

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 (QP) LLC,**

Plaintiffs,

-vs-

**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.,**

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

Defendants.

DECLARATION OF JOHN P. JEANNERET, Ph.D.

I, John P. Jeanneret, Ph.D., hereby declare on oath and state as follows:

1. I am the President, Chief Executive Officer, and Chief Compliance Officer of J.P. Jeanneret Associates, Inc. (“JPJA”).
2. I make this declaration based on my personal knowledge in support of the Memorandum of Law of Defendant Income-Plus Investment Fund Relating to Calculation of Net Equity for Certain Investors.
3. JPJA is the investment manager of the Income-Plus Investment Fund (“Income-Plus”).
4. Spreadsheets provided to Income-Plus by Beacon pursuant to this Court’s Stipulation and Protective Order for the Production and Exchange of Confidential Information revealed a transfer of \$REDACTED in REDACTED from Special Asset Liquidating Trust/formerly named AIJED

Associates LLC (“AIJED LLC”) to AIJED International Ltd. (“AIJED LTD”), as well as an additional transfer in ^{REDACTED} of \$^{REDACTED} and a third transfer in ^{REDACTED}, this time of \$^{REDACTED}

5. These spreadsheets also indicate that the withdrawals from AIJED LLC to AIJED LTD were made on the same day. In addition, notations on certain of the spreadsheets indicated that these amounts were “transfers.” Notwithstanding the fact that funds were transferred from one Beacon account to another, Beacon’s net equity calculations for AIJED LTD treated the transfers as new cash contributions.

6. The AIJED funds, with a few limited exceptions, had their Beacon investments tied 100 percent to Madoff.

7. Income-Plus sought additional information regarding the transfers and subsequently determined that funds transferred from AIJED LLC to AIJED LTD were being treated as an initial “cash in” to AIJED LTD’s Beacon account, which grossly inflated the net equity balance calculated for AIJED LTD. AIJED LTD was reported to have the largest net equity balance of any Beacon investor by a significant margin.

8. In reviewing materials provided by Beacon with respect to the net equity calculations, JPJA has confirmed that the merged accounts of certain ERISA funds previously advised by JPJA were treated as a single entity for the purpose of determining their net equity under the Judge McMahon Ordered Plan of Allocation.

9. Conversely, JPJA confirmed that the two AIJED accounts at issue here were not merged for the purposes of determining their net equity under the Judge McMahon Ordered Plan of Allocation. Instead, AIJED LTD was identified as having a positive net equity of over \$^{REDACTED} ^{REDACTED} after the discovery of Madoff’s fraud, when the combined net equity of the two AIJED funds was in fact approximately \$ ^{REDACTED} . The inflated net equity amount resulted in a

payment of over \$REDACTED under the Judge McMahon Ordered Plan of Allocation – or \$REDACTED more than what AIJED should have received if The Brattle Group’s methodology (which formed the basis of the Judge McMahon Ordered Plan of Allocation) had been applied appropriately.

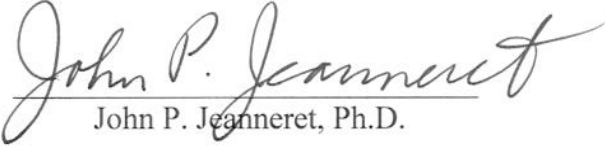
10. When the \$REDACTED AIJED LTD received under the Judge McMahon Ordered Plan of Allocation is subtracted from its true net equity of \$REDACTED, AIJED LTD is revealed to be a significant net winner.

11. In particular, when the AIJED LLC and AIJED LTD accounts are consolidated, and when the distributions received to date by AIJED LTD are factored in, AIJED LTD is a net winner in the amount of approximately \$REDACTED.

12. As a result, when the AIJED LLC and AIJED LTD accounts are consolidated, AIJED would not be entitled to a distribution under the Distribution Order at this point and would not be entitled to any distribution until all investors reach the “Net Equity Break Even Point” (as defined in the Distribution Order). Further, AIJED’s percentage share of the overall net equity would be reduced to zero, thus increasing the net equity percentages of all of the remaining investors that still have positive net equity, including Income-Plus.

In accordance with 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Dated: March 13, 2015


John P. Jeanneret, Ph.D.

CERTIFICATE OF SERVICE

I hereby certify that on March 13, 2015, I electronically filed the foregoing Declaration of John P. Jeanneret, Ph.D. using the CM/ECF system, which sent electronic or other notification of such filing to all counsel of record in this case.

/s/ Brian E. Whiteley

Brian E. Whiteley