

EXHIBIT C

BEACON ASSOCIATES LLC I

SUITE 900, 123 MAIN STREET, WHITE PLAINS, NEW YORK 10601

TELEPHONE: (914) 948-1556

FAX: (914) 948-0051

June 8, 2006

To: Members of Beacon Associates LLC I and Beacon Associates LLC II

We are pleased to enclose a copy of the audited financial statements for Beacon Associates, LLC I/Beacon Associates LLC II for the year ended December 31, 2005 together with your audited individual capital account statement for the same period.

We expect to send final K-1's for 2005 during the month of July.

In the event you have any questions, please feel free to contact us.

BEACON ASSOCIATES MANAGEMENT CORP.
Managing Member

JD/jat
Enclosure

Friedberg, Smith & Co., P.C.
Certified Public Accountants
855 Main Street
Bridgeport, CT 06604
(203) 366-5876

2005
Tarek H. H. H.

July 24, 2006

RE: Beacon Associates, LLC I
White Plains, NY 10601

Dear Member:

Attached is Schedule K-1 Form, 1065, which reflects your distributive share of Beacon Associates, LLC I (Company) taxable income for the year ended December 31, 2005. You should give a copy of this letter and Schedule K-1 to your tax return preparer to use in connection with the preparation of your Federal and resident State income tax returns for your tax year which includes December 31, 2005. This Schedule K-1 supercedes and replaces the draft K-1 you received in April 2006.

Please note that the tax information provided in this Schedule K-1 does differ from the information in the draft Schedule K-1 which was provided to assist you in calculating any payments you may have made with an extension request. In addition, this Schedule K-1 also has additional footnote disclosures, including Form 8271, investments in passive foreign investment companies, Section 988 transactions that may be reportable transactions in which a protective disclosure has been made, and information with respect to unrelated business taxable income, much of which was not reflected on the draft Schedule K-1

In preparing the Company's return, the Company consistently has taken the position that it is engaged in the active conduct of a business as a trader in securities. The trading operation is not "passive" as to any member/partner. In addition income from the trading operation, including capital gain, is not "portfolio income" (Temp. Reg. Section 1.469-1T(e) (6); Temp. Reg. Section 1.469-2T(c) (3)).

Based on the Company's interpretation of Section 163(d) of the Internal Revenue Code, the Company has not treated its trading income and expenses as investment income, investment expenses, or investment interest expense for the purposes of the investment interest expense limitation.

U.S. District Court
Southern District of New York
New York, New York
10002

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U.S. District Court
Southern District of New York

U.S. District Court

The undersigned hereby certifies that the enclosed exhibits are true and correct copies of the original documents as they appear in the files of the undersigned. The exhibits are being submitted in accordance with the provisions of the Protective Order in Case No. 14-cv-02294-AJP.

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You may, however, wish to discuss this treatment with your tax advisor. If you conclude that such items are investment income and expenses, please refer to the information attached to the Schedule K-1.

If you have any questions regarding the above contact your tax advisor.

Very truly yours,

FRIEDBERG, SMITH & CO., PC

Schedule K-1 (Form 1065)

2005

Final K-1 Amended K-1 OMB No. 1545-0099

Department of the Treasury Internal Revenue Service

For calendar year 2005, or tax year beginning ending

Partner's Share of Income, Deductions, Credits, etc.

See separate instructions.

Part I Information About the Partnership
A Partnership's employer identification number
B Partnership's name, address, city, state, and ZIP code
C IRS Center where partnership filed return
D Check if this is a publicly traded partnership (PTP)
E Tax shelter registration number, if any
F Check if Form 8271 is attached

Part II Information About the Partner
G Partner's identifying number
H Partner's name, address, city, state, and ZIP code
I General partner or LLC member-manager Limited partner or other LLC member
J Domestic partner Foreign partner
K What type of entity is this partner? PARTNERSHIP
L Partner's share of profit, loss, and capital:
M Partner's share of liabilities at year end:

