollars (\$2,800,000) in the aggregate until the Non-Forbearance Amount of the Judgment has been satisfied in full. GSP shall retain the remaining eighty percent (80%) of such Net Recoveries. GSP shall retain one-hundred percent (100%) of the Net Recoveries it receives from the Service Provider Claims after the Non-Forbearance Amount of the Judgment is satisfied in full. GSP shall prosecute the Service Provider Claims solely at its expense. "Net Recoveries" means the gross amount of property recovered from assertion or prosecution of the Service Provider Claims less the reasonable actual amounts incurred in the assertion or prosecution of such claim. The Trustee shall not, and shall have no right to, intervene in, object to, or otherwise interfere in any way with GSP's prosecution or settlement of the Service Provider Claims, including, without limitation, any right to object to the amount or any other terms of any settlement of the Service Provider Claims.

6. Subsequent Transferee Claim Recoveries. The Trustee, in his sole discretion, may commence, prosecute and settle certain actions pursuant to the Bankruptcy Code, SIPA, the New York Debtor-Creditor Law and other applicable laws, to recover transfers from BLMIS to GSP, and subsequently transferred to other individuals and/or entities (the "Subsequent Transferee Claims"). The Trustee shall pay to GSP twenty percent (20%) of the gross recoveries received by the Trustee from the Subsequent Transferee Claims, and the Trustee shall retain all other recoveries from such actions until the Trustee has recovered the Trustee's Maximum Recovery. Notwithstanding the foregoing, any amounts recovered by the Trustee on the Subsequent Transferee Claims after the Trustee has recovered the Trustee's Maximum Recovery shall be paid to GSP. The Trustee shall prosecute the Subsequent Transferee Claims solely at his expense. Pursuant to the cooperation provision set forth and contemplated by paragraph 11 below, the Trustee shall notify GSP of the commencement of any Subsequent Transferee Claim cases. If the Trustee asserts Redeemer Claims and Subsequent Transferee Claims against the same person or entity, then the amounts recovered from such person or entity shall be deemed recovered on account of a Subsequent Transferee Claim. For the avoidance of doubt, Subsequent Transferee Claims shall not include any claims and rights assigned to the Trustee which are included within Claims Against Management (as defined in and governed by paragraph 4 above).

7. Application of Recoveries to the Judgment. Any recoveries of monies from the Redeemer Actions, Service Provider Claims and Subsequent Transferee Claims that are paid to,

turned over or credited to, or otherwise retained or received by, the Trustee pursuant to this Agreement shall first reduce on a dollar-for-dollar basis the outstanding amount of the Non-Forbearance Amount of the Judgment. Six-tenths of one percent (.6%) of the amount of any recoveries in excess of Two Hundred Million Dollars (\$200,000,000) obtained and paid to the Trustee as a result of Claims Against Management shall be credited to the Non-Forbearance Amount of the Judgment.

8. Allocation of Shared Recoveries. On the date that is six (6) months from the Effective Date, and every six (6) months thereafter (each such date, a "Reconciliation Date"), the Trustee and GSP shall jointly and in good faith determine and reconcile the consideration (cash or otherwise) that is payable to each from claims and causes of action that are subject to shared recoveries under this Agreement (except for Claims Against Management, the "Sharing Claims") and the amounts allocable to the Non-Forbearance Amount of the Judgment. If the Trustee is entitled to payment from GSP in connection with the Sharing Claims, GSP shall make a cash payment to the Trustee of the amount owed to the Trustee within five (5) Business Days after the applicable Reconciliation Date. If GSP is entitled to payment from the Trustee in connection with the Sharing Claims, the Trustee shall make a cash payment to GSP within five (5) Business Days after the applicable Reconciliation Date. Any amounts recovered by a Party that are subject to payment, turnover or allocation to another Party hereunder shall be held in trust for the benefit of such Party. If a dispute arises between the Parties as to the amounts payable to any Party from recoveries on the Sharing Claims or the amounts allocable to the Non-Forbearance Amount of the Judgment, and such dispute is not resolved within thirty (30) days following a Reconciliation Date, the Parties consent to the exclusive jurisdiction of the Bankruptcy Court to resolve such dispute.

9. Allowance of a GSP Customer Claim.

(a) On the Effective Date (as defined in paragraph 15 below), notwithstanding section 502(d) of the Bankruptcy Code, the Trustee shall allow GSP a customer claim pursuant to 15 U.S.C. § 7811(11)) in the fixed amount of Two Million, Eleven Thousand Three Hundred Four Dollars (\$2,011,304.00) (the "Allowed Claim") and GSP shall receive the full benefit of any SIPC customer advances under section 9 of SIPA. The amount of the Allowed Claim shall be subject to increase in accordance with this paragraph 9.

(b) Notwithstanding any other language in this Agreement, in the event that, as a result of a final, non-appealable judicial determination and order concerning the Net Equity Method issue, valid customer claims against BLMIS are ultimately calculated based on the amounts reflected on a customer's BLMIS account statement for the period ending November 30, 2008, or to include other amounts beyond the Net Equity Method (including, for example, if customers are entitled to receive interest on their deposits with BLMIS), the Allowed Claim shall be calculated as follows: GSP's SIPA Claim shall be calculated in the same manner in accordance with the Order of the Court and subject to all applicable law as other allowed customer claims are calculated (the "Adjusted GSP SIPA Claim"), provided that, in such event, the allowed amount of the Adjusted GSP SIPA Claim shall equal the greater of (a) the amount of the Allowed Claim, or (b) the product of multiplying the Settlement Percentage of twenty-five percent (25%) times the Adjusted GSP SIPA Claim (the "Adjusted Allowed GSP SIPA Claim"). The Bankruptcy Court's order approving this Agreement shall provide for the allowance of the

Allowed Claim or, if applicable, the Adjusted Allowed GSP SIPA Claim, as provided in this paragraph.

