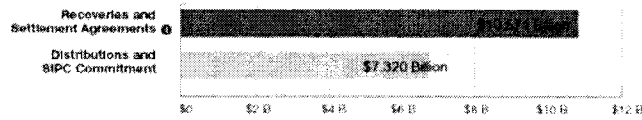


EXHIBIT B

The Madoff Recovery Initiative

SUBSTANTIALLY CONSOLIDATED SIPA LIQUIDATION OF BERNARD L. MADOFF INVESTMENT SECURITIES LLC & BERNARD L. MADOFF

RECOVERIES, DISTRIBUTIONS AND SIPC COMMITMENT



For additional information on the Customer Fund, recoveries, distributions, and fees, please click here

RECOVERY STATUS TO DATE

RECOVERIES AND SETTLEMENT AGREEMENTS

\$10.571 Billion
[MORE INFO](#)

CUSTOMER FUND, including required reserves

\$3.714 Billion

AMOUNT DISTRIBUTED FROM CUSTOMER FUND

\$6.621 Billion

SIPC COMMITTED FUNDS SUBJECT TO SUBROGATION*

\$698.9 Million

AMOUNT UNAVAILABLE DUE TO APPEALS AND RESERVES

\$236.7 Million
[MORE INFO](#)

All amounts approximate



Trustee Hotline
888-727-8695

INFORMATIONAL GRAPHIC



LATEST NEWS

IMPORTANT INFORMATION

- *Statement regarding Second Circuit decision reaffirming claimants in the SIPA liquidation of BLMIS not entitled to time-based damages*
- *Information Regarding Special Master & the Madoff Victim Fund*

APRIL 16, 2015

Court Approves \$93 Million Recovery Agreement with Defender Feeder Fund

APRIL 15, 2015

SIPA Trustee Seeks Court Approval for Release of \$1.249 Billion from Customer Fund Reserves and Requests Court Approval for Sixth Interim Pro Rata Distribution

MARCH 17, 2015

SIPA Trustee for BLMIS Liquidation Seeks Supreme Court Review of Second Circuit Decision Regarding "Safe Harbor/Stockbroker" Defense in Madoff Ponzi Scheme

FEBRUARY 20, 2015

Order from the Second Circuit reaffirming that claimants in the SIPA liquidation of BLMIS are not entitled to time-based damages

A MESSAGE FROM SIPA TRUSTEE IRVING H. PICARD



In December 2008, the world learned about Bernard Madoff's unprecedented fraud, a Ponzi scheme that spanned decades and defrauded customers of approximately \$20 billion.

On the day the news broke, I received a call from the Securities Investor Protection Corporation (SIPC) and was asked to serve as SIPA Trustee for the liquidation of Bernard L. Madoff Investment Securities LLC (BLMIS).

[READ MORE](#)

A MESSAGE FROM THE TRUSTEE'S CHIEF COUNSEL DAVID J. SHEEHAN



Next Steps in the Madoff Recovery Initiative

The SIPA Trustee reached several agreements in late 2014 – including with feeder funds Herald, Primeo, and Senator – which added significant amounts to the BLMIS Customer Fund and resulted in a fifth interim distribution of recovered funds to the victims of the Madoff fraud. The past twelve months have been among our most active periods and the coming year already promises to be equally active, with the SIPA Trustee's team of professionals working diligently on a number of fronts, in and out of courtrooms, using all the legal tools at our disposal.

[READ MORE](#)

TIMELINE

<p>2015 MAR 23 </p>	<p>2015 MAR 17 </p>	<p>2015 FEB 20 </p>	<p>2015 FEB 6 </p>	<p>2015 JAN 15 </p>
<p><i>The SIPA Trustee announces a \$93 million recovery agreement for the BLMIS Customer Fund with Defender Fund.</i></p>	<p><i>SIPA Trustee files petition for writ of certiorari with the United States Supreme Court seeking review of lower court decisions regarding "safe harbor/stockbroker" defense in Madoff Ponzi scheme.</i></p>	<p><i>The U.S. Court of Appeals for the Second Circuit upholds the United States Bankruptcy Court decision that claimants in the SIPA liquidation of BLMIS are not entitled to time-based damages.</i></p>	<p><i>The fifth pro rata interim distribution of recoveries begins, which is approximately 2.743 percent of the allowed claims amount of each individual account, unless already fully satisfied</i></p>	<p><i>The U.S. Bankruptcy Court for the Southern District of New York approves the SIPA Trustee's allocation and distribution motion for a fifth interim distribution of approximately \$350 million.</i></p>