N Partner's capital account analysis:
Beginning capital account
Capital contributed during the year
Current year increase (decrease)
Withdrawals & distributions
Ending capital account
Tax basis GAAP Section 704(b) book Other (explain)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items
1 Ordinary business income (loss)
2 Net rental real estate income (loss)
3 Other net rental income (loss)
4 Guaranteed payments
5 Interest income
6a Ordinary dividends
6b Qualified dividends
7 Royalties
8 Net short-term capital gain (loss)
9a Net long-term capital gain (loss)
9b Collectibles (28%) gain (loss)
9c Unrecaptured sec 1250 gain
10 Net section 1231 gain (loss)
11 Other income (loss)
12 Section 179 deduction
13 Other deductions
14 Self-employment earnings (loss)
15 Credits & credit recapture
16 Foreign transactions
17 Alternative min tax (AMT) items
18 Tax-exempt income and nondeductible expenses
19 Distributions
20 Other information

*See attached statement for additional information.
For IRS Use Only

CON ASSOCIATES LLC I C/O DANZIGER & M



SCHEDULE K-1

OTHER INCOME, BOX 11, CODE F

DESCRIPTION	AMOUNT	PARTNER FILING INSTRUCTIONS
DIVIDENDS		
INTEREST INCOME		
SHORT TERM CAPITAL GAINS FROM TRADE OR BUSINESS ACTIVITY		
LONG TERM CAPITAL GAINS FROM TRADE OR BUSINESS ACTIVITY		
SECTION 1256 CONTRACT GAINS (LOSSES) FROM TRADE OR BUSINESS		
FOREIGN TAXES PAID		
SECTION 988 INCOME		
OTHER INCOME (LOSS)		
OTHER PORTFOLIO INCOME (LOSS)		
SWAP INCOME (LOSS)		
SECTION 1231 GAINS (LOSSES)		
ORDINARY INCOME FROM PFIC		

SCHEDULE K-1

OTHER DEDUCTIONS, BOX 13, CODE W

DESCRIPTION	AMOUNT	PARTNER FILING INSTRUCTIONS
TRADER EXPENSES, PROFESSIONAL FEES & OTHER		

SCHEDULE K-1

CURRENT YEAR INCREASES (DECREASES)

DESCRIPTION	AMOUNT	TOTALS
ORDINARY INCOME (LOSS)		
RENTAL REAL ESTATE INCOME (LOSS)		
OTHER INCOME (LOSS)		
SCHEDULE K-1 INCOME SUBTOTAL		
INTEREST EXPENSE ON INVESTMENT DEBTS		
PORTFOLIO DEDUCTIONS		
OTHER DEDUCTIONS		
SCHEDULE K-1 DEDUCTIONS SUBTOTAL		
UNREALIZED GAINS (LOSSES)		
OTHER INCREASES OR DECREASES SUBTOTAL		
TOTAL TO SCHEDULE K-1, ITEM N		

BEACON ASSOCIATES LLC I C/O DANZIGER & M

SCHEDULE K-1

FOOTNOTES

STATE ADJUSTMENT - U.S. GOVERNMENT INTEREST

STATE ADJUSTMENT - COST TO CARRY
U.S. GOVERNMENT OBLIGATIONS

DIVIDEND RECEIVED DEDUCTION FOR CORPORATE TAXPAYERS

QUALIFIED DIVIDENDS INCLUDED IN
TOTAL DIVIDENDS

GROSS FOREIGN SOURCE INCOME FROM PASSIVE INCOME
REPORTED BY UNDERLYING PARTNERSHIPS INCLUDED
IN BOX 11

DEDUCTIONS APPLICABLE TO FOREIGN SOURCE INCOME

INVESTMENT INTEREST EXPENSE REPORTED BY
UNDERLYING PARTNERSHIPS INCLUDED IN BOXES 1, 11 & 13

INVESTMENT INCOME REPORTED BY UNDERLYING PARTNERSHIPS
INCLUDED IN BOX 1

UNRECAPTURED SECTION 1250 GAINS INCLUDED IN
LONG TERM CAPITAL GAINS

UNRELATED BUSINESS TAXABLE INCOME - ORDINARY (LOSS)

UNRELATED BUSINESS TAXABLE INCOME - STCG(L)