10. Claims and Counterclaims of Management.

(a) Fairfield Greenwich (Bermuda) Ltd. (the “General Partner” of GSP), and its affiliated company Fairfield Greenwich Advisors LLC (together referred to herein as the “Fairfield Claimants”) claim to hold unsecured, non-priority claims against GSP totaling an amount of at least Sixty-Eight Thousand, Four Hundred Thirty-Two Dollars (\$68,432) (the “Unsecured Claims”). The Plan shall provide that Fairfield Claimants shall not receive or retain anything of value from GSP on account of their Unsecured Claims, except as provided in paragraph 10(d) below.

(b) Certain members of Management also claim to hold contingent unliquidated claims for indemnification costs and expenses, pursuant to GSP’s Limited Partnership Agreement or otherwise (the “Indemnification Claims”). The Plan shall provide that holders of the Indemnification Claims shall not receive or retain anything of value from GSP on account of such claims, except as provided in paragraph 10(d) below.

(c) The General Partner who was a partner of GSP as of December 11, 2008, Fairfield Greenwich (Bermuda) Ltd., claims to hold claims against or interests in GSP in connection with their having limited partner or general partner interests in GSP (collectively the “Management Interests Claims”). The Plan shall provide the holders of the Management Interests Claims shall not receive or retain anything of value from GSP on account of such claims, except as provided in paragraph 10(d) below.

(d) Notwithstanding anything to the contrary set forth herein, any person or entity holding all or any part of the Unsecured Claims, the Indemnification Claims, and the Management Interests Claims shall retain any and all such claims and may assert any and all such claims and rights by way of set-off, defense, counterclaim or recoupment with respect to any claim or claims filed or asserted against any one or more of them by the Trustee, or any third party, including without limitation the Claims Against Management.

11. Cooperation in Pursuing and Resolving the Sharing Claims. The Trustee and GSP each agree to provide reasonable cooperation and assistance to the other Party in connection with the prosecution of the Sharing Claims, provide the other with a reasonable opportunity to consider the terms for resolving any Sharing Claims and confer in good faith regarding such terms; provided, however, that the Party authorized under this Agreement with the right and responsibility of prosecuting a Sharing Claim (such Party, the “Prosecuting Party”) shall not be required to obtain the consent of the other Party to resolve or settle the Prosecuting Party’s claim. Within five (5) Business Days following the settlement or other resolution of a Sharing Claim, the Prosecuting Party shall notify the other Party of the amounts, if any, paid or to be paid to the Prosecuting Party in connection therewith. The Trustee and GSP agree and stipulate that a joint interest exists between them with respect to the Sharing Claims. The Trustee and GSP further agree and stipulate that neither this Agreement nor any action taken thereunder constitutes the waiver of any privilege or immunity of the Trustee or GSP or their respective counsel.

12. Release by Trustee. Upon the Effective Date and in consideration for the covenants and agreements in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and without the need for any further documentation, except with respect to the Trustee's Allowed Claim and the obligations, rights and considerations arising under this Agreement, the Trustee, on behalf of himself, BLMIS and its estate, hereby releases, acquits and forever discharges only GSP from all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, damages, judgments, and claims whatsoever, asserted or unasserted, known or unknown, now existing or arising in the future (including, without limitation, the claims asserted against GSP in the Adversary Proceeding). Nothing contained herein shall operate to release any claims by the Trustee against any third party, including but not limited to, GSP's general partner, Fairfield Greenwich (Bermuda) Limited and its officers, directors, shareholders and employees and any and all immediate, mediate or subsequent transferees from GSP.

13. Release by GSP. Upon the Effective Date and in consideration for the covenants and agreements in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and without the need for any further documentation, except for the GSP SIPA Claim, the GSP Adjusted Claim, the Allowed Claim, the Adjusted GSP SIPA Claim, and the Adjusted Allowed GSP SIPA Claim (if applicable), and the obligations, rights and considerations arising under this Agreement, GSP, on behalf of itself and its estate hereby releases, acquits and forever discharges and agrees to hold harmless, the Trustee, all of the Trustee's agents, representatives, attorneys, employees and professionals, and BLMIS and its consolidated estate from all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, damages, judgments, and claims whatsoever, asserted or unasserted, known or unknown, now existing or arising in the future, except for any and all claims and rights (and the enforcement thereof) of GSP and obligations of the Trustee arising under this Agreement. The Trustee and GSP expressly agree this release shall not affect any claims by GSP against any third party as set forth in paragraphs 3, 4 and 5 of this Agreement, including but not limited to, GSP's general partner, Fairfield Greenwich (Bermuda) Ltd. and its officers, directors, employees, alleged partners, or shareholders, custodians; accountants; auditors; investment advisors; management companies; investors; or limited partners, or any transferees from GSP. GSP shall not object to a provision in the Order approving this Agreement to be entered in the SIPA Proceeding that GSP's limited partners and its general partner shall be barred from asserting any claims directly against the Trustee and all of the Trustee's agents, representatives, attorneys, employees and professionals, arising out of their interests in or claims against GSP, except as provided in paragraph 10 of this Agreement.

