

## ***EXHIBIT 1***

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1 IN THE CIRCUIT COURT OF THE SEVENTEENTH JUDICIAL  
2 CIRCUIT IN AND FOR BROWARD COUNTY, FLORIDA

3 COMPLEX LITIGATION UNIT

4 CASE NO.: 12-034123(07)

5 P&S ASSOCIATES, GENERAL PARTNERSHIP,  
6 a Florida limited partnership, et al.,

7 Plaintiffs,

8 v.

9 MICHAEL D. SULLIVAN, et al.,

10 Defendants.

**ORIGINAL**

11 \_\_\_\_\_/  
12 One Town Center Road  
Suite 301

13 Boca Raton, Florida 33486

14 Wednesday, 10:10 a.m. - 12:59 p.m.  
15 September 9, 2015

16 DEPOSITION OF FRANK AVELLINO

17 VOLUME 1 of 2

18 (Pages 1 through 143)

19  
20  
21 Taken on behalf of the Plaintiffs before  
22 SUSAN MATOS, Court Reporter and Notary Public in and  
23 for the State of Florida at Large, pursuant to  
24 Plaintiffs' Third Re-Notice of Taking Videotaped  
25 Deposition in the above cause.

1 might have stated it.

2 Q. It stated a --

3 A. A rate of return.

4 Q. -- return that Avellino & Bienes was  
5 obligated to pay.

6 A. Yes.

7 Q. Okay. And the money that Avellino &  
8 Bienes received from these people you provided notes  
9 to, did that money get invested into Bernie Madoff?

10 A. All of it was, yes.

11 Q. Did the SEC review the books and records  
12 of Avellino & Bienes?

13 A. By the firm of Price Waterhouse.

14 Q. Excuse me?

15 A. By the firm of Price Waterhouse.

16 Q. Price Waterhouse on behalf of the SEC?

17 A. Yes.

18 Q. Okay. And how is it that Avellino &  
19 Bienes was comfortable providing notes with a rate  
20 of return based upon investments that were being  
21 made by these people into Bernie Madoff?

22 A. Experience dictated it.

23 Q. Okay. Experience being the returns that  
24 were previously obtained through investments with  
25 Bernie Madoff?

1 A. Not that I recall.

2 Q. Never?

3 A. Not that I recall.

4 Q. Okay. So through all the years, 1970s  
5 until 2008, you don't recall ever saying to anybody  
6 you thought it would be a good idea to invest with  
7 Madoff?

8 A. Using your words, no.

9 Q. Okay.

10 A. You said any good idea to invest. No.  
11 Circumstances were probably different in 1992, '93.  
12 So would I say that I recommend anybody? No.

13 Q. Okay. So in the circumstances 1992 and  
14 1993 -- well, we spoke earlier before then where you  
15 would have issued notes, right, to people in  
16 Avellino & Bienes, and then the money that you  
17 received, the proceeds, would then be invested with  
18 Mr. Madoff, correct?

19 A. Yes.

20 Q. Did the people he issued the notes to  
21 understand that the money that they were giving you  
22 was going to be invested with Mr. Madoff or his  
23 company?

24 A. I don't know. I don't remember.

25 Q. You don't remember if you told them what



1 you were doing with their money?

2 A. No.

3 Q. Okay. So do you recall any discussions  
4 with any of those investors asking you how it is you  
5 would be able to give them any type of return noted  
6 in the promissory notes?

7 A. No.

8 Q. Do you recall having discussions with any  
9 investors in Avellino & Bienes about the fact that  
10 their money ultimately was going to be invested with  
11 Madoff?

12 A. I don't recall. I may have, but I don't  
13 recall.

14 Q. Okay. In fact, all the notes that -- all  
15 the notes that Avellino & Bienes issued to  
16 investors, that money went into Madoff, right?

17 A. Yes.

18 Q. Okay. And so your testimony is that you  
19 don't recall discussing with any of those people the  
20 fact that their money was going to be invested with  
21 Madoff?

22 A. No.

23 Q. Okay. Under what premise did these people  
24 give you money?

25 A. On the premise that I was Avellino &

1 Q. What part? What city?

2 A. Holmdel.

3 Q. And what does -- what does he do?

4 A. I don't know now.

5 Q. Do you know if he's employed?

6 A. I don't think so.

7 Q. What was the last job you recall him  
8 having?

9 A. I don't speak to him much, so I don't  
10 know.

11 Q. Do you recall at any point in time him  
12 being involved in computer software?

13 A. Yes.

14 Q. And do you recall at any point in time  
15 Thomas Avellino assisting S&P or P&S in establishing  
16 or -- a computer software system?

17 A. He might have sent them a software  
18 calculation package.

19 Q. And you're saying he might have.

20 A. Might have. He may have. May have  
21 just -- I don't know. I think he did.

22 Q. And would that have been done at your  
23 recommendation to Mr. Sullivan?

24 A. Probably.

25 Q. Okay. And why did you recommend that

1 Mr. Sullivan use a software package from your son  
2 Thomas?

3 A. Make his life a lot easier.

4 Q. Mr. Sullivan's life?

5 A. Sullivan and Greg Powell, the accounting.

6 Q. And why would it make their life a lot  
7 easier?

8 A. Well it was a calculation of -- if you saw  
9 it, you'd understand it.

10 Q. Did --

11 A. And add percentage dates. It was a -- it  
12 was a formula.

13 Q. And how did the formula work; do you  
14 recall?

15 A. You put a dollar and you look at the time  
16 and you look at the rate of return and days, and it  
17 would calculate the income for each one of those  
18 accounts.

19 Q. Okay. And did Thomas provide software for  
20 the -- any of the other entities that we've  
21 mentioned: Mayfair, Grosvenor, any of those?

22 A. Not that I know of, no.

23 Q. Do you know if Thomas ever provided any  
24 software to any entity in which you were involved?

25 A. No.

1           A.    It was an office.  I -- I didn't recall  
2 going there more than once a week.

3           Q.    So when you're operating as Avellino &  
4 Bienes in -- up until the time you stopped operating  
5 as Avellino & Bienes, how many times a week would  
6 you go to the office space --

7           A.    Before --

8           Q.    -- at 6550?

9           A.    Say it again.

10          Q.    While you were operating as Avellino &  
11 Bienes, until the time that Avellino and Bienes quit  
12 doing business, how often would you go to the office  
13 space at 6550?

14          A.    I can't recall, maybe once a month.

15          Q.    Okay.  And now you said you would go once  
16 a week.

17          A.    Well, when it was supposed to be starting,  
18 it was once a week.  But then after that, it was  
19 maybe once a month.  I'm just guessing.  I don't  
20 like to guess.

21          Q.    All right.  So after Avellino & Bienes  
22 ceased operating, what did you next do for work?

23          A.    Nothing.

24          Q.    That is the last job that you had was  
25 Avellino & Bienes?



1 A. Yes.

2 Q. Okay. How did you earn income after --  
3 strike that.

4 After Avellino & Bienes ceased operating,  
5 did you have money directly or indirectly invested  
6 with Madoff?

7 A. Yes.

8 Q. And so you continued to get returns up  
9 until 2008?

10 A. Yes.

11 Q. Okay. What other sources of income did  
12 you have?

13 A. None.

14 Q. That was it, all through Madoff?

15 A. All through Madoff.

16 Q. Okay. And you received some money from  
17 S&P and P&S, and we'll get to that later. So you  
18 had income there too, right?

19 A. Yes.

20 Q. And that came from people investing in  
21 Madoff, right, directly --

22 A. From S&P?

23 Q. Yeah.

24 A. Yes.

25 Q. And P&S. Okay.



1 investments, are you?

2 A. Not that I know of.

3 Q. And prior to the formation of S&P and P&S,  
4 you're not aware of Mr. Sullivan having any  
5 experience outside of his tax business in finance.

6 A. Exactly, yes.

7 Q. No experience.

8 A. No experience.

9 Q. Okay. And prior to S&P or P&S, you're not  
10 aware of Mr. Sullivan having any experience in the  
11 brokerage business.

