

## ***EXHIBIT 3***

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

CASE NO.: 12-34123(07)

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

Plaintiffs,

vs.

STEVEN JACOB, et al.,

Defendants.

\_\_\_\_\_ /

DEPOSITION OF

MICHAEL SULLIVAN

VOLUME 1 of 1  
Pages 1 through 166

Tuesday, March 8th, 2016  
9:30 a.m. - 2:28 p.m.

BERGER SINGERMANN, LLP  
350 East Las Olas Boulevard  
Fort Lauderdale, Florida

Stenographically Reported By:  
Ashley C. Nehme, FPR  
Florida Professional Reporter

1           A.    I don't understand what everything is.  I  
2    heard that, but whatever it is, you know, I just  
3    haven't followed it.

4           Q.    Well, going through documents at your  
5    earlier deposition pertaining to payments that were  
6    made to Mr. Avellino and Mr. Bienes or on their  
7    behalf --

8           A.    Right.

9           Q.    -- by Michael D. Sullivan & Associates.

10          A.    Right.

11          Q.    I want to talk about those payments.

12          A.    Yes, sir.

13          Q.    Also, I want to ask you generally in terms  
14    of S&P and P&S whether or not, we'll call them  
15    commissions for now, whether or not commissions were  
16    paid to other individuals or entities in connection  
17    with them referring clients into S&P or P&S?

18          A.    Okay.

19          Q.    They were, right?

20          A.    Oh, yes.

21          Q.    People did receive commissions?

22          A.    Yes.

23          Q.    Okay.  Were any of those done under  
24    written agreement or were they all oral  
25    understandings?

1 Q. And the commission payments made to them,  
2 were they paid by S&P or P&S, or were they made  
3 through Sullivan & Powell, Solution & Tax, or  
4 Michael D. Sullivan & Associates?

5 A. I believe Michael D. Sullivan &  
6 Associates.

7 Q. Were -- Did you ever discuss with Michael  
8 Bienes or Frank Avellino how you calculated the  
9 management fees you were receiving?

10 A. Not that I remember.

11 Q. Did they ever ask to see how you  
12 calculated the management fees?

13 A. Not that I remember.

14 Q. Okay. And did you ever disclose to them  
15 how you were calculating the management fees?

16 A. Not that I remember.

17 MR. SAMUELS: Just bear with me for a  
18 minute.

19 Let's mark this as the next exhibit.

20 (The referred-to document was marked by  
21 the court reporter for identification as  
22 Plaintiff's Exhibit 3.)

23 BY MR. SAMUELS:

24 Q. Can you identify what's been marked as  
25 Exhibit 3?

1 A. Pardon me?

2 Q. Mr. Sullivan, can you identify what I just  
3 marked as Exhibit 3?

4 A. Yeah, it's a document that looks -- I can  
5 identify it. It's a P&S Management Fee Calculation.  
6 That's what the top of it says.

7 Q. And these P&S Management Fee Calculations,  
8 were these - were these documents belonging to  
9 Michael D. Sullivan & Associates or Michael  
10 Sullivan?

11 A. I do not know.

12 Q. Okay. So you don't know whether these  
13 were gathered from Michael D. Sullivan or your  
14 personal computers?

15 A. It looks like something I would have  
16 produced, but whether this particular document is  
17 among those I do not know. I don't have my records  
18 to tell you.

19 Q. In terms of the management fee calculation  
20 that were made.

21 A. Yes.

22 Q. Were those calculations done on the books  
23 and records of Michael D. Sullivan & Associates or  
24 Sullivan & Powell or Solution & Tax on the one hand,  
25 or were they in the books and records of P&S or S&P

1 on the other hand?

2 A. I'm not sure.

3 Q. Okay. Now, let's just -- I just want to  
4 go over a couple of these sheets with you, if I can.

5 A. Sure.

6 Q. This is for 2002.

7 A. Uh-huh.

8 Q. So at the bottom here it says Kelco  
9 clients and year-to-date management fees. Do you  
10 see that?

11 A. Can you point to that.

12 Q. I'm sorry, in the lower column.

13 A. Oh, yes. Yes, yes, yes.

14 Q. It has year-to-date management fees for  
15 Kelco and that totals \$90,473.25, correct?

16 A. That's what it says.

17 Q. And that would be one half of your  
18 management fee would be, therefore, payable to Kelco  
19 for the clients that Kelco brought into the  
20 partnership; is that true?

21 A. That's what it appears, yes.

22 Q. Okay. So there's a total of 90,473.25 of  
23 which 45,236.62 would go to Kelco, correct?

24 A. Correct.

25 Q. And then in the upper right-hand corner.

1 A. Uh-huh.

2 Q. It says less A and B year to date. That  
3 would be Avellino and Bienes?

4 A. Yes.

5 Q. And then commissions paid, and it would  
6 show a net fees due of \$20,001.11, correct?

7 A. That's what it says on the paper.

8 Q. Okay. And so how would this be handled  
9 then? Would a check be made payable to Sullivan &  
10 Powell for the 20,000?