The Madoff Recovery Initiative

SUBSTANTIALLY CONSOLIDATED SIPA LIQUIDATION OF BERNARD L. MADOFF INVESTMENT SECURITIES LLC & BERNARD L. MADOFF

RECOVERIES AND SETTLEMENT AGREEMENTS

\$10.571 Billion

[MORE INFO](#)

CUSTOMER FUND, including required reserves

\$3.714 Billion

AMOUNT DISTRIBUTED FROM CUSTOMER FUND

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SIPA COMMITTED FUNDS SUBJECT TO SUBROGATION*

\$698.9 Million

AMOUNT UNAVAILABLE DUE TO APPEALS AND RESERVES

\$236.7 Million

[MORE INFO](#)

DISTRIBUTIONS

- Fifth Pro Rata Interim Distribution
- Fourth Pro Rata Interim Distribution
- Third Pro Rata Interim Distribution
- Second Pro Rata Interim Distribution
- First Pro Rata Interim Distribution
- Interim Distribution Calculation
- Required Reserves
- Advances Reimbursed to SIPC on Fully Satisfied Accounts
- Claims Calculations - Example One
- Claims Calculations - Example Two

Fifth Pro Rata Interim Distribution

The fifth pro rata interim distribution from the Bernard L. Madoff Investment Securities LLC (BLMIS) Customer Fund to eligible customers commenced on February 6, 2015. As of April 14, 2015, approximately \$362.1 million has been distributed to BLMIS account holders with allowed claims in the fifth distribution, representing approximately 2.743 percent of the allowed claim amount of each individual account, unless the claim is fully satisfied.

Fourth Pro Rata Interim Distribution

The fourth pro rata interim distribution from the Bernard L. Madoff Investment Securities LLC (BLMIS) Customer Fund to eligible customers commenced on May 5, 2014. As of April 14, 2015, approximately \$420.3 million has been distributed to BLMIS account holders with allowed claims in the fourth distribution, representing approximately 3.180 percent of the allowed claim amount of each individual account, unless the claim is fully satisfied.

Third Pro Rata Interim Distribution

The third pro rata interim distribution from the Bernard L. Madoff Investment Securities LLC (BLMIS) Customer Fund to eligible customers commenced March 29, 2013. As of April 14, 2015, approximately \$625.1 million has been distributed to BLMIS accounts with allowed claims in the third distribution, representing approximately 4.721 percent of the allowed claim amount of each individual account, unless the claim is fully satisfied.

Second Pro Rata Interim Distribution

As of April 14, 2015, distributions from the BLMIS Customer Fund via the second pro rata interim distribution to BLMIS customers whose claims have been allowed by the SIPA Trustee totaled \$4.472 billion, representing approximately 33.556 percent of the allowed claim amount of each individual account, unless the claim is fully satisfied. The second pro rata interim distribution commenced on September 19, 2012, based on August 22, 2012 approval by the United States Bankruptcy Court for the Southern District of New York.

First Pro Rata Interim Distribution

As of April 14, 2015, distributions from the BLMIS Customer Fund via the first pro rata interim distribution to BLMIS customers whose claims have been allowed by the SIPA Trustee totaled \$615.8 million, representing approximately 4.602 percent of the allowed claim amount of each individual account, unless the claim is fully satisfied. The first pro rata interim distribution commenced on October 5, 2011, based on July 12, 2011 approval by the United States Bankruptcy Court for the Southern District of New York.

Interim Distribution Calculation

To make interim distributions from the BLMIS Customer Fund, the SIPA Trustee must determine or estimate both the total value of customer property available for distribution (including reserves for disputed recoveries) and the total net equity of all allowed claims (including reserves for disputed claims).

There are unresolved issues that require maintenance of substantial reserves with respect to both the customer property “numerator” and the net equity claims “denominator.” This includes the expected increase of several billion dollars in the value of allowed claims due to the 122 additional claims that have been deemed determined by the SIPA Trustee pending the outcome of litigation, the time value of money and appeals of other settlements.

Nevertheless, even when taking reserves into account, it is possible for the SIPA Trustee, on an interim basis, to determine the (a) allocation of property to the BLMIS Customer Fund or the “numerator”; (b) amount of allowable net equity claims or the “denominator”; and (c) calculation of each allowed claimant’s minimum pro rata share of the Customer Fund.