14. Unknown Claims. Unknown claims shall mean any Released Claim, as defined herein, that GSP or the Trustee does not know or suspect to exist in its favor at the time of giving the release in this Agreement that if known by it, might have affected its settlement and release in this Agreement. With respect to any and all Released Claims in paragraphs 12 and 13 of this Agreement, GSP and the Trustee shall expressly waive or be deemed to have waived, the provisions, rights and benefits of California Civil Code section 1542 (to the extent it applies herein), which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

GSP and the Trustee expressly waive, and shall be deemed to have waived, any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law or foreign law, that is similar, comparable or equivalent in effect to California Civil Code section 1542. GSP and the Trustee may hereafter discover facts in addition to or different from those that it now knows or believes to be true with respect to the subject matter of the Released Claims, but GSP and the Trustee shall expressly have and shall be deemed to have fully, finally and forever settled and released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or noncontingent, whether or not concealed or hidden, that now exist or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including conduct that is negligent, reckless, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence or such different or additional facts. GSP and the Trustee acknowledge and shall be deemed to have acknowledged that the foregoing waiver was separately bargained for and a key element of the settlement of which this release is a part. "Released Claims" means the claims released and waived by GSP and the Trustees pursuant to paragraphs 12 and 13 of the Agreement.

15. Bankruptcy Court Approval; Effective Date; Termination. This Agreement is subject to the Bankruptcy Court's approval of this Agreement in the SIPA Proceeding and the GSP Case by an order (each such order an "Approval Order") that is no longer subject to appeal. The transactions contemplated by this Agreement shall take effect (and shall be deemed to have occurred simultaneously) on the effective date of the Plan (the "Effective Date"); provided, however, that the only obligations of the Parties from the date the Approval Orders become final orders not subject to appeal through and including the Effective Date shall be those obligations set forth in paragraph 17 below. The form of the Approval Order in the SIPA Proceeding shall be subject to GSP's reasonable approval and the form of Approval Order in the GSP Case shall be subject to the Trustee's reasonable approval. Each party shall use their reasonable efforts to obtain approval of the Agreement in the SIPA Proceeding and the GSP Case as promptly as practicable after the date of this Agreement. In addition, the Trustee shall use his reasonable efforts to obtain entry of an order of the court with jurisdiction over the SIPA Proceeding that enjoins and restrains any person or entity who is or ever was a limited partner in GSP or the beneficial owner of any limited partnership interest in GSP (the "SIPA Injunction") from commencing, continuing, asserting or prosecuting any Claims Against Management or other claims against Management arising from related facts and circumstances that GSP owns or holds, and is assigning to the Trustee hereunder, whether or not such claims have been asserted by or on behalf of GSP or the Trustee against Management (collectively, "Enjoined Claims"). The SIPA Injunction shall not bar or enjoin the prosecution of any direct claims against Management that are or could be asserted by past or present GSP limited partners in their respective individual capacities (collectively, "Direct LP Claims"), whether such Direct LP Claims are brought individually by such limited partners or as part of a class action against Management. The

foregoing is without prejudice to the right of the Trustee to seek an injunction against prosecution by GSP's present and former limited partners and holders of any limited partner interest in GSP of Direct LP Claims against Management in connection with any future settlement of claims against Management and without prejudice to the right of such GSP limited partners to oppose any such injunction that may be sought by the Trustee. If this Agreement has not been approved by the Bankruptcy Court in the SIPA Proceeding and the GSP Case as provided in this paragraph within ninety (90) days after the date of this Agreement (or within such additional time as mutually agreed upon by the Parties), then (a) this Agreement (other than this paragraph) shall terminate and be void, (b) all of the statements, concessions, consents and agreements contained in the Agreement (other than this paragraph) shall be void; and (c) neither the Trustee, nor GSP may use or rely on any such statement, concession, consent or agreement in any public statement or litigation involving the SIPA Proceeding, any case or proceeding relating to the SIPA Proceeding, or any case or proceeding relating to GSP, BLMIS or Madoff.

16. Closing. On the Effective Date or as soon thereafter as practicable, (a) the Trustee shall pay GSP \$500,000 on account of the Allowed Claim from SIPA advances under Section 9 of SIPA; and (b) the Allowed Claim shall become effective without any further action by any of the Parties.

17. The Plan. Concurrent with seeking approval of this Agreement by the Bankruptcy Court in the SIPA Proceeding and the GSP Case, respectively, GSP shall file and diligently seek entry of an order approving and confirming, respectively, a disclosure statement (as defined below) and plan of reorganization ("Plan") pursuant to chapter 11 of the Bankruptcy Code. The Plan and order confirming the Plan (the "Confirmation Order") shall (a) expressly incorporate the terms of this Agreement, (b) provide for the SIPA Injunction to bar the Enjoined Claims, including without limitation the claims asserted in *Pierce v. Fairfield Greenwich Group*, Index No. 600498/2009 (N.Y. Sup. Ct. 2009), (c) comply with applicable law, and (d) otherwise be subject to the reasonable approval of the Trustee. The foregoing provisions of the Plan and the Confirmation Order shall be without prejudice to the right of the Trustee to seek an injunction against prosecution by GSP present and former limited partners of Direct LP Claims against Management in connection with any future settlement of claims against Management and without prejudice to the right of such GSP limited partners to oppose any such injunction that may be sought by the Trustee. To the extent a conflict exists between the terms of this Agreement, the Plan and the Confirmation Order, this Agreement shall control. The Trustee agrees that the Plan may separately classify the Trustee's Allowed Claim and that treatment of the Trustee's Allowed Claim in accordance with this Agreement shall constitute impairment of such claim. Subject to incorporation of this Agreement and all of its material terms into the Plan and Confirmation Order and the Trustee's reasonable approval of the same, the Trustee shall (i) support approval of the Disclosure Statement and confirmation of the Plan; (ii) not directly or indirectly propose, support, solicit votes for or seek to confirm any plan of reorganization other than the Plan or any other restructuring, reorganization or liquidation of GSP that is inconsistent with the Plan or this Agreement; (iii) not seek, and will oppose the conversion or dismissal of the GSP Case or the appointment of a trustee for GSP, and (iv) not object to, oppose or interfere with the acceptance, implementation, confirmation or consummation of the Plan unless, in the Trustee's reasonable discretion, the Plan is inconsistent with the provisions of this Agreement. If the Confirmation Order, in form and substance satisfactory to the Trustee and GSP and that is no longer subject to appeal, is not entered within 180 days of the date of this Agreement (or within such additional