11 A. I'm not sure. I couldn't tell you. You'd  
12 have to -- The records I'm sure would indicate how  
13 that was handled.

14 Q. All right.

15 A. Are we finished this?

16 Q. Yes. Let's go to Exhibit 4 now.

17 (The referred-to document was marked by  
18 the court reporter for identification as  
19 Plaintiff's Exhibit 4.)

20 BY MR. SAMUELS:

21 Q. Okay. This appears to be S&P Management  
22 Fee Calculation for the year 2007, correct?

23 A. That's what it appears.

24 Q. I asked this question earlier, but I just  
25 want to make sure timeframe-wise, because I may have

1 just asked about the other document, I'm not sure.  
2 But timeframe-wise in terms of these S&P Management  
3 Fee Calculation from inception through the end, is  
4 it a fair statement you're not sure whether or not  
5 these were documents of Sullivan & Powell, Solution  
6 & Tax, Michael D. Sullivan on the one hand or S&P,  
7 P&S on the other hand, you're just not sure?

8 A. That's correct.

9 Q. Okay. So in this document -- Let's see,  
10 it shows management fees 2007. If you look, I'm  
11 sorry, in the bottom, first column.

12 A. Just point.

13 Q. Right here.

14 A. Yes.

15 Q. It shows a number of checks drawn and  
16 split checks. Do you know who those checks were  
17 drawn to?

18 A. Can't tell you.

19 Q. And then it shows -- That indicates that  
20 those are management fees in 2007, correct?

21 A. I don't know. Just what's on here. I  
22 can't tell you.

23 Q. Who -- Would Susan Moss know?

24 A. If she prepared this she would.

25 Q. Who would have been preparing these in



1           A.    No, I'd have to go over all the records,  
2           analyze them, look at them.  I haven't looked at  
3           these records in years, ten years.

4           Q.    Okay.  Going back to the prior exhibit,  
5           can you tell if that document reflects a printout  
6           from your computer, as opposed to S&P books and  
7           records?

8           A.    I can't tell you.

9           Q.    And in terms of your personal computer or  
10          the computer of S&P -- I'm sorry.  In terms of your  
11          computer, computer that you worked on at Michael D.  
12          Sullivan & Associates, you would not provide access  
13          to your computer to the partners of S&P or P&S,  
14          would you?

15          A.    No.  Do you do that to your clients?  
16          Okay.  The answer is no, thank you.

17          Q.    Just asking the questions.

18          A.    I'm just answering the questions.

19          Q.    Well, that's fine.

20                   (The referred-to document was marked by  
21                   the court reporter for identification as  
22                   Plaintiff's Exhibit 5.)

23          BY MR. SAMUELS:

24          Q.    All right.  So let's continue now with the  
25          Partnership Agreement.  Do you recognize this

1 Q. So M.D. Sullivan now would get 20 percent  
2 instead of the 10 percent, right?

3 A. Correct.

4 Q. And when you said you made decisions in  
5 terms of what to do with the money, did you make any  
6 decisions concerning paying Bette Anne Powell or any  
7 of their partner's kids?

8 A. Correct.

9 Q. And what was that decision?

10 A. I don't remember. I think I gave her  
11 around 5,000 a month and paid other bills, like  
12 health insurance and other things.

13 Q. And the records of Michael D. Sullivan &  
14 Associates, I mean, I asked about the computers,  
15 right?

16 A. Uh-huh.

17 Q. And of course, you wouldn't let the  
18 partners in. But the actual records of Michael D  
19 Sullivan & Associates, those were not made available  
20 to partners either, right?

21 A. I have no idea who had seen it. All the  
22 books and records were together, if someone wanted  
23 to come in and inspect the books, all my records  
24 were there.

25 Q. For Michael D, Sullivan & Associates?

1           A.    The book was right next it if they wanted  
2 to see it.

3           Q.    My question is that if someone wanted to  
4 come in and see the books of Michael D. Sullivan &  
5 Associates, they could have come in and see those,  
6 okay? I'm not talking about S&P and P&S, I'm  
7 talking about the Michael D. Sullivan & Associates.

8           A.    My book was right next to all the books.

9           Q.    Okay. You're not aware of anyone actually  
10 looking at the Michael D. Sullivan & Associates  
11 records, are you?

12          A.    I wouldn't have any idea.

13          Q.    And there was one point in time when  
14 certain books and records got copied and sent over  
15 to an accountant, correct? Are you familiar at a  
16 point in time when one or more of the partners  
17 obtained certain copies of the S&P or P&S records?