12 A. Not that I know of.

13 Q. And he's not a C.P.A.?

14 A. No.

15 Q. And do you know who Michael Powell was?

16 A. Greg Powell?

17 Q. Greg Powell. I'm sorry.

18 A. It was his partner.

19 Q. Okay. And prior to P&S and S&P, are you a  
20 aware of Mr. Powell having any background in  
21 investments?

22 A. Not that I know of.

23 Q. Or securities?

24 A. Not that I know of.

25 Q. Or finance?

1           A.    At that point, yes, by them. By Greg and  
2    by Michael.

3           Q.    And how was that fee calculated, do you  
4    know?

5           A.    Well, he had sent statements that said  
6    50 percent of fees, half to Mr. Bienes, half to me;  
7    which means 50 percent of 100 percent.

8           Q.    And so you would get statements?

9           A.    He would send a -- a summary, if you will.

10          Q.    Okay. And did you ever tell him something  
11   to the effect of why are you paying me?

12          A.    Did I ever ask him?

13          Q.    Yes.

14          A.    No.

15          Q.    Okay. So you got a summary and you were  
16   paid a fee, based upon people who you referred into  
17   the partnership.

18          A.    People I may have spoken to. Did I refer  
19   them to them? I'm not so sure I referred them in.

20          Q.    Spoken to about their ability to invest in  
21   S&P and P&S, and that their money would then be  
22   invested in Madoff.

23          A.    Each one was different, so I can't give a  
24   broad answer on that.

25          Q.    You mentioned that you delete e-mails

1 Q. So this bill is incorrect.

2 A. Probably.

3 Q. Okay. So the fact that you're on here is  
4 a mistake.

5 A. Probably.

6 Q. All right. So -- so just so I'm clear,  
7 before S&P and P&S are set up, you're instructing  
8 him to go to an attorney.

9 A. Yes.

10 Q. You're telling him to make sure they do  
11 things right.

12 A. Yes.

13 Q. And you're aware that they have accounts  
14 of other people.

15 A. Evidently they did.

16 Q. What are you basing that on, the fact that  
17 they had accounts of other people?

18 A. For the same reason he's asking me what do  
19 I do? And if he goes to an attorney and the  
20 attorney sets him up properly, and I feel that he's  
21 doing the right thing -- and, remember, he's a  
22 friend, dear friend at church.

23 Q. He asked you what do you do for what?

24 A. Sending money to Mr. Madoff.

25 Q. For sending -- he asked you what to do to

1 send money to Mr. Madoff?

2 A. I -- I -- I don't want to guess. I don't  
3 recall.

4 Q. Well, what exactly -- were you assisting  
5 him in figuring out a way to send money of others to  
6 Mr. Madoff?

7 A. Not at all.

8 Q. Okay. You were sending -- you were  
9 telling him you need to go to a lawyer, you need to  
10 get his 1065s in order, and you need to do things  
11 properly so he wouldn't get in trouble like you  
12 were.

13 A. Exactly.

14 Q. Okay. So in terms of all of that, was  
15 that in connection with him having accounts with  
16 Madoff?

17 A. Evidently, yes.

18 Q. Okay. And so did he ask you for  
19 assistance in establishing an account with Madoff?

20 A. No.

21 Q. Did he ask you for assistance in finding  
22 the name of a lawyer who can help him with paperwork  
23 to ensure that he would have the ability to invest  
24 with Madoff?

25 A. No.



1 Q. So why did you give him an attorney's  
2 name?

3 A. I didn't give him any attorney's name.

4 Q. You never gave him the name of an  
5 attorney?

6 A. No. I don't know who his attorney was.

7 Q. You told him to make sure he went to an  
8 attorney.

9 A. Yes.

10 Q. And you told him to make sure he went to  
11 an attorney in connection with what specifically?

12 A. That he doesn't have the same problem that  
13 Avellino & Bienes had with the SEC. Cover all of  
14 your bases and do it properly.

15 Q. In connection with his efforts to invest  
16 in Madoff --

17 A. Yes.

18 Q. -- either directly or indirectly. Okay.

19 And knowing that Madoff would only accept  
20 accounts of clients, family and friends, and  
21 referrals of clients -- let's go through that for a  
22 minute.

23 Mr. Sullivan was not family to Mr. Madoff,  
24 right?

25 A. Right.





1 S&P or P&S or Powell were making payments to Christ  
2 Church?

3 A. I can't recall.

4 Q. Okay. And so we have payments that went  
5 to 27 Cliff, LLC on here too. Did you direct  
6 Mr. Sullivan or Mr. Powell or anyone on their behalf  
7 to make payments to 27 Cliff, LLC?

8 A. I gave them 27 Cliff, LLC, but did I  
9 direct payments? They made it to 27 Cliff.

10 Q. And you gave them 27 Cliff, LLC for the  
11 purpose of having payments made to you or on your  
12 behalf?

13 A. On behalf of Avellino, yes.

14 Q. Okay. And who did you give 27 Cliff, LLC  
15 to?

16 A. It was put in an account, period. That's  
17 it.

18 Q. But you're saying you gave them 27 Cliff,  
19 LLC. Did you give it to Mr. Sullivan, the name of  
20 that entity?

21 A. I can't recall.

22 Q. Or someone at their office?

23 A. I can't recall.

24 Q. Do you know who Susan Moss is?

25 A. I believe she worked in Sullivan's office.

1 Q. Okay. Did you give it to Ms. Susan Moss?

2 A. I don't know.

3 Q. And these payments would come with  
4 statements?

5 A. I think so.

6 Q. And the statements would indicate how the  
7 money was calculated, correct?

8 A. Yes.

9 Q. And it was calculated based upon accounts  
10 that you were to receive monies from.

11 A. Yes.

12 Q. Okay. And these accounts were designated  
13 as accounts you received money from as a result of  
14 your connection to the accounts, either through --  
15 previously through A&B or otherwise referring these  
16 accounts to Sullivan and Powell?

17 A. I don't know.

18 Q. When you looked at these statements, did  
19 you recognize the names of the accounts?

20 A. Some.

21 Q. And did you and Mr. Bienes get the exact  
22 same amounts?

23 A. Yes.

24 Q. So let's go to the next page of this  
25 document.

1 BY MR. SAMUELS:

2 Q. There's again a payment to 27 Cliff, LLC,  
3 commission Frank Avellino.

4 You would agree that was a commission  
5 payment?

6 A. It was a payment.

7 Q. And they called it commission, you --

8 A. They called it commission.

9 Q. And you don't dispute that, do you?

10 A. It's their books.

11 Q. I'm saying you don't dispute this being a  
12 commission.

13 A. No, I don't dispute that. No.

14 Q. Okay. And following that are the checks.

15 Do you recall directing Mr. Sullivan or  
16 someone at S&P or P&S to make payments that you were  
17 owed as commissions, directly to Richard J. Wills?

18 A. Yes.

19 Q. Okay. And why did you do that?

20 A. Because I wanted to.

21 Q. To have him paid directly?

22 A. Yes.

23 Q. And why did you want -- why didn't you  
24 just take the commission payments and pay him  
25 separately, instead of directing Mr. Sullivan to pay



1 Mr. -- I'm sorry, Pastor Wills?

2 A. It was easy.

3 Q. Bishop Wills. I'm sorry.

4 A. Bishop Wills. Yeah, it was easy. I mean,  
5 that's...

6 Q. It was easier just to do it that way and  
7 use S&P and P&S.

8 A. Exactly.

9 Q. Okay. And do you know if these payments  
10 were made to pay -- to assist Bishop Wills in paying  
11 his mortgage?

12 A. I don't know.

13 MR. SAMUELS: 9.

14 (Plaintiffs' Exhibit 9 was marked for  
15 Identification by the reporter.)

16 BY MR. SAMUELS:

17 Q. So I'd like to show you the first page of  
18 this document. Paid to Richard J. Wills on behalf  
19 of Frank Avellino, and a number of \$3,000 payments  
20 totaling \$50,000.

