ENTWISTLE & CAPPUCCI

Entwistle & Cappucci LLP
299 Park Avenue
20th Floor
New York, NY 10171

(212) 894-7200 Main
(212) 894-7272 Fax
www.entwistle-law.com

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March 25, 2016

VIA ECF

Honorable Thomas P. Griesa
United States District Court
Southern District of New York
500 Pearl Street
New York, NY 10007-1312

Re: ***In re Tremont Securities Law, State Law and Insurance Litigation*, Master File No. 08 Civ. 11117 (TPG)**

Dear Judge Griesa:

Class Counsel respectfully respond to today's letter by counsel for Michael S. Martin in respect of the proposed initial distribution to authorized claimants from the Fund Distribution Account ("FDA"), pursuant to the Order and Final Judgment dated September 16, 2015 (the "Final Judgment") (ECF No. 1185).

Martin's request to stay the planned distribution should be peremptorily denied. Martin's request is: (i) completely meritless; (ii) filed in the wrong court; and (iii) now mooted by Class Counsel's increase in our proposed reserve to the full amount which Martin (however erroneously) contends should be reserved.

First, this Court retained jurisdiction over the Actions and distributions to Fund Distribution Claimants. *See*, Final Judgment at ¶ 10. Any application for a stay pending appeal should have been made first in this District Court. Rule 8(a)(1)(A), Federal Rules of Appellate Procedure. Martin could have made such a motion at any time during the past six months, but did not. A bond on appeal is required. Rule 62(d), Fed. R. Civ. Pro.

Class Counsel have already over-reserved for the alternative allocation Martin proposes. Pursuant to the terms of the Court-approved ("FDA") Plan of Allocation, each Eligible Hedge Fund participating in the Madoff Trustee Settlement that did not receive a SIPC Claim will

receive a claim for 80% of the money it contributed to the settlement agreement with the BLMIS Trustee – the same percentage that Rye Onshore and Rye Offshore received as their allowed 502(h) claim against the BLMIS estate. These amounts are referred to as Virtual SIPC Claims (*see*, FDA at ¶ 20, ECF No. 1185 at 10). Should Martin's proposed alternative plan be approved by the Circuit Court (which it should not be), we believe that the subject Eligible Hedge Funds would, in total, only receive less than $70 million more than in the current distribution. Thus, the current reserve of approximately $84 million is more than enough to cover for this possibility, however unlikely.[1]

In his improperly-filed "Emergency Motion" at the Court of Appeals, Martin contends that "Class Counsel's proposed $84 million reserve would fall, at a minimum, *$32 million* short of the *$116 million* reserve required to make Contributing Tremont Fund investors whole if Martin fully prevails on appeal." Motion at 3. For the avoidance of any doubt, Class Counsel hereby states that they will increase by $32 million to $116 million -- the amount of the reserve in the FDA.[2] This increase completely moots Martin's motion.

Should Martin or any other appellant nevertheless persist in moving for a stay pending appeal, a bond should be required. Rule 62(d).

With the stated increase in the reserve to $116 million pending the appeals, we propose to make an initial distribution from the FDA in the amount of $725 million.

We respectfully request that the Court "so order" this first distribution of $725 million from the FDA.

Respectfully submitted,

Andrew J. Entwistle

Jeffrey M. Haber
BERNSTEIN LIEBHARD LLP

Reed R. Kathrein
HAGENS BERMAN SOBOL SHAPIRO LLP

So ordered.
3-29-16

Hon. Thomas P. Griesa USDJ

cc: All Counsel of Record (Via ECF)

[1] Martin's own Madoff-exposed losses are only $40,257, and he is not authorized to represent any other investors, much less any purported subclasses which this Court has repeatedly denied to appoint. *See*, Final Judgment at ¶ 7; Opinion dated September 14, 2015 at 11-13 (ECF No. 1184).

[2] Class Counsel do not concede the correctness of any of Martin's calculations nor the bases for them, and otherwise reserve all rights herein.