time as mutually agreed upon by the Parties), then (a) this Agreement (other than this paragraph) shall terminate and be void, (b) all of the statements, concessions, consents and agreements contained in the Agreement (other than this paragraph) shall be void; and (c) neither the Trustee, nor GSP may use or rely on any such statement, concession, consent or agreement in any public statement or litigation involving the SIPA Proceeding, any case or proceeding relating to the SIPA Proceeding, or any case or proceeding relating to GSP, BLMIS or Madoff. For purposes of this Agreement, "Disclosure Statement" shall mean the written disclosure statement and its appendices and/or exhibits, as they may be amended, supplemented, or further modified from time to time, filed by GSP in connection with prosecution of the Plan.

18. GSP's and Trustee's Authority. Subject to Bankruptcy Court approval, GSP represents and warrants to the Trustee that, as of the date hereof, it has the full power, authority and legal right to execute and deliver, and to perform its respective obligations under, this Agreement and has taken all necessary action to authorize the execution, delivery, and performance of its obligations under this Agreement. The Trustee represents and warrants to GSP that, as of the date hereof, and subject to the approval of the Bankruptcy Court as set forth in paragraph 15 above, he has the full power, authority and legal right to execute and deliver, and to perform his obligations under, this Agreement and has taken all necessary action to authorize the execution, delivery, and performance of his obligations under this Agreement.

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

20. Further Assurances. The Trustee and GSP shall execute and deliver any document or instrument reasonably requested by either of them after the date of this Agreement to effectuate the intent of this Agreement.

21. Entire Agreement. This Agreement constitutes the entire agreement and understanding between and among the Parties and supersedes all prior agreements, representations and understandings concerning the subject matter hereof.

22. Amendments, Waiver. This Agreement may not be terminated, waived, amended or modified in any way except in a writing signed by all the Parties. No waiver of any provision of this Agreement shall be deemed to constitute a waiver of any other provision hereof, whether or not similar, nor shall such waiver constitute a continuing waiver.

23. Assignability. No Party hereto may assign his or her rights under this Agreement to a third party without the prior written consent of each of the other Parties hereto, provided, however that GSP shall assign its rights and delegate its duties under this Agreement to one or more successor entities formed under the Plan to hold the Retained Assets and distribute such assets or their proceeds to persons entitled under the Plan to receive such distributions.

24. Successors Bound. This Agreement shall be binding upon and inure to the benefit of each of the Parties and their successors and permitted assigns, including but not limited to, any subsequent Chapter 11 trustee, Chapter 7 trustee, or post-confirmation trustee appointed in the GSP Case.

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

26. Exclusive Jurisdiction. The Parties agree and the Approval Orders shall provide that the Bankruptcy Court shall retain and shall have exclusive jurisdiction over any action to enforce this Agreement, or any provision thereof, and the Parties hereby consent to and submit to the jurisdiction of the Bankruptcy Court for any such action. The Parties agree that no Party shall bring, institute, prosecute or maintain any action to enforce, modify, terminate, void, or interpret this Agreement, or any provision thereof, in any court other than the Bankruptcy Court. In any action commenced in another court by a third-party to enforce, modify, terminate, void or interpret this Agreement, the Parties agree to seek to transfer the action to the Bankruptcy Court or to stay or terminate the action in favor of Bankruptcy Court jurisdiction.

27. Captions and Rules of Construction. The captions in this Agreement are inserted only as a matter of convenience and for reference and do not define, limit or describe the scope of this Agreement or the scope or content of any of its provisions. Any reference in this Agreement to a paragraph is to a paragraph of this Agreement. "Includes" and "including" are not limiting.

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

29. Non Severability. If any part of this Agreement is found in a judgment or order by a court of competent jurisdiction to be void or unenforceable, the entire Agreement shall be void or unenforceable (except this paragraph), unless otherwise agreed to in writing by the Parties.

30. Notices. Any notices under this Agreement shall be in writing, shall be effective when received and may be delivered only by hand, by overnight delivery service, by fax or by electronic transmission to:

If to the Trustee, c/o:

Mark Kornfeld, Esq.  
Baker & Hostetler LLP  
45 Rockefeller Center, Suite 1100  
New York, NY 10111  
F: (212) 589-4201  
mkornfeld@bakerlaw.com

If to the GSP, c/o:


Paul R. De Filippo, Esq.  
Wollmuth Maher & Deutsch LLP  
500 Fifth Avenue  
New York, NY 10110  
F: (212) 382-0050  
pdefilippo@wmd-law.com

[Signature page follows]



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

Dated: 7/7/11

  
\_\_\_\_\_  
On Behalf of Irving H. Picard, Trustee

Greenwich Sentry Partners, L.P.

Dated: \_\_\_\_\_

By: Fairfield Greenwich (Bermuda), Ltd., its  
General Partner

By:

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_

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

Dated: \_\_\_\_\_

\_\_\_\_\_  
Irving H. Picard, Trustee

Greenwich Sentry Partners, L.P.