21 Do you see that?

22 A. Yes.

23 Q. Okay. And that is your recollection that  
24 you directed Michael Sullivan to make \$50,000 worth  
25 of payments to Mr. Wills?



1 A. Carone.

2 Q. Right. But they at some point came into  
3 invest in S&P and P&S --

4 A. Yes.

5 Q. -- and you were getting commissions on  
6 them, right?

7 A. Yes.

8 Q. So why were you claiming that you should  
9 get commissions on them if you did not in any way  
10 discuss with them the possibility of investing in  
11 S&P or P&S?

12 A. I don't recall. I don't recall.

13 Q. Well, what were the parameters under which  
14 you were to get paid a commission or management fee?

15 A. If an account was earmarked by Sullivan  
16 and Powell as people that they thought I would get  
17 something from, they would earmark it. Simple as  
18 that.

19 Q. And what was the criteria they were using  
20 to earmark an account that they thought you would  
21 get something from?

22 A. People -- people they recognized that I  
23 might have known.

24 Q. That you might have known.

25 A. Yes.

1 Q. That simple.

2 A. Yes, it is.

3 Q. As someone you might have known.

4 A. Yes, it is.

5 Q. Okay. Why are you pointing out that Scott  
6 Holloway and Dick Wills were not part of your old  
7 accounts, do you know?

8 A. No, I don't.

9 Q. Did you expect to get commissions on  
10 investments made by Scott Holloway and Dick Wills?

11 A. No.

12 Q. Now, you're talking about "P&S accounts  
13 with Monsignor Kelly" -- is that right?

14 A. Monsignor Kelly.

15 Q. Monsignor Kelly.

16 -- "may be the only accounts we may have  
17 some claims on."

18 Do you see that?

19 A. Yes.

20 Q. So when you're talking about "we may have  
21 some claims on," you're talking about you may have  
22 claims on for commissions or management fees.

23 A. Yes.

24 Q. And why would claims on commissions or  
25 management fees to P&S with Monsignor --

1 Q. So why did you say you may have claims on  
2 those accounts?

3 A. I don't know. The year is 2000.

4 Q. Do you know what you meant when you  
5 said -- or what you meant what you said, "Since you  
6 only take half the management income and give the  
7 other half to charity, I do not see how this can be  
8 negotiated."

9 What were you referring to?

10 A. I don't know. I can't remember.

11 Q. Okay. I'm going back to Pages 2, 3, 4 and  
12 5 of this exhibit; do you know who prepared that?

13 A. No.

14 Q. Okay. If you go to the next page, which  
15 is Bates-labeled Number 006, where it says P&S  
16 accounts?

17 MR. WOODFIELD: I'm not sure he knows how  
18 to read the Bates numbers.

19 THE WITNESS: What am I looking at?

20 MR. SAMUELS: I'm sorry. At the bottom  
21 there's certain pages, Page 6.

22 MR. WOODFIELD: It would be after the --  
23 it says Avellino then an under slash and --

24 MR. SAMUELS: There you go. That's it.

25 THE WITNESS: This one.



1 managed all his work. He had no clue what  
2 investments were. He called me one day and said,  
3 Could you come down to my studio? It was down in  
4 the Las Olas area. As a friend, I went down there.

5 He showed me these statements. And the  
6 first thing I looked at, I said, Matt, your  
7 statements from whatever broker he had, shows you  
8 had \$10 at the beginning of the year. At the end of  
9 the year, you had \$2. Don't you think you lost some  
10 money? What do you think you did? And that's where  
11 it left.

12 He said, Oh, my God. What do I do now?  
13 And I said, There's a guy if you want -- and he knew  
14 the way I lived. He was with -- around for a while.  
15 And he said, What is it you do? I said, I have been  
16 very successful in some businesses I had. And if  
17 you want anything to talk to, you could go to  
18 Michael Sullivan, who's a very dear friend. I trust  
19 him totally. You could call him up and go to him.  
20 And that's what he did.

21 Q. When you're saying he knew the way you  
22 lived, what do you mean by that?

23 A. Well, he knew that I gave to a lot of  
24 charity. He knew I traveled all over the world. He  
25 knew that my life was in good shape with Nancy.

1 Madoff, what do you mean by that?

2 A. Whatever positions he had with Madoff,  
3 could not be pledged. It's a very simple answer.  
4 And if you don't understand that, I'm sorry.

5 Q. When you say -- my understanding is that  
6 someone in S&P, like Michael --

7 A. Mm-hmm.

8 Q. -- his money would be through S&P or P&S  
9 invested in --

10 A. Right.

11 Q. -- stocks with Bernie Madoff securities,  
12 right?

13 Yes?

14 A. Yes.

15 Q. So why is it that his investments could  
16 not be pledged? What -- what is it about the  
17 investments that made it -- that they couldn't be  
18 pledged?

19 A. I am not an expert in it. All I know is I  
20 remembered, they could not be pledged.

21 Q. And why are you involving yourself in the  
22 dialogue on whether or not investment Paragon  
23 Ventures Limited in S&P could be pledged?

24 A. I can't recall why it happened.

25 But I'm telling you, that's the answer



1 that I knew and that was the end of it, as far as I  
2 was concerned.

3 Q. Instead of the why it's happened, why are  
4 you giving advice to Mr. Sullivan on whether or not  
5 securities could be pledged?

6 A. He may have asked could I pledge  
7 Sullivan -- Donald Kahn's money for whatever, I  
8 don't know what he was pledging. But the answer has  
9 always been no. We could never pledge. And it's as  
10 simple as that.

11 Q. And it was your position to advise  
12 Mr. Sullivan on issues like this, as it pertained to  
13 S&P and P&S?

14 A. I wasn't advising anything. I was giving  
15 him a fact.

16 Q. And Mr. Sullivan brought you in the loop  
17 of this conversation why?

18 A. Because he didn't know who else to ask.

19 Q. How about asking Madoff?

20 A. I don't know. Maybe he did ask Madoff  
21 too.

22 Q. Why didn't you refer him to Madoff?

23 A. Why did I not refer him to Madoff?

24 Q. Yes.

25 A. I don't know.

1                   (Plaintiffs' Exhibit 18 was marked for  
2     Identification by the reporter.)

3     BY MR. SAMUELS:

4           Q.     Okay. I'd like to show you what's been  
5     marked as Exhibit 18. From FrankNanc@aol.com. That  
6     would be from your e-mail, correct?

7           A.     Mm-hmm.

8           Q.     Do you recall having discussions with  
9     Michael Sullivan about whether or not he should  
10    change the account at Madoff to -- from a general  
11    partnership to an LLC?

12          A.     No.

13          Q.     Why would Mr. Sullivan ask you these  
14    questions?

15          A.     As a friend. He knew I had gone through  
16    hell once before.

17          Q.     And, apparently, he didn't know who to  
18    call at Madoff to inquire about doing this, right?

19          A.     Evidently.

20          Q.     And so you told him to be in touch with  
21    Jodi Crupi?

22          A.     Yes.

23          Q.     And how did you know that Jodi Crupi was  
24    the person who he should be contacting?

25          A.     Every once in a while, I would call.

1 A. Of all the notes, we paid the notes.

2 Q. Right. And so you expected to make  
3 something higher than that from Bernie Madoff,  
4 right?

5 A. Prudently, yes.

6 Q. Okay. And did, in fact, you earn more  
7 than at Bernie -- from Bernie Madoff than called for  
8 in the notes?

9 A. I don't know.

10 Q. In terms of Michael Sullivan, do you know  
11 if Michael Sullivan exercised any independent  
12 judgment or investment skills to warrant his receipt  
13 of management fees?

14 A. Not that I know of.

15 Q. You're not aware of any investment skills  
16 that he had?

17 A. No.

18 Q. And you're not aware of any investment  
19 skills that he used?

20 A. No.

21 Q. And as we went over today, he had no prior  
22 investment experience.

23 A. As far as I know.

24 Q. So why were you comfortable referring  
25 people to him?



1           A.    He was my friend.

2           Q.    So a friend is good enough, you didn't  
3 need the expertise to get you comfortable?

4           A.    Doesn't need expertise.

5           Q.    And why would he not need expertise if  
6 he's given money to invest?

7           A.    He's giving all his money to Bernard L.  
8 Madoff. He's not the investor, Bernard L. Madoff  
9 was.

10          Q.    I thought you just said you weren't sure  
11 whether he was giving it all to Madoff?

12          A.    Well, I'm just saying the -- what do I  
13 know what he's doing with the other money. I don't  
14 know what he's doing with it.