UNRELATED BUSINESS TAXABLE INCOME - LTCG(L)

UNRELATED BUSINESS TAXABLE INCOME -
QUALIFIED DIVIDENDS INCLUDED IN ORDINARY

INCLUDED IN OTHER INCOME(LOSS) FOR
INVESTMENT INTEREST EXPENSE LIMITATION PURPOSES
THAT SHOULD BE INCLUDED ON FORM 4952, LINE 4A

INCLUDED IN OTHER INCOME (LOSS) IS NON-PASSIVE
INCOME(LOSS) REPORTABLE ON FORM 1040,
SCHEDULE E, PART II

PASSIVE FOREIGN INVESTMENT COMPANY (PFIC) REPORTING:

SUNFISH MORTGAGE FUND, LTD - CAYMAN ISLANDS

ORDINARY INCOME

PERRY CMBS SPV1 - CAYMAN ISLANDS

ORDINARY INCOME

A PASS-THROUGH ENTITY IN WHICH BEACON HAS AN INVESTMENT
HAS MADE A QUALIFIED ELECTING FUND ("QEF") ELECTION FOR

BEACON ASSOCIATES LLC I C/O DANZIGER & M

THE FUNDS LISTED BELOW. THEY HAVE DIRECTLY AND INDIRECTLY INVESTED IN PASSIVE FOREIGN INVESTMENT COMPANIES ("PFIC'S"). THESE INVESTMENTS REQUIRE SPECIAL REPORTING BY BOTH THE PARTNERSHIP AND IT INVESTORS. FORM 8621 "RETURN BY A SHAREHOLDER OF A PASSIVE FOREIGN INVESTMENT COMPANY OR QUALIFIED ELECTING FUND" MUST BE COMPLETED BY EACH PARTNER FOR EACH PFIC IN WHICH THE PARTNERSHIP HAS INVESTED. THESE AMOUNTS ARE ALREADY INCLUDED IN THE SCHEDULE K-1 AMOUNTS. THE TAX RULES RELATING TO PFIC'S ARE COMPLEX. PLEASE CONSULT YOUR TAX ADVISOR. THE TOTAL AMOUNTS REPORTED TO BEACON BY THE PASS-THROUGH ENTITY ARE SUMMARIZED BELOW:

- SUNFISH MORTGAGE FUND, LTD - CAYMAN ISLANDS
ORDINARY INCOME - LINE 1A, FORM 8621
- PERRY CMBS SPV1 - CAYMAN ISLANDS
ORDINARY INCOME - LINE 1A, FORM 8621

BEACON ASSOCIATES LLC I C/O DANZIGER & M

TAX SHELTER REPORTING

IRC SEC 988 TRANSACTIONS - PROTECTIVE

FACTS

BEACON HAS ENGAGED IN SEC 988 TRANSACTIONS THROUGH ITS INVESTMENTS IN PASS-THROUGH ENTITIES THAT MAY BE REPORTABLE TRANSACTIONS IN WHICH A PROTECTIVE DISCLOSURE HAS BEEN MADE. YOUR SHARE OF THE SEC 988 LOSS (IF ANY) IS UNCERTAIN. A PROTECTIVE DISCLOSURE WAS MADE AT THE PARTNERSHIP LEVEL.

EXPECTED TAX BENEFITS

THE REALIZED LOSS ON SEC 988 TRANSACTIONS IS IN CONNECTION WITH THE PARTNERSHIP'S REGULAR TRADING ACTIVITIES AND THEREFORE, NOT CARRIED OUT AS PART OF ANY PLAN TO ACHIEVE TAX BENEFITS. AS A RESULT, THERE ARE NO EXPECTED TAX BENEFITS.

ESTIMATED TAX BENEFITS

THE REALIZED LOSS ON SEC 988 TRANSACTIONS IS DERIVED FROM THE PARTNERSHIP'S REGULAR TRADING ACTIVITIES AND THEREFORE, NOT INTENDED AS PART OF ANY PLAN TO ACHIEVE TAX BENEFITS. THE PARTNER'S SHARE OF THE SEC. 988 LOSS REFERRED TO ABOVE IS NETTED WITH ALL OVERALL SEC. 988 GAIN OR LOSS THAT ARE ON 2005 SCHEDULE K-1 WHICH IS AVAILABLE TO BE CLAIMED ON 2005 TAX RETURNS. IT IS NOT EXPECTED THAT THESE SEC. 988 TRANSACTIONS WILL GENERATE ANY PRIOR OR FUTURE TAX BENEFITS.