18          A.    I don't know what you're referring to.  
19 Could you --

20          Q.    Yeah, okay. Was there ever a point in  
21 time where the Festus Foundation and perhaps others  
22 obtained certain copies of the books and records of  
23 S&P and P&S?

24          A.    Well, they wanted the records brought over  
25 with a third party to look at.

1 Q. That's what I'm referring to.

2 A. Oh, well, just tell me then. It's a lot  
3 easier if you just tell me. I didn't know where you  
4 were coming from.

5 Q. I get it. We'll get there. I'm trying,  
6 I'm trying.

7 Okay. So there's a point in time, now,  
8 those books and records went to not include the  
9 records of Michael D. Sullivan & Associates, your  
10 own company records, correct?

11 A. I do not remember what records went over  
12 to him.

13 Q. Okay.

14 A. There were a lot of boxes.

15 Q. Wouldn't you agree that what you do with  
16 Michael D. Sullivan & Associates money is nobody  
17 else's business but your own?

18 A. I would agree to that.

19 Q. Were the books of the partnership kept on  
20 a cash basis or on an accrual basis, do you know?

21 A. I believe they were on a cash basis.

22 Q. Let's go to Paragraph A .4 of the  
23 Partnership Agreement, please. Page 6.

24 This calls for the partners to hold a  
25 regular quarterly meetings on the third Tuesday of

1 A. Which entities are you talking about?

2 Q. Take a look at the first page.

3 A. Well, what years were these payments made?

4 Q. 2003 through 2008.

5 A. I can't tell you. I believe early on they  
6 were going to Avellino and to Bienes, and then later  
7 on they went to the charities.

8 Q. Would they have instructed you or  
9 Mr. Powell to make the payments to the charities?

10 A. It would have been all depending on the  
11 period of time, pre or post death.

12 Q. And you cannot pinpoint the death time?

13 A. Ten years ago, I guess. I don't know.

14 Are we finished this?

15 Q. Yes.

16 (The referred-to document was marked by  
17 the court reporter for identification as  
18 Plaintiff's Exhibit 7.)

19 BY MR. SAMUELS:

20 Q. Okay. I'd like to show you what's been  
21 marked as Exhibit 7. This says -- The first page  
22 says, and the other pages after this, indicate S&P  
23 Associates Management Fees to A & B.

24 A. Correct.

25 Q. Some of them say P&S Associates Management

1 Fees to A & B.

2 So are these documents from the books and  
3 records of Sullivan and Powell or Solution & Tax or  
4 Michael D. Sullivan & Associates on the one hand, or  
5 S&P and P&S on the other hand?

6 A. I cannot tell you.

7 Q. Okay. Who would know?

8 A. Well, I'd have to take a look at all the  
9 books and records I have in our office and I'd be  
10 able to tell you.

11 Q. Okay. Now, I just want to go through some  
12 of these names.

13 A. Sure.

14 Q. Do you know who is receiving a management  
15 fee for Judd? I'm sorry, do you know who brought  
16 Judd into the partnership?

17 A. Yes.

18 Q. Who is that?

19 A. Michael Bienes.

20 Q. Let's go to the next page, Alves?

21 A. The next page is Judd again.

22 Q. Yeah, keep going until you see Alves and  
23 Judd, 6,674. You got that?

24 A. Yes.

25 Q. Who brought Alves in?

1 records I'd be able to tell you.

2 Q. I'd like to go through first page of  
3 Composite Exhibit 8. Can you identify this Account  
4 Transactions 1/1/08 through 12/31/08 document?

5 A. No, I can't.

6 Q. It does look like a series of accrued  
7 expenses management fees that were paid during that  
8 timeframe, correct?

9 A. I can't tell you what that - if that's  
10 what the document looks like. I wished I could tell  
11 you, I can't.

12 Q. Do you know if this is a document of  
13 Michael D. Sullivan & Associates or P&S or S&P?

14 A. I have no idea.

15 Q. On 12/15/08 after Bernie Madoff was  
16 publicly disclosed as a Ponzi scheme, there appears  
17 to be a \$7500 payment made to you, do you see that?  
18 The last payment 12/15/08?