15          Q.    So --

16               MR. WOODFIELD: Frank, if you could just  
17 turn --

18               THE WITNESS: Oh, I'm sorry.

19               MR. WOODFIELD: No. Turn your chair  
20 straight so she can get you.

21               THE WITNESS: Oh, I didn't know I did that  
22 again.

23 BY MR. SAMUELS:

24          Q.    So -- so, in essence, you were comfortable  
25 referring people to Michael Sullivan, even though he



1 had a lack of investment experience or expertise and  
2 not knowing whether or not all the money was going  
3 to Bernie Madoff.

4 A. Yes.

5 Q. And what would make you comfortable doing  
6 that?

7 A. Michael Sullivan.

8 Q. What is it about Michael Sullivan's  
9 background and experience that caused you to be  
10 comfortable --

11 A. He was honest -- he was honest. He was a  
12 church member. And I trusted him. To me, it's as  
13 simple as that.

14 Q. And after reading a letter he sent to  
15 Bette Anne --

16 A. Yes.

17 Q. -- that we went over today, do you still  
18 believe him to be honest and trustworthy?

19 A. Yes.

20 Q. And there's nothing in that letter that  
21 changes your mind, that causes you to think he might  
22 be deceitful or dishonest?

23 A. Not at all.

24 Q. So you agree with what he said in that  
25 letter?

1           A.    Yes.

2           Q.    So when you were dealing with Mr. Sullivan  
3           or Mr. Powell or in connection with S&P or P&S, you  
4           were acting on your own behalf as well as on behalf  
5           of Mr. Bienes?

6           A.    Yes.

7           Q.    You never maintained a license to act as  
8           an investment advisor, correct?

9           A.    Correct.

10          Q.    And were you aware that Bernie Madoff was  
11          not registered as an investment advisor with the  
12          FCC?

13          A.    Not at all.

14          Q.    You didn't know one way or the other?

15          A.    No.

16          Q.    In terms of the commissions and management  
17          fees that you -- that you received, some of those  
18          commissions and management fees that you received  
19          were in connection with your talking to people and  
20          telling them that they could invest with S&P or P&S,  
21          correct?

22          A.    I received checks because of those people.

23          Q.    Right. And some of those people you  
24          actually told them if they want to stay with Madoff,  
25          they can call Mr. Sullivan.

# *S & P Investment Group, Inc.*

SAVINGS OF AMERICA  
SUITE 600  
225 NORTH FEDERAL HIGHWAY  
POMPANO BEACH, FLORIDA 33062

MICHAEL SULLIVAN

GREGORY POWELL

BROWARD  
(305) 782-3500  
TELEFAX  
(305) 782-3602

March 9, 1992

Ersica P. Gianna  
P.O. Box 39121  
Ft. Lauderdale, FL 33339

Dear Ersica:

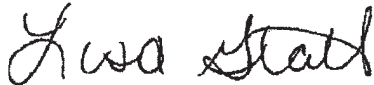
We are in receipt of your check in the amount of \$100,000.00. These funds will be credited to the following account:

Savings Account - \$100,000.00

Please find a copy of the Enclosed letter which was sent to Avellino and Bienes.

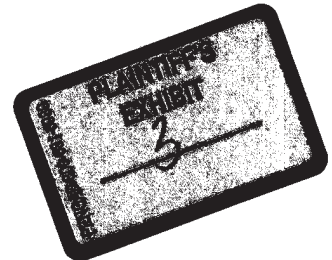
If you have any questions please feel free to call us.

Sincerely,



Lisa Glatt  
For the Firm

Enclosure



GIANNA 0002

CONFIDENTIAL

08-13-15\_PLAINTIFFS\_0014392

*S & P Investment Group, Inc.*

SAVINGS OF AMERICA  
SUITE 600  
225 NORTH FEDERAL HIGHWAY  
POMPANO BEACH, FLORIDA 33062

MICHAEL SULLIVAN  
GREGORY POWELL

COPY

BROWARD  
(305) 782-3500  
TELEFAX  
(305) 782-3602

March 9, 1992

Avellino & Bienes  
Heron Tower  
70 East 55th Street  
New York, New York 10022

RE: Ersica P. Gianna  
P.O. Box 39121  
Ft. Lauderdale, FL 33339  
SSN: 262-72-7791

Dear Lola:

Enclosed is check # 102 in the amount of \$ 100,000.00 Please credit the funds as follows:


1. \$100,000.00 - Savings Account - Ersica P. Gianna

Please send acknowledgements to S & P Investment Group, Inc.  
Ms. Gianna has requested that quarterly statements and interest earned be sent directly to her at the aforementioned address.

This will be a non roll-over account and funded as follows:  
Fifteen percent (15%) to Ersica P. Gianna  
One percent (1%) to S & P Investment Group Inc.

If you have any questions please contact Michael Sullivan or Lisa Glatt.  
Our office hours are 9-5 Monday - Friday. Thank you for your cooperation and courtesy concerning this matter.

Sincerely,



Lisa Glatt  
For the Firm

Enclosure

GIANNA 0003

CONFIDENTIAL

08-13-15\_PLAINTIFFS\_0014393



ERSICA P. GIANNA 08-91  
P.O. BOX 38121  
FORT LAUDERDALE, FL 33339

0110  
08-0417 19/25/11

FOR  
262-72-7791  
1:2670841734: 019007400103 0110 0000000000

RAY OGDON OFFICE  
GLENDALE FEDERAL BANK  
200 NORTH FEDERAL HIGHWAY  
FORT LAUDERDALE, FLORIDA 33304

PAID TO ORDER  
S & P ASSOCIATES  
one hundred thousand  
DOLLARS

11-11-92  
S & P ASSOCIATES  
262-72-7791  
\$100,000

S & P ASSOCIATES, GEN. PTRSHIP.  
225 N. FEDERAL HWY.  
SUITE 600  
POMPANO BEACH, FL 33062

EXPLANATION	AMOUNT

1006

68-8366/2670

CHECK AMOUNT

\$ 2,268.99

DATE 4/12/93  
TO THE ORDER OF ERICA P. GIANNA  
DESCRIPTION 19 Dots  
DOLLARS 1006  
CHECK NO. 1006

SAVINGS OF AMERICA  
A DIVISION OF HOME SAVINGS OF AMERICA F.A.  
POMPANO BEACH OFFICE 836, 225 NO. FEDERAL HWY., POMPANO BEACH, FL 33062

001006 1:267083653402339078665

*Erica P. Gianna*

CONFIDENTIAL

08-13-15\_PLAINTIFFS\_0014394

April 12-93

*Tax Consultants*  
**Sullivan & Powell**

SAVINGS OF AMERICA  
SUITE 600  
125 NORTH FEDERAL HIGHWAY  
POMPANO BEACH, FLORIDA  
33062

MICHAEL SULLIVAN  
GREGORY POWELL  
HOWARD HALL  
LEAH CHRISTOS

BROWARD  
(305) 782-3500  
TELEFAX  
(305) 782-3602

Date: 12/23/92

Erica P. Gianna

P.O. Box 39121

Ft. Lauderdale FL 33339

Dear Partner,

We are in receipt of your check in the amount of \$100,000<sup>00</sup> as a capital contribution to S & P Associates, General Partnership. These monies will be forwarded, when funds have cleared, to the investment broker.

We acknowledge our responsibility as managing partners to keep you informed with the return on our collective investments and your proportionate share of the profits and losses.

It is our intent that everyone receive a copy of the Partnership Agreement for review and as part of your financial records. If you have not received this document, please indicate in the space provided or call our office and we will be happy to provide a copy.