ACKNOWLEDGEMENT FOR PURPOSE OF IRS NOTICE 2006-16

PLEASE BE ADVISED THAT THE PASS-THROUGH ENTITY HAS ENTERED INTO ONE OR MORE TRANSACTIONS THAT MAY BE CONSIDERED THE SAME AS OR SUBSTANTIALLY SIMILAR TO THE TRANSACTIONS DESCRIBED IN NOTICE 2002-35. THE PASS-THROUGH ENTITY EITHER HAS OR WILL COMPLY WITH THE FEDERAL DISCLOSURE REQUIREMENTS DESCRIBED IN TREAS. REG. 1-6011-4 RELATING TO THESE TRANSACTIONS AS WELL AS ANY RELATED STATE DISCLOSURE OBLIGATIONS. PLEASE CONSULT YOUR TAX ADVISOR AS TO YOUR DISCLOSURE OBLIGATIONS AND THE IMPACT OF NOTICE 2006-16.

BEACON ASSOCIATES LLC I C/O DANZIGER & M

WITHDRAWALS AND DISTRIBUTIONS REFLECT A NON-TAXABLE
RE-REGISTRATION FROM THIS PARTNER NUMBER TO
PARTNER NUMBER 184 EFFECTIVE JULY 1, 2005

Schedule K-1 (Form 1065) 2005

This list identifies the codes used on Schedule K-1 for all partners and provides summarized reporting information for partners who file Form 1040. For detailed reporting and filing information, see the separate Partner's Instructions for Schedule K-1 and the instructions for your income tax return.

- 1. Ordinary business income (loss).** You must first determine whether the income (loss) is passive or nonpassive. Then enter on your return as follows:
 Passive loss Enter on
 Passive income See the Partner's Instructions
 Nonpassive loss Schedule E, line 28, column (g)
 Nonpassive income Schedule E, line 28, column (h)
 Net rental real estate income (loss) See the Partner's Instructions
- 2. Net rental real estate income (loss)**
- 3. Other net rental income (loss)**
 Net income Schedule E, line 28, column (g)
 Net loss See the Partner's Instructions
- 4. Guaranteed payments**
- 5. Interest income**
- 6a. Ordinary dividends**
- 6b. Qualified dividends**
- 7. Royalties**
- 8. Net short-term capital gain (loss)**
- 9a. Net long-term capital gain (loss)**
- 9b. Collectibles (28%) gain (loss)**
- 9c. Unrecaptured section 1250 gain**
- 10. Net section 1231 gain (loss)**
- 11. Other income (loss)**
 Code
 A Other portfolio income (loss) See the Partner's Instructions
 B Involuntary conversions See the Partner's Instructions
 C Sec. 1256 contracts & straddles Form 6781, line 1
 D Mining exploration costs recapture See Pub. 535
 E Cancellation of debt Form 1040, line 21 or Form 982
 F Other income (loss) See the Partner's Instructions
- 12. Section 179 deduction**
- 13. Other deductions**
 A Cash contributions (50%)
 B Cash contributions (30%)
 C Noncash contributions (50%)
 D Noncash contributions (30%)
 E Capital gain property to a 50%
 organization (30%)
 F Capital gain property (20%)
 G Cash contributions (100%)
 H Investment interest expense
 I Deductions-royalty income
 J Section 59(e)(2) expenditures
 K Deductions-portfolio (2% floor)
 L Deductions-portfolio (other)
 M Amounts paid for medical insurance
 N Educational assistance benefits
 O Dependent care benefits
 P Preproductive period expenses
 Q Commercial revitalization deduction
 from rental real estate activities
 R Pensions and IRAs
 S Reforestation expense deduction
 T Domestic production activities
 information
 U Qualified production activities income
 V Employer's W-2 wages
 W Other deductions