Dated: July 7, 2011

By: Fairfield Greenwich (Bermuda), Ltd., its  
General Partner

By: Jeffrey Tucker  
Name

Jeffrey Tucker  
Title

Director

ATTACHMENT A

GREENWICH SENTRY PARTNERS LP ACCOUNT

Account Number

I-G0371

**ATTACHMENT B**

**CUSTOMER CLAIM**

Bernard L. Madoff Investment Securities LLC  
Case No 08-01789-GRJ  
U.S. Bankruptcy Court for the Southern District of New York  
Claim Number: **007898**

**BERNARD L. MADOFF INVESTMENT SECURITIES LLC**

In Liquidation

**DECEMBER 11, 2008**

**RECEIVED**

**MAR 10 2009**

(Please print or type)

Name of Customer: Greenwich Sentry Partners, LP  
Mailing Address: c/o Fairfield Greenwich (Bermuda) Limited, 12 Church St., Suite 606  
City: Hamilton State: Bermuda Zip: HM 11  
Account No.: L-90371-3-0  
Taxpayer I.D. Number (Social Security No.): 13-4331206

**NOTE: BEFORE COMPLETING THIS CLAIM FORM, BE SURE TO READ CAREFULLY THE ACCOMPANYING INSTRUCTION SHEET. A SEPARATE CLAIM FORM SHOULD BE FILED FOR EACH ACCOUNT AND, TO RECEIVE THE FULL PROTECTION AFFORDED UNDER SIPA, ALL CUSTOMER CLAIMS MUST BE RECEIVED BY THE TRUSTEE ON OR BEFORE March 4, 2009. CLAIMS RECEIVED AFTER THAT DATE, BUT ON OR BEFORE July 2, 2009, WILL BE SUBJECT TO DELAYED PROCESSING AND TO BEING SATISFIED ON TERMS LESS FAVORABLE TO THE CLAIMANT. PLEASE SEND YOUR CLAIM FORM BY CERTIFIED MAIL - RETURN RECEIPT REQUESTED.**

1. Claim for money balances as of December 11, 2008:

- a. The Broker owes me a Credit (Cr.) Balance of \$ 10,426,182 \*
- b. I owe the Broker a Debit (Dr.) Balance of \$ 0
- c. If you wish to repay the Debit Balance,  
please insert the amount you wish to repay and  
attach a check payable to "Irving H. Picard, Esq.,  
Trustee for Bernard L. Madoff Investment Securities LLC."  
If you wish to make a payment, it must be enclosed  
with this claim form. \$ N/A
- d. If balance is zero, insert "None." \$ 10,426,182

502180406

I

\* Please see Addendum for details

2. Claim for securities as of December 11, 2008:

PLEASE DO NOT CLAIM ANY SECURITIES YOU HAVE IN YOUR POSSESSION.

- |   | <u>YES</u>                   | <u>NO</u> |
|---|------------------------------|-----------|
| a. The Broker owes me securities        | <u>See Account Statement</u> |           |
| b. I owe the Broker securities          | _____                        | _____     |
| c. If yes to either, please list below: |                              |           |

Date of Transaction (trade date)	Name of Security	<u>Number of Shares or Face Amount of Bonds</u>	
		The Broker Owes Me (Long)	I Owe the Broker (Short)
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Proper documentation can speed the review, allowance and satisfaction of your claim and shorten the time required to deliver your securities and cash to you. Please enclose, if possible, copies of your last account statement and purchase or sale confirmations and checks which relate to the securities or cash you claim, and any other documentation, such as correspondence, which you believe will be of assistance in processing your claim. In particular, you should provide all documentation (such as cancelled checks, receipts from the Debtor, proof of wire transfers, etc.) of your deposits of cash or securities with the Debtor from as far back as you have documentation. You should also provide all documentation or information regarding any withdrawals you have ever made or payments received from the Debtor.

Please explain any differences between the securities or cash claimed and the cash balance and securities positions on your last account statement. If, at any time, you complained in writing about the handling of your account to any person or entity or regulatory authority, and the complaint relates to the cash and/or securities that you are now seeking, please be sure to provide with your claim copies of the complaint and all related correspondence, as well as copies of any replies that you received.

PLEASE CHECK THE APPROPRIATE ANSWER FOR ITEMS 3 THROUGH 6.

**NOTE: IF "YES" IS MARKED ON ANY ITEM, PROVIDE A DETAILED EXPLANATION ON A SIGNED ATTACHMENT. IF SUFFICIENT DETAILS ARE NOT PROVIDED, THIS CLAIM FORM WILL BE RETURNED FOR YOUR COMPLETION.**

- |   | <u>YES</u>  | <u>NO</u>   |
|---|-------------|-------------|
| 3. Has there been any change in your account since December 11, 2008? If so, please explain.  | _____       | _____X_____ |
| 4. Are you or were you a director, officer, partner, shareholder, lender to or capital contributor of the broker?   | _____       | _____X_____ |
| 5. Are or were you a person who, directly or indirectly and through agreement or otherwise, exercised or had the power to exercise a controlling influence over the management or policies of the broker? | _____       | _____X_____ |
| 6. Are you related to, or do you have any business venture with, any of the persons specified in "4" above, or any employee or other person associated in any way with the broker? If so, give name(s)    | _____       | _____X_____ |
| 7. Is this claim being filed by or on behalf of a broker or dealer or a bank? If so, provide documentation with respect to each public customer on whose behalf you are claiming.                         | _____       | _____X_____ |
| 8. Have you ever given any discretionary <sup>*</sup> authority to any person to execute securities transactions with or through the broker on your behalf? Give names, addresses and phone numbers.      | _____X_____ | _____       |
| 9. Have you or any member of your family ever filed a claim under the Securities Investor Protection Act of 1970? If so, give name of that broker.  | _____       | _____X_____ |

Please list the full name and address of anyone assisting you in the preparation of this claim form:

Seward K. Kiesel, LLP 1 Battery Park Plaza NY, NY 10004

If you cannot compute the amount of your claim, you may file an estimated claim. In that case, please indicate your claim is an estimated claim.