If we are in need of additional information, it will be indicated below and we would appreciate your response as soon as possible so records and distributions can be accurate.

1. ☐ I did not receive a copy of the Partnership Agreement and would like to have a copy mailed to me.
2. ☐ Your Social Security Number \_\_\_\_\_
3. ☐ Please complete all sections of page 12 of the agreement (enclosed).
4. ☒ Please complete section #2 of page 12 of the agreement (enclosed).  
NOTE: Page 12 was recently modified to include this distribution election.
5. ☐ Other: \_\_\_\_\_

Sincerely,  
Michael Sullivan and Greg Powell, Managing Partners  
S & P Associates, General Partnership

GIANNA 0005

CONFIDENTIAL

08-13-15\_PLAINTIFFS\_0014395



**Avellino & Bienes**

Heron Tower  
70 East 55th Street  
New York, N.Y. 10022

Telephone (212) 688-6677  
Telecopier (212) 826-8113

March 11, 1992

Ersica P. Gianna  
P.O. Box 39121  
Ft. Lauderdale, FL 33339

Dear Participant:

We are in receipt of a check in the amount of \$100,000.00. These funds will be credited to the following account:

ERSICA P. GIANNA  
SS# 262-72-7791/0

Interest thereon is calculated at the annual rate of 15.0%, computed quarterly. In accordance with instructions, interest earned will be sent to you quarterly until further notice.

Please be advised that funds can be returned, within two weeks, upon written request. Interest is earned until day of withdrawal.

Very truly yours,

AVELLINO & BIENES

Lola Kurland

LK:ed

cc: S&P Investment Group

GIANNA 0080

CONFIDENTIAL

08-13-15\_PLAINTIFFS\_0014470

**AVELLINO & BIENES**  
70 East 55th Street  
New York, New York 10022  
(212) 688-6677

ERSICA P. GIANNA  
P.O. BOX 39121  
FT. LAUDERDALE, FL 33339

11/16/92

Enclosed please find a check for \*\*\*\*\*101,927.00 which represents \*\*\*\*\*1,927.00 in interest for the period ending 11/16/1992 and your principal of \*\*\*\*\*100,000.00

2627277910

**A STATEMENT OF YOUR ANNUAL INTEREST WILL BE PROVIDED AT THE END OF THE CALENDAR YEAR.**

\*\*\*\*\*  
\* Please check that the information shown above representing entire repay-  
\* ment of principal, and interest for the period up to and including  
\* November 16, 1992 agrees with your records, and sign and return this  
\* letter in the enclosed envelope to Price Waterhouse (Attention Geoffrey  
\* Cook Rm. 2806) 153 East 53rd Street, New York, NY 10022. 033496  
\* The above information is correct except as noted below. \*

033496

\*  
\* Erica P. Giamma  
\* Authorized signature

Dec 2 - 1992 -  
Date

MB0211RTP

**CONFIDENTIAL**

08-13-15\_PLAINTIFFS\_0017438





**Ahearn  
Jasco +  
Company**

February 4, 1994

P & S Associates General Partnership  
Attention: Mr. Greg Powell  
225 N. Federal Highway, Suite 600  
Pompano Beach, FL 33062

Acct. #J-40870

**FOR PROFESSIONAL SERVICES RENDERED:**

- Progress Billing for Tax Services Rendered in Connection with the Preparation of Federal Form 1065 for the Year Ended December 31, 1993 Including Review of Client Data and Initial Set-Up of Tax Return Information.
- Meeting at Client's Office with Mike Sullivan, Greg Powell and Frank Avelino Regarding Partner Reports, Form 1065 and Other Matters.

**TOTAL AMOUNT DUE FOR THE ABOVE PROFESSIONAL SERVICES**

\$ 350.00

2/17 #1060



*"To Ensure Proper Credit, Please Write Your Account Number On Your Check."*

190 Southeast 19th Avenue  
Pompano Beach, Florida 33060  
Phone: 305/781-8800  
FAX: 305/785-8673



Confidential

**FRANK AVELLINO**  
27 CLIFF ROAD  
NANTUCKET, MASSACHUSETTS 02554-3639  
Telephone: (508) 325-7042; Fax: (508) 325-7070

June 5, 2000

Greg Powell  
Sullivan & Powell

Tel: 954-492-0088  
Fax: 954-566-9700

Dear Greg,

Thank you for responding with the list.

The two names I recognize on the P&S Associates list is John Crowley ( Michael and Dianne's friend ) and of course, Carone Pension Trust.

As for the S&P list the accounts attributable to our old accounts are:

Vania P. Alves  
Patricia Hidalgo  
Stanley & Emilie Leonardi ( Dianne's uncle )

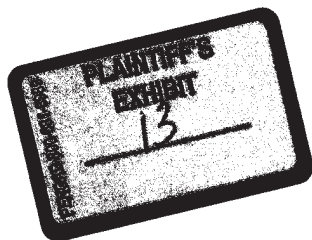
The other accounts like Scott Holloway, Dick Wills etc. were never part of my old accounts.

In summary, the P&S accounts with Msgr. Kelly may be the only accounts we may have some claims on. Since you only take half of the management income and give the other half to charity I do not see how this can be negotiated.

Please feel free to call me should you have any questions.

Sincerely,

Frank Avellino



AVELLINO\_P&S000001  
MB02311RTP

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08-13-15\_PLAINTIFFS\_0019210

## P&amp;S Associates, General Partnership 6/5/2000

Dorothy K.	Bulger	74,000.00
Holy Ghost	Central Account	260,000.00
Holy Ghost	Congress	4,000.00
Robin Leusen	Costa	130,937.06
Robin Leueen	Costa	49,131.47
John J.	Crowley	55,000.00
Centro de	da Juventude (CCJ)	70,658.23
Kelco	Foundation	23,850.68
Paul J.	Frank	100,000.00
Congregation	Holy Ghost	200,000.00
Holy Ghost	Ireland Inc.	117,344.09
Holy Ghost	Ireland/Kinema	60,000.00
Rev. Msgr.	Kelly	10,000.00
Rev. Msgr.	Kelly	30,000.00
Janet B.	Molchan	125,700.00
Janet E.	Molchan	60,000.00
Holy Ghost	Mombasa	113,000.00
Abraham and	Newman	85,000.00
Mary Ellen	Nickens	100,000.00
Holy Ghost	Pastoral Juvenil	52,069.00
Carone	Pension Trust	100,000.00
Edith	Rosen	30,000.00
Paroquia de	Santa Luzia	20,000.00
Projeto	Sao Miguel Paulista	48,000.00
Susan M. &	Shaheen	41,660.97
Pamela S.	Snedeker	70,000.00
Alma L.	Snedeker	35,000.00
Pamela S.	Snedeker	170,000.00
Holy Ghost	SouthWest Brazil	343,000.00
Solutions in	Tax, Inc.	892.00

Frank A.  
 FAX 508.325.7070  
 4 Pages TOTAL

P&S  
 Assoc  
 Page 1 of 1

AVELLINO\_P&S000002  
 MB02312RTP

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08-13-15\_PLAINTIFFS\_0019211