- Code**
 J Work opportunity credit Enter on
 K Welfare-to-work credit Form 5884, line 3
 L Disabled access credit Form 8861, line 3
 M Empowerment zone and renewal
 community employment credit Form 8826, line 7
 N Credit for increasing research
 activities Form 8844, line 3
 O New markets credit Form 6765, line 42
 P Credit for employer social security
 and Medicare taxes Form 8874, line 2
 Q Backup withholding Form 8846, line 5
 R Recapture of low-income housing
 credit (section 42(j)(5)) Form 1040, line 64
 S Recapture of low-income housing
 credit (other) Form 8611, line 8
 T Recapture of investment credit See Form 4255
 U Other credits See the Partner's Instructions
 V Recapture of other credits See the Partner's Instructions
- 16. Foreign transactions**
 A Name of country or U.S.
 possession Form 1116, Part I
 B Gross income from all sources Form 1116, Part I
 C Gross income sourced at partner
 level Form 1116, Part I
 D Foreign gross income sourced at partnership level
 level
 D Passive Form 1116, Part I
 E Listed categories Form 1116, Part I
 F General limitation Form 1116, Part I
 Deductions allocated and apportioned at partner level
 G Interest expense Form 1116, Part I
 H Other Form 1116, Part I
 Deductions allocated and apportioned at partnership level
 to foreign source income
 I Passive Form 1116, Part I
 J Listed categories Form 1116, Part I
 K General limitation Other information
 L Total foreign taxes paid Form 1116, Part II
 M Total foreign taxes accrued Form 1116, Part II
 N Reduction in taxes available for
 credit Form 1116, line 12
 O Foreign trading gross receipts Form 8873
 P Extraterritorial income exclusion Form 8873
 Q Other foreign transactions See the Partner's Instructions
- 17. Alternative minimum tax (AMT) items**
 A Post-1986 depreciation adjustment
 B Adjusted gain or loss
 C Depletion (other than oil & gas)
 D Oil, gas, & geothermal-gross income
 E Oil, gas, & geothermal-deductions
 F Other AMT items } See the Partner's
 Tax-exempt income and nondeductible expenses } Instructions and
 the Instructions for
 Form 6251
- 18. Tax-exempt income and nondeductible expenses**
 A Tax-exempt interest income Form 1040, line 8b
 B Other tax-exempt income See the Partner's Instructions
 C Nondeductible expenses See the Partner's Instructions
- 19. Distributions**
 A Cash and marketable securities See the Partner's Instructions
 B Other property See the Partner's Instructions
- 20. Other information**
 A Investment income Form 4952, line 4a
 B Investment expenses Form 4952, line 5
 C Fuel tax credit information Form 4136
 D Look-back interest-completed
 long-term contracts Form 8697
 E Look-back interest-income forecast
 method Form 8866
 F Dispositions of property with
 section 179 deductions
 G Recapture of section 179 deduction
 H Special basis adjustments
 I Section 453(l)(3) information
 J Section 453A(c) information
 K Section 1260(b) information
 L Interest allocable to production
 expenditures } See the Partner's
 MCCF nonqualified withdrawals } Instructions
 N Information needed to figure
 depletion-oil and gas
 O Amortization of reforestation costs
 P Unrelated business taxable income
 Q Other information

14. Self-employment earnings (loss)
 Note: If you have a section 179 deduction or any partner-level deductions, see the Partner's Instructions before completing Schedule SE.

- A Net earnings (loss) from self-employment** Schedule SE, Section A or B
- B Gross farming or fishing income** See the Partner's Instructions
- C Gross non-farm income** See the Partner's Instructions

- 15. Credits & credit recapture**
 A Low-income housing credit
 (section 42(j)(5)) Form 8586, line 4
 B Low-income housing credit (other) Form 8586, line 4
 C Qualified rehabilitation expenditures
 (rental real estate) Form 3468, line 1
 D Qualified rehabilitation expenditures
 (other than rental real estate) Form 3468, line 1
 E Basis of energy property See the Partner's Instructions
 F Other rental real estate credits See the Partner's Instructions
 G Other rental credits See the Partner's Instructions
 H Undistributed capital gains credit Form 1040, line 70, check box 4
 I Credit for alcohol used as fuel See the Partner's Instructions