**IT IS A VIOLATION OF FEDERAL LAW TO FILE A FRAUDULENT CLAIM. CONVICTION CAN RESULT IN A FINE OF NOT MORE THAN \$50,000 OR IMPRISONMENT FOR NOT MORE THAN FIVE YEARS OR BOTH.**

**THE FOREGOING CLAIM IS TRUE AND ACCURATE TO THE BEST OF MY INFORMATION AND BELIEF.**

Date 3/4/09 Signature *Jeremy Tucker*, Director  
*Greenwich Security Partners, LP  
By: FORTBULL GREENWICH PARTNERS, LP, General Partner*

(If ownership of the account is shared, all must sign above. Give each owner's name, address, phone number, and extent of ownership on a signed separate sheet. If other than a personal account, e.g., corporate, trustee, custodian, etc., also state your capacity and authority. Please supply the trust agreement or other proof of authority.)

**This customer claim form must be completed and mailed promptly, together with supporting documentation, etc. to:**

Irving H. Picard, Esq.,  
Trustee for Bernard L. Madoff Investment Securities LLC  
Claims Processing Center  
2100 McKinney Ave., Suite 800  
Dallas, TX 75201

**Greenwich Sentry Partners LP ("GSP")**  
**Addendum to Customer Claim Form**  
**Bernard L. Madoff Investment Securities LLC ("BLMIS")**

GSP submits this addendum in support of its Customer Claim Form.

1. GSP is a limited partnership organized under the laws of the State of Delaware. GSP sold limited partnership interests to qualified, experienced and sophisticated investors (the "Limited Partners"). GSP sought to obtain capital appreciation of its assets. In connection therewith, GSP held two brokerage accounts under its name with BLMIS:

<b>Account Number</b>	<b>Value as of November 2008</b>	<b>Purpose of Account</b>
I-G0092-3	\$ 10,426,182	Trade securities
I-G0092-4	\$ (312,390)	Option hedging transactions
<b>Total</b>	<b>\$ 10,426,182</b>	

2. GSP presently is submitting a Customer Claim Form under its name only. GSP presently is not submitting individual claims on behalf of its Limited Partners. However, GSP reserves the right to amend or supplement its Customer Claim Form to include its individual Limited Partners in the event the Securities Investor Protection Act of 1970, 15 U.S.C. § 78aaa *et seq.* ("SIPA"), is amended or interpreted, now or in the future, to provide coverage to indirect customers or investors of BLMIS, such as the Limited Partners. Further, while neither GSP nor its counsel is authorized to represent or bind the Limited Partners in connection with this filing, GSP reserves the rights of its Limited Partners to file their own customer claim forms in the event SIPA is amended or interpreted to provide coverage to the Limited Partners.



3. In support of its customer claim under 15 U.S.C. §78fff(a)(1)(B), GSP submits copies of the last account statements and purchase/sales confirmations that GSP received from BLMIS.

4. GSP is aware of the Trustee's February 20, 2009 representations that the Trustee intends to implement a cash "in and out" analysis in determining the value of customer claims in light of what the Trustee has indicated is evidence that BLMIS did not, at least for the past 13 years, conduct trades on the account of customers. In this regard, GSP has in its possession account statements and related information dating back to May 2006, showing that GSP was a "net contributor" to BLMIS in the approximate amount of \$8.6 million. In other words, GSP deposited approximately \$8.6 million more into BLMIS than it withdrew over the period May 2006 to November 2008. Copies of these materials are available upon request.

5. In further response to Item 8 of the Customer Claim Form, Fairfield Greenwich (Bermuda) Limited, as GSP's General Partner, managed GSP's investments. Fairfield Greenwich (Bermuda) Limited, GSP's most recent general partner, is located at 12 Church Street, Suite 606, Hamilton, Bermuda, HM 11. The telephone number is (441) 292-5401.

#### **RESERVATION OF RIGHTS**

6. GSP expressly reserves its right to replace, amend and/or supplement this Customer Claim to include any claim at law or in equity.

7. The filing of this Customer Claim shall not be deemed a waiver of any claim in law or equity that GSP may have against BLMIS. Furthermore, nothing contained herein shall be construed as a waiver of any rights or remedies of GSP with respect to any claims against any of BLMIS's affiliates or the right to assert claims that are otherwise warranted in any related or unrelated action. The filing of this Customer Claim is not and shall not be deemed to

be an admission for the purposes of any other proceeding and/or concerning any other person.

8. The filing of this Customer Claim is not intended to be and should not be construed as (a) a consent by GSP to the jurisdiction of the court overseeing the BLMIS SIPA liquidation proceeding with respect to the subject matter of this claim, any objection or other proceeding commenced in this case or otherwise involving GSP; (b) a waiver of the rights and remedies against any other person or entity who may be liable for all or part of the claims set forth herein, whether an affiliate or guarantor of BLMIS or otherwise; (c) a waiver or release of GSP's right to trial by jury, or a consent to trial by jury, in this or any other court; or (d) a waiver of any right to challenge the jurisdiction of the court, with respect to the subject matter of this claim, any objection or other proceeding commenced in this case against or otherwise involving GSP.