The equation is as follows:

End of

$$\frac{\begin{array}{c} \text{FUND OF} \\ \text{Customer Property} \\ \text{"Numerator"} \end{array}}{\begin{array}{c} \text{Allowable Customer} \\ \text{Net Equity Claims} \\ \text{"Denominator"} \end{array}} = \text{Customer Pro Rata Share}$$

For the purposes of interim distributions, the SIPA Trustee's calculations must take into consideration all unresolved issues and establish sufficient reserves to ensure that he would be able to make a pro rata distribution to all potentially eligible claimants, whether or not their claims are allowed at the time of distribution.

There are two primary reasons why significant funds are not available for distribution at this time: required reserves and ongoing appeals.

Required BLMIS Customer Fund Reserves for Deemed Determined Claims

As of April 14, 2015, while there are 2,552 allowed claims and the dollar amount of allowed claims is approximately \$13.568 billion, both the number of allowed claims and the dollar amount will increase over time. There remain 122 claims, which have been "deemed determined" by the SIPA Trustee, but their status as "allowed" claims is not yet final, pending the outcome of ongoing litigation. If allowed, these claims would become eligible for all pro rata distributions to date. For this potential scenario, the SIPA Trustee must set aside a reserve for the five interim distributions of 48.802 percent of potential payments, and has therefore to date reserved approximately \$2.232 billion. The ultimate amount of additional allowed claims depends on the outcome of litigation or negotiation and could add billions of dollars to the total amount of allowed claims.

Court-Ordered Time-Based Damages Reserve

The United States Supreme Court announced on June 25, 2012, that it had denied two writs for certiorari that asked the Supreme Court to review the net equity methodology, thereby making the "cash-in, cash-out" formula for determining eligibility for pro rata distributions from the BLMIS customer fund final.

On July 26, 2012, the SIPA Trustee for the liquidation of Bernard L. Madoff Investment Securities LLC (BLMIS) filed a motion in the United States Bankruptcy Court for the Southern District of New York seeking approval for an allocation of recovered monies to the BLMIS Customer Fund and for a second pro rata interim distribution from the Customer Fund to BLMIS customers with allowed claims.

On August 22, 2012, the Honorable Burton R. Liffand approved the motion for the allocation and distribution and ordered the SIPA Trustee to reserve 3 percent for the time-based damages issue, which allowed for the distribution of approximately 33.5 percent of the allowed claim amount of each individual account, unless the claim is fully satisfied. The second pro rata interim distribution commenced on September 19, 2012 with a record date of September 12, 2012.

More than 1,200 objections have been filed relating to the time-based damages issue. On September 10, 2013, the United States Bankruptcy Court for the Southern District of New York approved the SIPA Trustee's motion to deny time-based damages adjustments to customer claims. That decision was appealed by objecting parties on September 24, 2013 and on the same day an order was filed by the Bankruptcy Court certifying the order of September 10, 2013 for immediate appeal to the United States Court of Appeals. The immediate appeal was accepted by the Second Circuit on January 22, 2014, and oral arguments were heard on Tuesday, October 14, 2014.

On February 20, 2015, the Second Circuit reaffirmed the decision of the Bankruptcy Court that claimants in the SIPA liquidation of BLMIS are not entitled to time-based damages. The reaffirmation resolved the question regarding whether customers are entitled to some form of interest on the dollars deposited with BLMIS that were never invested, but instead were stolen to give to other customers. This decision clears the way for the SIPA Trustee to distribute more than \$1.449 billion to customers with allowed claims. The only obstacle that could stand in the way of this additional distribution is the potential for a petition for certiorari by the defendants on this decision. The SIPA Trustee is hopeful that further delay will be viewed as pointless and that no petition will be filed. Regardless, he will file an application to the Bankruptcy Court seeking approval of an allocation authorizing him to distribute, as soon as possible, the funds that have been held in reserve awaiting the Second Circuit's time-based damages decision.

Other Customer Fund Required Reserves

As of April 14, 2015, other reserves, including reserve for deferred payments and unallocated funds: approximately \$32.9 million.

Amount Unavailable to the BLMIS Customer Fund Due to Required Reserves and Appeals

Portions of recoveries and settlement agreements have not yet been collected, due to appeals, the timing of payments of certain settlement monies and other issues. Therefore, these funds cannot be either allocated to the Customer Fund or distributed to BLMIS customers with allowed claims until these issues are resolved. As of April 14, 2015, approximately \$236.7 million relating to settlement reserves and other matters must be held in reserve.

