

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

BEACON ASSOCIATES LLC I, BEACON
ASSOCIATES LLC II, ANDOVER
ASSOCIATES, L.P., ANDOVER
ASSOCIATES LLC I, ANDOVER
ASSOCIATES (Q) LLC,

Plaintiffs,

vs.

Civil Action No.
1:14-cv-02294 (AJP)

BEACON ASSOCIATES MANAGEMENT
CORP.; ANDOVER ASSOCIATES
MANAGEMENT CORP.; INCOME PLUS
INVESTMENT FUND; DAVID
FASTENBERG, TRUSTEE, LONG ISLAND
VITREO-RETINAL CONSULTANTS 401K
FBO DAVID FASTENBERG, ET.AL.

Defendants.

**ADDENDUM TO PRIOR MEMORANDUM OF INVESTOR HOWARD SIEGEL
WITH REGARD TO THE APPROPRIATE METHODOLOGY TO BE USED TO
COMPUTE INVESTOR ALLOCATION PERCENTAGES TO ALLOCATE TRUSTEE
RECOVERIES AFTER ALL INVESTORS HAVE RECEIVED BACK THEIR ENTIRE
CAPITAL INVESTMENT**

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ADDENDUM TO PRIOR MEMORANDUM

So that the Court has the complete picture it is necessary to provide some numbers regarding a comparison of investor's capital accounts with their investments in Beacon at the time the fraud was discovered. Potentially after investors have recovered their entire investment in Beacon, an additional \$50 million will become available for distribution by Beacon as a result of distributions received from the Madoff Trustee. However, the total amount in investors capital accounts is approximately \$336,000. My own capital account has approximately \$1,600 in it. These amounts will form the basis for the computation of Valuation Method allocation percentages at the time investors reach breakeven under the Net Equity (CICO) Method with the potential to allocate \$50 million of additional monies among investors. Contrast this with investors net invested capital at the time the fraud was discovered of approximately \$282 million. That is a significant number that doesn't have fictitious income embedded within and has a direct relationship to the basis upon which Beacon is receiving the funds that would become available for distribution. My own net investment at the time the fraud was discovered was \$1,580 million and recoveries from the Trustee are tied to that net investment. Should my share of potentially \$50 million of additional Beacon recoveries be allocated based upon the \$1,600 in my capital account or by the \$1,580 million of my net investment at the time the fraud was discovered? The point being, that in addition to the theoretical reasons for continuing to use invested capital as basis for allocation after investors reach breakeven as delineated in the main body of this Memorandum, the significant differences of the contrasted amounts lend additional credence to avoiding a return to investors tainted capital accounts as a basis for allocation.

The above Memorandum is respectfully submitted,

By: /s/ Howard Siegel
Howard Siegel