pg 1 y 5

Ettoh Ltd.		250,000.00	Solutions in Tax,	26,000.00
SPJ Investments,		335,186.12	Richard D. & Ann R. Akins	8,900.00
Vanla P.	Alves	49,000.00	Katherine F. Astley	64,000.00
Barbara	Aymes	90,000.00	Kathryn L. Babcock	10,000.00
Sylvia M.	Barbosa	54,728.07	Grace P. Barcroft,	200,000.00
Dolores	Barone	55,000.00	Mary M. Barrows,	30,000.00
Ada S.	Bickel	80,000.00	Roger G. & Terry A. Bond	300,000.00
Laurel & William	Bonhage	143,000.00	Carl & Annette Boschetti	25,000.00
Martin L. & Gloria	Braun	8,000.00	James R. & Ruth A. Brown	50,000.00
Denise B.	Bryan	37,000.00	Walter M. & Brenda Buckley	225,000.00
James	Caplinger	140,000.00	James Caplinger	5,616.29
Gary R.	Chapman	1,915.00	Gary R. Chapman	67,000.00
Leon	Chese	20,000.00	John & Lois Combs	150,000.00
Dave & Melanie	Cooksey	4,000.00	Janet Cooper	800.00
Marina P.	Correia	33,000.00	Denise A. Cram	10,000.00
James & Brigitte	Crowe	10,000.00	Sally Dickman	30,000.00
Leo & Mary	Dunham,	10,000.00	Esther Fellman	50,000.00
Morton	Fellman	50,000.00	Deborah Fellman	30,000.00
Hampton	Financial	238,700.00	Ralph C. Fox	271,627.47
Carol L.	Fox	16,597.00	Carol L. Fox	15,456.57
Carol L.	Fox	15,000.00	Ersica P. Glanna	195,000.00
Wallace M.	Goodman	76,467.47	Lila R. Goodman	58,999.32
Wallace M.	Goodman	70,061.41	David & Gertrude Gordon	47,000.00
Jesse, Lois or	Goss	48,705.19	Elizabeth S. Harris	5,000.00
Mary S.	Haslam	25,000.00	Robert H. & Dorothy Herley	6,000.00
Patricia	Hidalgo	100,000.00	Phillip A. & Jolene Hocott	60,276.85
Phillip A.	Hocott	452,991.14	Jolene O. Hocott	123,331.38
Scott W.	Holloway	220,960.33	Adam S. Holloway	30,000.00
Alicia N.	Holloway	10,128.07	Vernie M. Holloway,	104,000.00
Zelda G.	Holloway,	137,917.84	Howard H. & Joyce Horwitz,	20,000.00

AVELLINO\_P&S000003  
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Pg 2 of 2

Joan L.	Hughes	75,525.19	Lawrence	Hughes	252,048.28
Direct Resource	Inc.	45,480.50	R.G. Bond &	Inc.	100,000.00
Millie	Irwig	60,000.00	Herbert	Irwig	25,000.00
Millie	Irwig	25,000.00	Aaron T. & Lynette	Ishikawa,	37,800.00
Alice B.	Iuen	20,000.00	Edward M. & Phyllis	Jacobs	60,000.00
Kim D.	Janicek,	6,774.95	Jack	Kleinmann	157,323.37
C. Paul & Rose M.	Lambert	90,000.00	Rosemary	Leo-Sullivan	29,500.00
Stanley & Emilie	Leonardi	70,000.00	Beverly B.	Lewis	50,000.00
Nancy V.	Lozito	20,000.00	Dorothea V.	Marema	13,346.70
Rita M.	Marema	18,000.00	Theresa	Mataragas	28,000.00
Christie C.	McGarey	4,477.36	Catharine B.	McGarey	4,555.69
Robert B. Chase	McGarey	9,050.00	Louise	McIlvaine,	143,706.93
Louise	McIlvaine,	54,099.37	Dr. Edward D.	Michaelson	5,000.00
Susan M. Serafini	Michaelson	25,000.00	Martha	Mohr-Franta	225,000.00
Paul H.	Mueller	141,687.63	Karen	Newman	10,000.00
Louis S. & Darlene	O'Neal	45,000.00	Marcio S.	Oliveira	24,000.00
Rose	Orofino	25,000.00	Paul & Tina	Paolozzi	38,000.00
JS&P, General	Partnership	1,180,265.51	Beverly J.	Payne	20,000.00
Robert R. & Gail	Podwill	60,000.00	Jeffrey W.	Possner	20,000.00
Joan M.	Possner	7,000.00	Greg and/or Bette	Powell	59,100.00
Harvey L. & Yvonne	Powell	25,500.00	Bette Anne	Powell	10,452.66
Glen O. & Barbara J.	Powell	20,000.00	Paul A.	Profe, Rev.	200,000.00
Edna A.	Profe, Rev.	225,000.00	Irwin B. & Mary N.	Reed	40,000.00
Mildred R.	Richardson	90,000.00	Edith	Rosen	70,000.00
Lynn	Rosen	34,000.00	Sam	Rosen	80,000.00
Garry & Nancy A.R.	Rothbaum	10,000.00	Phil & Mica	Roughton	25,000.00
Lucille	Rowlette	105,000.00	ASH & KAH Educ.	S. Holloway	29,263.05
Carmelo & Bertha	Santamaria	50,000.00	Angela M.	Silecchia	85,000.00
Kathryn and/or	Silecchia	35,757.50	Kathryn &/or	Silecchia	5,000.00
Lisa I. & Jeffrey S.	Sliva	16,404.01	Catharine B. &	Smith	185,000.00

AVELLINO\_P&S000004  
 MB02314RTP

19 2 1/2

Joseph A. Spelzio	130,000.00	Ann M. Sullivan	340,526.28
Michael D. & L. Gail Sullivan	42,000.00	Ann M. & Michael D. Sullivan	108,239.66
Michael D. & L. Gail Sullivan	40,000.00	Mary Jo Sullivan	5,000.00
Marilyn A. Swiger	1,000.00	Vivianne Walker	45,506.21
Cindy Wallick	129,500.00	Gregg Wallick	429,400.00
Alvin S. & Evelyn K. Weaver	10,000.00	Jennifer J. Weber	324,630.64
Anne W. Wensel	123,287.28	Richard F. & Bette West	39,000.00
Elsa Williams	170,000.00	Dr. John I. Williams,	50,000.00
Evelyn L. Willis	15,000.00	Johanna Willis	8,600.00
Eileen W. & Richard Wills, Jr.	20,000.00	Jack B. & Barbara Wirick	12,000.00
Mark D. Wirick	29,590.50	Hans & Ruth Wirtz	84,000.00
James E. Yonge, trustee	100,000.00	Elisabeth M. Zittel	10,000.00

AVELLINO\_P&S000005  
MB02315RTP

## SULLIVAN &amp; POWELL

2004

P&S ACCOUNTS	Account Balance 12/31/2004		
Carone Pension Plan	474,986		
James Jordan Trust	400,000		
Carone Marital Trust	511,000		
Carone Marital Trust	630,000		
Carone Revocable Trust	150,486		
Paragon Ventures	0	5,000,000	Was returned
Elaine Ziffer	1,000,000		
Carone Family Trust	335,000		
Total	3,501,472		
Management fee	115,153.18	MB	FA
	50% 57,576.59		
	50%	28,788.30	28,788.30

## S&amp;P Accounts

Vania Alves	76,769		
James Judd	180,000		
Hooker Trust (Donald Kahn)	117,981	4,000,000	Was returned
James Jordan IRA	3,060,250		
Fernando Esteban IRA	19,226		
Margaret Esteban IRA	547,717		
Total	4,001,943		
Management fee	105,909.07		
	50% 52,954.54		
	50%	26,477.27	26,477.27
Total		55,265.57	55,265.57

AVELLINO\_P&S000006  
MB02315RTP



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**Gross Annualized Percentage Rates (by year)**

S&P Assoc.    P&S Assoc.  
(Fr. Kelly's group)

<u>Year ending</u>	<u>Gross %</u>	<u>Gross %</u>
1993	16.58	16.74
1994	14.91	16.42
1995	17.92	17.66
1996	18.36	18.51
1997	20.56	21.46
1998	18.61	19.89
1999	18.33	* ~21.32

\*1999 records at CPA, so don't have an exact figure

<u>Average</u>	<u>17.90</u>	<u>18.85</u>
----------------	--------------	--------------

AVELLINO\_P&S000007  
MB02317RTP

CONFIDENTIAL

08-13-15\_PLAINTIFFS\_0019216

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S&P Associates, Gen. Partnership - Net Annualized Percentage Rates

<u>Qtr ending</u>	<u>% (NET)</u>
3/31/93	18.85
6/30/93	15.82
9/30/93	12.56
<u>12/31/93</u>	<u>13.26</u>
3/31/94	13.66
6/30/94	11.95
9/30/94	12.30
<u>12/31/94</u>	<u>11.41</u>
3/31/95	12.37
6/30/95	14.36
9/30/95	13.71
<u>12/31/95</u>	<u>13.95</u>
3/31/96	13.74
6/30/96	13.11
9/30/96	13.79
<u>12/31/96</u>	<u>14.36</u>
3/31/97	18.11
6/30/97	20.30
9/30/97	17.42
<u>12/31/97</u>	<u>16.10</u>
3/31/98	16.87
6/30/98	17.06
9/30/98	14.32
<u>12/31/98</u>	<u>14.54</u>
03/31/99	18.68
06/30/99	17.36
09/30/99	14.55
<u>12/31/99</u>	<u>14.32</u>
<u>Average NET Return 1993-1999</u>	<u>13.99</u>

AVELLINO\_P&S000008  
MB02318RTP

CONFIDENTIAL

08-13-15\_PLAINTIFFS\_0019217

Frank J. Avellino  
27 Cliff Road  
Nantucket, MA 02554-3639  
Telephone: (508) 325-7042  
Fax: (508) 325-7070

VIA FED EX

Re: Margaret E. K. Esteban - Retirement Accounts, Inc.