9. GSP specifically preserves all of its procedural and substantive defenses and rights with respect to any claim that may be asserted against GSP by BLMIS, any of its successors and assigns or by any trustee for BLMIS's estate.

SK 25528 0034 969570

**SEWARD & KISSEL LLP**

ONE BATTERY PARK PLAZA  
NEW YORK, NEW YORK 10004

JACK YOSKOWITZ  
PARTNER  
(212) 574-1215  
yoskowitz@sewks.com

TELEPHONE: (212) 574-1200  
FACSIMILE: (212) 480-8421  
WWW.SEWKIS.COM

1200 G STREET, N.W.  
WASHINGTON, D.C. 20005  
TELEPHONE: (202) 737-8833  
FACSIMILE: (202) 737-5184

March 4, 2009

**BY CERTIFIED MAIL  
RETURN RECEIPT REQUESTED**

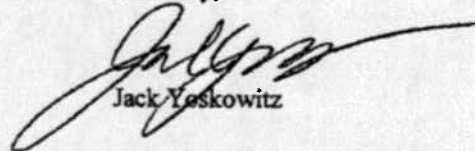
Irving H. Picard, Esq.  
Trustee for Bernard L. Madoff Investment  
Securities LLC  
Claims Processing Center  
2100 McKinney Ave., Suite 800  
Dallas, TX 75201

Re: Greenwich Sentry Partners

Dear Mr. Picard:

Please find enclosed Customer Claim forms for accounts held in the name of Greenwich Sentry Partners. We have provided electronic copies of account statements and trade confirmations in support of each claim. They have been stamped with a prefix to correspond to the appropriate account number. Additional information is available upon request. We reserve the right to update or amend each of these claims as necessary.

Sincerely,

  
Jack Yoskowitz

Enclosures

cc: Michael Thorne, Esq.

SK 25528 0034 972748

**ATTACHMENT C**

**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 (BRL)  
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,

Adv. Pro. No. 09-01239 (BRL)

v.  
  
FAIRFIELD SENTRY LIMITED,  
GREENWICH SENTRY, L.P.,  
GREENWICH SENTRY PARTNERS, L.P.,  
FAIRFIELD SIGMA LIMITED, FAIRFIELD  
LAMBDA LIMITED, CHESTER GLOBAL  
STRATEGY FUND LIMITED, CHESTER  
GLOBAL STRATEGY FUND, IRONGATE  
GLOBAL STRATEGY FUND LIMITED,  
FAIRFIELD GREENWICH FUND  
(LUXEMBOURG), FAIRFIELD  
INVESTMENT FUND LIMITED,  
FAIRFIELD INVESTORS (EURO)  
LIMITED, FAIRFIELD INVESTORS  
(SWISS FRANC) LIMITED, FAIRFIELD  
INVESTORS (YEN) LIMITED, FAIRFIELD  
INVESTMENT TRUST, FIF ADVANCED,  
LTD., SENTRY SELECT LIMITED,  
STABLE FUND, FAIRFIELD  
GREENWICH LIMITED, FAIRFIELD

GREENWICH (BERMUDA), LTD.,  
FAIRFIELD GREENWICH ADVISORS  
LLC, FAIRFIELD GREENWICH GP, LLC,  
FAIRFIELD GREENWICH PARTNERS,  
LLC, FAIRFIELD HEATHCLIFF CAPITAL  
LLC, FAIRFIELD INTERNATIONAL  
MANAGERS, INC., FAIRFIELD  
GREENWICH (UK) LIMITED,  
GREENWICH BERMUDA LIMITED,  
CHESTER MANAGEMENT CAYMAN  
LIMITED, WALTER NOEL, JEFFREY  
TUCKER, ANDRÉS PIEDRAHITA, MARK  
MCKEEFRY, DANIEL LIPTON, AMIT  
VIJAYVERGIYA, GORDON MCKENZIE,  
RICHARD LANDSBERGER, PHILIP  
TOUB, CHARLES MURPHY, ROBERT  
BLUM, ANDREW SMITH, HAROLD  
GREISMAN, GREGORY BOWES,  
CORINA NOEL PIEDRAHITA, LOURDES  
BARRENECHE, CORNELIS BOELE,  
SANTIAGO REYES, JACQUELINE  
HARARY

Defendants.

### **CONSENT JUDGMENT**<sup>1</sup>

**WHEREAS**, Irving H. Picard (the "Trustee") is the trustee for the substantively consolidated liquidations of the business of Bernard L. Madoff Investment Securities LLC ("BLMIS") and Bernard L. Madoff ("Madoff") under the Securities Investor Protection Act ("SIPA") §§ 78aaa *et seq.*, currently pending in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") as Case No. 08-01789 (BRL) (the "SIPA Proceeding"); and

**WHEREAS**, the Trustee is duly qualified to serve and act on behalf of the estates of BLMIS and Madoff (together, the "BLMIS Estate"); and

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<sup>1</sup> All capitalized terms not defined herein shall have the meaning ascribed to them in the Agreement, dated May 17, 2011, between the Trustee (as defined herein), and Greenwich Sentry Partners, L.P.