Form **8271**
 (Rev. December 2005)
 Department of the Treasury
 Internal Revenue Service

Investor Reporting of Tax Shelter Registration Number

▶ Attach to your tax return

OMB No. 1545-0881

Attachment
 Sequence No. 71

Investor's name(s) shown on return

**BEACON ASSOCIATES LLC I
 C/O DANZIGER & MARKHOFF**

Investor's identifying number

[REDACTED]

Investor's tax year ended

2005

	(a) Tax Shelter Name	(b) Tax Shelter Registration Number (11 digit number)	(c) Tax Shelter Identifying Number
1	[REDACTED]	[REDACTED]	[REDACTED]
2	[REDACTED]	[REDACTED]	[REDACTED]
3	[REDACTED]	[REDACTED]	[REDACTED]
4	[REDACTED]	[REDACTED]	[REDACTED]
5	[REDACTED]	[REDACTED]	[REDACTED]
6			
7			
8			
9			
10			

NEW YORK SCHEDULE K-1 EQUIVALENT	Partner's New York Information For Calendar Year 2005 or Fiscal Year Beginning _____, 2005; and Ending _____, _____.	2005
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Partner's Name, Address and ZIP Code AIJED ASSOCIATES, LLC C/O ARTHUR GORDON, CPA _____	Partner Number <u>183</u> Partner's Identifying Number _____ Resident <input checked="" type="checkbox"/> Nonresident <input type="checkbox"/> Amended Schedule K-1 <input type="checkbox"/> Final Schedule K-1 <input type="checkbox"/>
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Partnership's Name, Address and ZIP Code BEACON ASSOCIATES LLC I C/O DANZIGER & MARKHOFF CENTROPLEX - 123 MAIN STREET WHITE PLAINS NY 10601	Partnership's Identifying Number _____ Partner's Percentage of: Ownership <u>VARIOUS%</u> Profit and Loss <u>VARIOUS%</u>
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Part I - Partner's Share of New York Modifications to Federal Items	Resident Partner's Share	New York amount to be reported on nonresident partner's return
New York state additions		
New York state subtractions		
Additions to federal itemized deductions		
Subtractions from federal itemized deductions		
Amount of interest expense incurred to carry tax-exempt obligations		
New York adjustments to federal tax preference items		

Part II - Partner's Distributive Share of:	Amount from federal Schedule K-1	New York amount to be reported on nonresident partner's return
Ordinary income (loss) from trade or business activities (Line 1)		
Net income or loss from rental real estate activities (Line 2)		
Net income or loss from other activities (Line 3)		
Guaranteed payments to partners (Line 4)		
Portfolio income (loss) (Lines 5, 6, 7, 8, 9)		
Net gain (loss) under IRC Section 1231 (other than due to casualty or theft) (Line 10)		
Other income (loss) (Line 11) STMT		
Expense deduction for property under IRC Section 179 (Line 12)		
Other deductions (Line 13) STMT		
Tax preference items for minimum tax (Line 17)		
Other items required to be reported separately to partners (Line 20)		

Part III - Partner's Share of Credit Information

BEACON ASSOCIATES LLC I C/O DANZIGER & M



NY SCHEDULE K-1 OTHER INCOME

DESCRIPTION	AMOUNT FROM FEDERAL SCHEDULE K-1	NY AMOUNT TO BE REPORTED ON NONRESIDENT RETURN
OTHER INCOME (LOSS)		
TOTAL TO SCHEDULE K-1		

NY SCHEDULE K-1 OTHER DEDUCTIONS

DESCRIPTION	AMOUNT FROM FEDERAL SCHEDULE K-1	NY AMOUNT TO BE REPORTED ON NONRESIDENT RETURN
PORTFOLIO DEDUCTIONS SUBJECT TO 2% AGI		
INVESTMENT INTEREST EXPENSE		
OTHER DEDUCTIONS		
TOTAL TO SCHEDULE K-1		