Dear Susan,

Enclosed please find two checks one for \$537,618.80 and another for \$83.00 made payable to Retirement Accounts, Inc. for the new Margaret E. K. Esteban IRA account. The funds are the proceeds of a rollover from a previous IRA account with Royal Alliance Associates, Inc. which was terminated on July 23, 2004.

All of the attached documents have been properly signed and dated according to your indications.

Please acknowledge receipt of this package by either calling me or by fax at the above numbers. I have made copies for Margaret and myself. Please send a formal copy and receipt to Ms. Esteban at 123 Main Street, Nantucket, MA 02554.

Thank you for your kind consideration.

Sincerely,

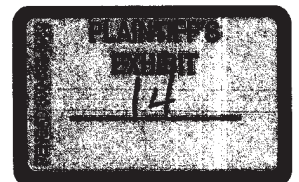
*Frank*

Frank Avellino

*Hi Susan,*

*I am sending by Fed Ex today (8/17/04)  
For tomorrow A.M. delivery.*

*Frank*



## ***P&S Associates, General Partnership***

Coral Ridge Office Center, Suite 301  
3696 North Federal Highway  
Fort Lauderdale, FL 33308

Michael D. Sullivan

Telephone: 954-492-0088  
Fax: 954-938-0069

August 10, 2012

Dear Partner,

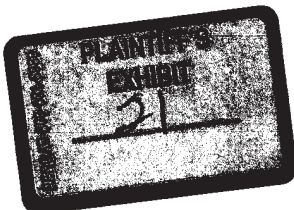
This letter is in response to the recent, undated letter from members of the group represented by Berger Singerman, LLP, (BS Group) regarding changing the Managing General Partner of S&P Associates and P&S Associates (together, the "Partnerships"). The BS Group letter makes slanderous and insupportable accusations against me to serve their own purposes which they specifically state are unproven. Below I will address each item of their letter.

Please be aware that what the BS Group is really hoping to do is to get its hands on your money so it can use your money to fund expensive litigation. **My goal all along has been to make sure the partnership funds are distributed to you as quickly as possible and with as few legal expenses as possible.**

Regarding the BS Group and the records, I have actually met several times with members of this group and answered their questions. **But think about this: if any of this were true, do you really think Irving Picard, the Madoff Trustee with his army of forensic accountants and attorneys would have just given me a complete release of all liability? He did so in connection with the settlement, which now gives us the ability to get some of your hard-earned money back to you.**

### **The malicious and slanderous allegations made against me:**

- The BS Group wants me to sue Frank Avellino and Michael Bienes. But that would be an incredible waste of your money. Picard has sued Avellino and Bienes. If we tried to sue them now, the bankruptcy court would prevent the lawsuit from proceeding.
- The BS Group claims I have withheld records but, in fact, we have given them all the records, the same exact books and records given to Irving Picard. They have had those records for almost a year. In a recent conversation with the first forensic accountant they hired Ali Ansari, the records actually sat in his office for 6 months completely untouched. They have still only done a preliminary review because they want to use your money to fund this. This will drain partnership funds that should be going directly into your pocket.
- The BS Group has seven bullet points as to why they believe I should be removed. However, they also state "these findings are based on a preliminary review of the documents," In other words, they are making statements without proof.
- Partnership funds were never paid to Avellino and Bienes or anyone else. Avellino and Bienes have never had any control over the partnerships. To insinuate that I am a "front man" or that anyone else has control is both slanderous and malicious and without merit.



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- All partners signed a partnership agreement that the Managing General Partner would receive fees of 20% of the profits. That was all that was paid to the Managing General Partner. This amount can be proved. There were no additional management fees paid to companies controlled by me.
- The charitable contributions made were a reduction of management fees and not paid out of any partnership funds whatsoever. Each partner's account was completely unaffected by this. Other charities including the Festus and Helen Stacey Foundation received the same decreased management fees. The only difference is how those funds were directed by the specific charity.
- SPJ Investments held the IRA for the partnerships, under law an IRA cannot be invested in a General Partnership. All funds are accounted for and all Limited Partners received statements. JS&P is closed and all activity is reflected in the books and records of the partnerships. Guardian Angel Trust is a partner in S&P and I have absolutely no financial interest in this company and this has been stated to the group more than once. I have never had possession of any records for this partner. Regarding the statement that these companies held "millions of dollars of partnership assets" that is completely false. All the funds were properly shown on the records of the partnerships, the same as every partner. These companies were investors in the partnerships like everyone else. They did not hold partnership investments. Like all partners in the partnership they received K-1's and filed separate tax returns. The accusation that these companies held partnership funds is absurd and unfounded.
- All funds were invested for each partner. Throughout the start of the partnerships right up until the past months all partners have received statements or letters asking them to confirm the amount invested is correct. There has never been a discrepancy that wasn't immediately resolved with any partner. To insinuate that these funds are in anyway missing is intentionally malicious and slanderous against me. Again, all records have been turned over to the Madoff trustee. After a thorough investigation of the records, the identical records that had been turned over to the BS Group almost a year ago, **the trustee approved our claim.**
- No commissions were paid from partnership assets. For the group to say that commissions were paid from partnership assets is a complete fabrication and again is slander. In fact, the partnership was entitled to charge a 20% management fee plus direct expenses of the partnership, yet the Managing General Partner only charged legal, accounting, bank fees and at times direct supplies. The Managing General Partner did not pass on rent, bookkeeping/administrative fees or other operating expenses on to the partners even though he was entitled to do so.
- The BS Group has had control of the records for almost a year and now states there are missing items. These are the same documents that were reviewed and considered complete by the Madoff Trustee.

Another factor to consider is that the Festus and Helen Stacey Foundation (original members of the BS Group) sent in their financial advisor, Patrick Kelly and their CPA to review our books and records and the Madoff investment in the same year the Madoff fraud was discovered. They visited our office and were provided access to all our books and records. They also visited with our accountant Mike Kuzy. After a review the Foundation's investment was never changed. As a side note Patrick Kelly had stated to a witness and myself he was planning on investing in the Madoff fund.

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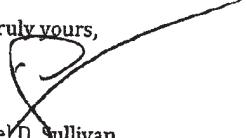
The BS Group goes on to say that many millions of dollars are unaccounted for in the partnerships, yet they offer no proof. And once again, Irving Picard has reviewed partnership records and verified our claim. Their solution is to change the General Managing Partner because of unproven allegations. At the same time they offer no plan on how much the change will cost or what benefit it will provide to all partners. They offer no proof because there is no proof!

As stated in my previous letter, we are nearing the end. Our attorney Helen Chaitman is in control of all the funds for both partnerships. We hope to start distributions later this year as soon as we receive the court decision on how to distribute the fund. Don't allow a small group of partners to spend your share of the distributions coming to you. If anyone believes anything is wrong they have a right to sue using their own money. **Do not let them use your money for their witch-hunt** that is based on slander, maliciousness and a personal vendetta against me. Let them fund their own witch-hunt.