**WHEREAS**, Greenwich Sentry Partners, L.P. (“GSP”) is a Delaware limited partnership; and

**WHEREAS**, Fairfield Greenwich (Bermuda) Limited is the general partner of GSP; and

**WHEREAS**, GSP, at all times relevant hereto, was a customer of BLMIS and maintained an account with BLMIS (the “GSP BLMIS Account”); and

**WHEREAS**, according to the Trustee, GSP withdrew Five Million Nine Hundred Eighty Five Thousand Dollars (\$5,985,000) from the GSP BLMIS Account during the period less than six (6) years, before the date on which the SIPA Proceedings commenced (the “Withdrawals”); and

**WHEREAS**, the above-captioned adversary proceeding (the “Adversary Proceeding”) was commenced by the Trustee in the Bankruptcy Court on or about May 18, 2009 [Docket No. 1]; and

**WHEREAS**, pursuant to Counts Two, Five, Eight, Eleven, Fourteen, Seventeen, Twenty, and Twenty-Three of the amended complaint filed in the Adversary Proceeding on or about July 20, 2010 [Docket No. 23] (the “Amended Complaint”), the Trustee asserts, pursuant to 11 U.S.C. §§ 544, 547, 548, 550, SIPA § 78fff-(2)(c)(3) and the New York Fraudulent Conveyance Act (New York Debtor and Creditor Law §§ 270-281), that the Withdrawals are avoidable and that GSP is liable to the BLMIS Estate for amount of the Withdrawals, which total Five Million Nine Hundred Eighty Five Thousand Dollars (\$5,985,000) (the “GSP Avoiding Power Claims”); and

**WHEREAS**, on or about May 17, 2011, the Trustee and GSP entered into a settlement agreement (the “Agreement”), in order to settle certain matters in controversy

among them, including the Fairfield Avoiding Power Claims, upon the terms as set forth therein; and

WHEREAS, pursuant to the terms of the Agreement, the GSP has consented to the entry of judgment against GSP with respect to the GSP Avoiding Power Claims as set forth below.

**NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, ORDERED AND ADJUDGED THAT,** that judgment be entered as follows:

1. Judgment (the "Consent Judgment") is hereby entered in favor the Trustee and against GSP on the GSP Avoiding Power Claims in the amount of Five Million Nine Hundred Eighty Five Thousand Dollars (\$5,985,000) (the "Judgment Amount").

2. The Consent Judgment is defined and limited as set forth herein and by the terms of the Agreement. Notwithstanding anything to the contrary in this Consent Judgment, (i) entry, enforcement and/or execution of this Consent Judgment, (ii) the provisions of this Consent Judgment and (iii) the satisfaction of the Judgment Amount as against GSP is governed entirely and exclusively by the terms of the Agreement. In the event of any conflict between this Consent Judgment and the Agreement, the terms of the Agreement shall govern.

3. Interest shall not accrue on the Judgment Amount.

4. This Consent Judgment is not assignable.

5. The Bankruptcy Court shall have exclusive jurisdiction over any action to enforce this Consent Judgment, or any provision thereof, subject in all cases to the terms of the Agreement.

6. The signatories to this Consent Judgment represent that they are expressly authorized to bind the respective parties to the terms hereof and hereby represent that the parties have read, understand, agree and consent to the foregoing Consent Judgment and all of the terms and conditions set forth herein.

7. The undersigned represent that the respective parties have obtained the advice of counsel and are consenting and agreeing to all of the terms of this Consent Judgment freely and voluntarily.

8. The Clerk of Court shall enter judgment as set forth herein.



**AGREED AND CONSENTED TO:**

Greenwich Sentry Partners, L.P.

By: Fairfield Greenwich (Bermuda) Limited, its General Partner

By: \_\_\_\_\_  
Name

\_\_\_\_\_  
Title

**AGREED AND CONSENTED TO, FOR FORM :**

For Defendant Greenwich Sentry Partners L.P.      For Plaintiff Irving H. Picard, Trustee  
for the Liquidation of Bernard L.  
Madoff Investment Securities LLC

\_\_\_\_\_  
Paul R. DeFilippo  
Wollmuth Maher & Deutsch LLP  
500 Fifth Avenue  
New York, NY 10110  
F: (212) 382-0050  
pdefilippo@wmd-law.com

\_\_\_\_\_  
Mark Kornfeld, Esq.  
Baker & Hostetler LLP  
45 Rockefeller Plaza  
New York, NY 10111  
F: (212) 589-4201  
mkornfeld@bakerlaw.com

SO ORDERED

This \_\_ day of \_\_\_\_\_

\_\_\_\_\_  
HONORABLE BURTON R. LIFLAND  
UNITED STATES BANKRUPTCY  
JUDGE

**JUDGMENT IS HEREBY ENTERED** in accordance with the terms of the foregoing:

\_\_\_\_\_  
Clerk of the Court

**EXHIBIT D**

**THE LIQUIDATING TRUST**  
**AGREEMENT**

**[INTENTIONALLY OMITTED]**

**EXHIBIT E**  
**THE LITIGATION TRUST AGREEMENT**

**[INTENTIONALLY OMITTED]**

**EXHIBIT F**  
**LIQUIDATION ANALYSIS**

<u>Assets</u>	<u>Estimated Liquidation Value</u>
Cash	\$0.00
Customer Claim Filed 3/4/2009 Against BLMIS	\$0.00
<b>Total Assets</b>	<b>\$0.00</b>

<u>Liabilities</u>	
Administrative Claims, including Chapter 7 trustee fees and commissions	\$25,000.00
Priority Claims and Priority Tax Claims	\$0.00
General Unsecured Claims, including the BLMIS Trustee Claim	\$6,055,360.00
 <b>Net Assets After Priority Claims, Priority Tax Claims, and General Unsecured Claims</b>	 <b><u>\$0.00</u></b>

<b>Net Assets to Distribute to Limited Partner Interests After The BLMIS Trustee Claim</b>	<b><u>\$0.00</u></b>
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