Advances Reimbursed to SIPC on Fully Satisfied Accounts

In the Bernard L. Madoff Investment Securities LLC (BLMIS) liquidation, the Securities Investor Protection Corporation (SIPC) has made cash advances – up to a maximum of \$500,000 per allowed claim – available to the court-appointed Securities Investor Protection Act (SIPA) Trustee to distribute to eligible customers, as a way to expedite financial relief to these customers. As of April 14, 2015, SIPC has committed approximately \$824.3 million to the BLMIS liquidation for this purpose. SIPC-committed advances will continue to increase as claims that are currently in litigation are allowed as a result of settlements or the conclusion of litigation.

According to the provisions of SIPA, SIPC is reimbursed for its advances to customers once each respective customer claim is fully satisfied. As of the fifth pro rata interim distribution in the BLMIS liquidation proceeding, SIPC received \$125.3 million in reimbursement from the Customer Fund for advances paid on fully satisfied accounts.

Reimbursement payments to SIPC are calculated as follows:

On a claim that has been allowed in the amount of \$976,592:

EXAMPLE ONE

\$976,592

ALLOWED CLAIM – FULLY SATISFIED

PAYMENT AMOUNT	RECIPIENT	EXPLANATION
<p>\$500,000 Cash advance from SIPC</p> <p><i>Remaining claim amount: \$476,592</i></p>	Accountholder	<p>As soon as the claim is allowed, the SIPA Trustee works with SIPC to pay the maximum advance of up to \$500,000 to the claimant as quickly as possible to speed some financial relief to the claimant. The payment is an advance from SIPC against future recoveries and is in no way dependent on recoveries that have been made by the SIPA Trustee to date. The cash advance from SIPC will only be reimbursed even in part if the claim becomes satisfied in full.</p> <p>By October 2009, less than one year into the Madoff Recovery Initiative, the total amount of SIPC advances exceed the half-billion-dollar mark, exceeding the total of all prior SIPC advances made since SIPA was passed by Congress in 1970.</p>
<p>\$476,592</p> <p><i>Claim is now fully satisfied</i></p>	Accountholder	Total distributions to date through the first, second, third, fourth and fifth interim pro rata distributions from recoveries made by the SIPA Trustee equal 48.902 percent of the allowed claim amount; this would total \$476,592. Since the claim was allowed in the amount of \$976,592 and the claimant had previously received a \$500,000 cash advance from SIPC, payments totaling the remaining amount, or \$476,592, would go to the claimant to satisfy the claim in full.
<p>\$0 Reimbursement payment for cash advance paid by SIPC against allowed claim</p>	SIPC	SIPC will continue to be paid for the \$500,000 advance made to this account through future distributions from the SIPA Trustee. These payments will end once the advance is fully repaid; SIPC may never be fully repaid for all of the cash it has advanced in the liquidation of BLMIS.

In another example, if a claim were allowed in the amount of \$2 million, distributions to date would be as follows:

EXAMPLE TWO

\$2,000,000

ALLOWED CLAIM – REMAINS ELIGIBLE FOR PRO RATA INTERIM DISTRIBUTIONS

PAYMENT AMOUNT	RECIPIENT	EXPLANATION
<p>\$500,000 Cash advance from SIPC</p> <p><i>Remaining claim amount: \$1,500,000</i></p>	Accountholder	<p>As soon as the claim is allowed, the SIPA Trustee works with SIPC to pay the maximum advance of up to \$500,000 to the claimant as quickly as possible to speed some financial relief to the claimant. The payment is an advance from SIPC against future recoveries and is in no way dependent on recoveries that have been made by the SIPA Trustee to date. The cash advance from SIPC will only be reimbursed even in part if the claim becomes satisfied in full.</p> <p>By October 2009, less than one year into the Madoff Recovery initiative, the total amount of SIPC advances exceed the half-billion-dollar mark, exceeding the total of all prior SIPC advances made since SIPA was passed by Congress in 1970.</p>
<p>\$976,040</p> <p><i>Remaining claim amount: \$523,960</i></p>	Accountholder	<p>Total distributions to date through the first, second, third, fourth and fifth pro rata distributions from recoveries made by the SIPA Trustee equal 48.802 percent of the allowed claim amount; this would total \$976,040 in this example. Since the claim was allowed in the amount of \$2 million and the claimant received the \$500,000 cash advance from SIPC, and payments totaling \$976,040 were made through distributions from recoveries made by the SIPA Trustee, the remaining amount left to be paid on the claim would be \$523,960. This claimant is eligible for future pro rata distributions from the SIPA Trustee until the account is fully satisfied.</p>
\$0	SIPC	No payments will be made to SIPC for the \$500,000 cash advance made on this account until the account is fully satisfied.