As I said before this is a personal vendetta solely against me and I apologize for all of you being dragged in to this. As a result, those making these malicious and slanderous statements or participated in the BS Group letter against me will be held responsible.

If you have sent a proxy to The BS Group voting for a change in the Managing General Partner **you still have a right to change your vote.** We have enclosed a proxy if you are unable to attend the meeting. You can fax the signed and dated proxy directly to me at 954 938-0069.

Very truly yours,

  
Michael D. Sullivan  
Managing General Partner

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PROXY

SPECIAL MEETING OF THE PARTNERS OF P & S ASSOCIATES

August 17, 2012

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, being a partner of P & S Associates, a general partnership (the "Partnership"), entitled to vote at a special meeting (the "Meeting") of the partners of the Partnership, does hereby constitute and appoint the following person(s) in the following order, namely, Janet Jordan and Roger Bond (each, a "Proxy Holder"), to be my true and lawful agent, with full power of substitution, to attend the Meeting of the members of the Partnership to be held on August 17, 2012 at 11:00 a.m. or any continuation or adjournment thereof, with full power to vote and act for me and in my name and stead, in the same manner, to the same extent, and the same effect that I might, were I present in person.

The Proxy Holder(s) shall cast a vote for or against the following proposals.

Proposal Number 1:

AS TO THE PROPOSED REMOVAL AND REPLACEMENT OF THE MANAGING GENERAL PARTNER

For: \_\_\_\_\_ Against: \_\_\_\_\_

Proposal Number 2:

AS TO AMENDING THE PARTNERSHIP'S PARTNERSHIP AGREEMENT TO REFLECT THE CHANGE OF MANAGING GENERAL PARTNER (IF PROPOSAL NUMBER ONE PASSES)

For: \_\_\_\_\_ Against: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Date

Voting will occur at the Meeting, and at the conclusion of the Meeting, polling will close and proxies and/or ballots will be counted.

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From: Burt Moss Financial

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**Michael D. Sullivan & Associates, Inc.**

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Susan H. Moss, E.A.  
mail: Gop9401@aol.com

e-

June 18, 2013

Dear Bette Anne:

Over the Holiday I will let you know what I will do over the next 5 years. Please forgive me if I sound angry but everything seems to point to me being the bad guy. Somehow all the money I have brought into the business to pay for the life style you have enjoyed does not even enter into this equation! It seems I get to do all the hard work, minus my best friend and partner while everyone else just goes on with life as usual.

As I continue to pray, I will be able to finalize this with you within the next 30 days. I will base my gift to you over a 5 year period as long as certain life and market conditions continue as the have.

BA, know this, I will never leave you without. I should not have to justify this but I feel I cannot do enough to satisfy you.

Right off the bat you should be completely aware that the gift of this business was only given to me not Greg. It came from a close friend in my church, Frank Avellino. He came to me alone as an individual. Most of the people who came into our partnership were friends of our church. I was reminded constantly by Frank that this was my gift alone.

Because Greg was my closest friend and partner I wanted to share the gift I had been given with him. And I did for 11 years. We have all been blessed.

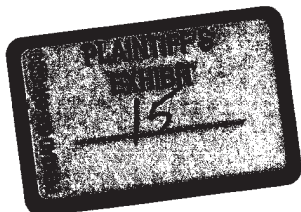
Greg has been called home to be as we know, is in a glorious life, one we all long for. My goal with this letter is to clear up some of the apparent confusion you have regarding compensation as evidenced in your letter to me.

You stated that you thought you were not going to have any financial problem. I cannot unfortunately guarantee that for a number of reasons. If something happens to the stock market, to our investors, to Frank our contact or myself this investment partnership could change drastically. This is a very fragile business with no certain guarantees. You must deal with the real possibility of this taking place.

If something were to happen to me, death or grave illness, the business in effect would be closed. You have no idea or apparently never understood just how important my relationship to this business is. I am the person who deals with the main source, Frank Avellino. He has given and entrusted to me this gift and can take it back at any time and earn the entire commissions for himself. BA, 95% of all the business ever generated through this company came in through my efforts alone. I am not boasting but this is what the Lord dealt to me.

Basically all the investors are from my contacts or personal relationships that I have nurtured through the years.

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In most business firms the partner who brings in the money makes significantly more money. The income producers are the key to any business.

In no way shape or form is any of this to take anything away from Greg. He was my best friend and together we make each other complete. I am simply pointing out facts you need to be aware of.

I felt in your heart there was a time that you felt when Greg was called home that you would be a partner in this business. I don't know where you got that idea but that could and would never happen. For one thing Frank Avellino would never have allowed it. Greg was my only partner and it would be inconceivable to have anyone else fill his roll. Both of us knew that and that is one of the reasons in the partnership agreement all decisions would be left to the surviving partner in the event of a death.

As I look at your expenses you sent me it appears you want me to keep up two homes and operate everything as if Greg was still here and working. I would like nothing more than to have Greg still here.

This is a working business not a monthly ATM. This business requires constant work and care.

Bette Anne at some point you will have to make some changes in your lifestyle. I told you that I would help support you and I want to make sure we both know just what is reasonable and what God would bless. There must be boundaries of with a beginning and ending to help you move on with your life. This is only healthy for you. You must rely on yourself for your own self esteem. But still know I will always be there to help you along the way.

I want you to know that I have talked to five strong Christian brother both in business and pastors. Each one of them not knowing what the others have advised have all given me basically the same advice. Each one of them knew my special relationship with Greg.

You stated in your letter that all the hard work Greg had done should count for something. Greg was a hard worker and enjoyed the fruits of our business as have you and your children over these last few years. However this last year as you know Greg worked no more that 20 days - making a total of 150 hours and took a large compensation for this. He was able to complete his work in 150 in a year that we had the most clients we have ever had. If he did this last year what do you think the work load was for him in prior years with less clients?

Greg worked on so many other things ministry, m church retreats not just business. Greg loved to be in the office all day. He loved to "piddle around". The bulk of his daily effort were not spent on S&P.

Greg was the very best friend and worker and was a true witness to his disciple, methodicalness, but all his time was not spent on business related work.

You also said, I do not know where your peace come from. For the last 20 years (through toe Lord) I have made enough contacts, nurtured clients that have helped pay for four of your houses, boats, cabins, multiple wedding reception, vacation tickets and good times for the children. You have not missed a pay check since Greg passed away. I sleep well knowing these thins I have done honoring God. You may not like how things are happening and may never like them but Greg knew why it was to happen. That is one of the reasons out of all the many people in your families he appointed me as the executor of his will. I know all the facts.

You made the comment that you have to crawl to me for money. Please do not try and make me feel that I have not helped you. The truth is tat there was no estate planning done nor was there sufficient life insurance left to you. Why Greg did not do better planning is beyond me. I have made sure over the years that my family is provided for if anything were to happen to me as they can not count on proceed form this business. This discussion about your needing money, crawling to me and what I am going to to support you should have taken place with Greg and a financial advisor not me. But I will honor Greg and God with helping you.

I legally owe you no money. We both know that. If I died first this business would have been dissolved within a year and the accounts given to other parties. I want to give you enough money for a few years but this again will be restricted to what the future holds. The business could be worth nothing if I die, the market crashes or Frank or Bernie dies. All of our financial lives cud change overnight. Everything is only for a season of time.

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If I wanted to keep all the money BA I just would after all I am the only one doing the work. The monies I send you are not part of an agreement as Greg and I had none. These are gifts to you.

If I did not have a written agreement with Greg who was my partner for 20 years, I will not have one with someone who is not my partner. The money I send to you are not of "all the hard work" that you feel is owed to Greg but are sent to you out of Christian friendship and love. Both Greg and I lived by faith.

Finally, you said Greg told one of his children if he died you would have no financial concerns. If you sold one of your homes and put the proceed in the investment you would have one house free and clear and have over 400K coming a nice yearly income. I am sure Greg was thinking in those terms.

You also stated it was hard to believe that Greg and I had no business agreement. I find it hard to believe that you would think there was an agreement when you and he had never discussed your own financial plans in the event of his death. May I remind you that you are still receiving his pay check.

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