19 A. Yes.

20 Q. Why were you paying yourself \$7500 after  
21 the Ponzi scheme was made public?

22 A. To my recollection I paid myself no money  
23 that I recall after the Ponzi scheme.

24 Q. Do you know who prepared this document?

25 A. No.

1 Q. The first page.

2 A. Whatever it says.

3 Q. Well, you can look at it.

4 MR. WINDERMAN: Form.

5 BY MR. SAMUELS:

6 Q. That's what it looks like to me.

7 A. Well, then that's what it says.

8 MR. WINDERMAN: Form.

9 BY MR. SAMUELS:

10 Q. Now, this next page, if we look at it, do  
11 you see the \$300,000 debit?

12 A. Yes.

13 Q. And that \$3,000 --

14 MR. WOODFIELD: 300,000.

15 BY MR. SAMUELS:

16 Q. -- \$300,000 debit is a debit to your  
17 capital account?

18 A. That's what it appears.

19 Q. And why after the Ponzi scheme is exposed  
20 you're making \$300,000 debit to your capital  
21 account?

22 A. I'd have to look over the records to tell  
23 you.

24 Q. Was this money taken out of the capital  
25 accounts reflect actual money that you took out?



1 MR. SAMUELS: Okay. Lunch is here. Let's  
2 take a little break.

3 Hold on.

4 Couple more questions.

5 BY MR. SAMUELS:

6 Q. Why did you state that the business - that  
7 the gift was yours alone if Powell was your partner?

8 A. Frank did not know Greg very well. He  
9 only new Greg through me, and Frank and I knew each  
10 other from church so we had more of a connection.

11 MR. SAMUELS: All right. Let's take a  
12 break.

13 (A luncheon recess was taken, after which  
14 the following proceedings were held:)

15 BY MR. SAMUELS:

16 Q. Okay. So we've been discussing  
17 commissions that were paid to Mr. Avellino and  
18 Bienes.

19 A. Correct.

20 Q. Why weren't those commissions paid right  
21 out of S&P or P&S as opposed to Michael D.  
22 Sullivan & Associates?

23 A. I can't remember the reason. I wanted the  
24 money, I guess, to come to me and then pay them. I  
25 can't remember why. Once again, we set that up 20

1 A. I do.

2 Q. And in the first bullet point it says,

3 "The BS group wants to see Frank Avellino and

4 Michael Bienes." Do you see that?

5 A. I do.

6 Q. And here you're sending a letter to -- It

7 says "Dear Partner." Did this go to all the

8 partners at P&S and S&P?

9 A. I believe it did.

10 Q. And you're still a managing general

11 partner, at this point?

12 A. I guess.

13 Q. And here you're saying, "It would be an

14 incredible waste of your money," correct?

15 A. Uh-huh.

16 Q. And you believed it would be a big waste

17 of money for S&P or P&S to bring a claim against

18 Avellino or Bienes?

19 A. Correct.

20 Q. And you let all the partners know that?

21 A. That's what it says.

22 Q. Okay. In the fourth bullet point.

23 A. Yes.

24 Q. At the bottom, "Partnership funds were

25 never paid to Avellino or Bienes or anyone else."

1 either Avellino or Bienes at the time of that  
2 conversation?

3 A. Not to my knowledge. I doubt she was.

4 Q. And the next to last bullet point.

5 A. Uh-huh.

6 Q. "No commissions were paid from partnership  
7 assets."

8 A. Correct.

9 Q. And then later on you indicate, "Yet, the  
10 managing general partner only charged legal,  
11 accounting, bank fees, and at times direct  
12 supplies." Do you see that?

13 A. Yes.

14 Q. Okay.

15 A. No indication anywhere in this letter that  
16 Avellino and Bienes were receiving commissions from  
17 bringing money in, correct?

18 MR. WINDERMAN: Objection.

19 BY MR. SAMUELS:

20 Q. From bringing people in, correct?

21 MR. WINDERMAN: Objection. Form.

22 BY MR. SAMUELS:

23 Q. Is that right?

24 A. I guess. If it's not in the letter, that  
25 means no.

1           A.     Well, usually if you actually find the  
2     1065 tax return, the name of the preparer will be  
3     on the document. I don't know. I am assuming it's  
4     Michael Kuzy. If you pick up the 1065 you will  
12:43:01 5     find out who prepared it.

6           Q.     But your recollection is that tax returns  
7     and documents associated with the tax returns were  
8     prepared by your outside accountant?

9           A.     That's correct.

12:43:10 10          Q.     And that was Mr. Kuzy?

11          A.     Bill Tupin or Michael Kuzy.

12          Q.     And do you know when Mr. Kuzy began to  
13     prepare the returns?

14          A.     I don't.

12:43:30 15          Q.     Okay. Do you know Tom Avellino?

16          A.     Yes.

17          Q.     How do you know him?

18          A.     Through -- it's Frank's son. Frank has  
19     been -- Tom has been to our office maybe two or  
12:43:56 20     three times, had lunch with him. Frank was in  
21     town. Tom would come up. We'd all go out. We  
22     certainly had similar interests in everything, so,  
23     yeah.

24          Q.     What was his involvement, if any, in P&S  
12:44:08 25     and S&P?

1           A.     Tom had absolutely no involvement in S&P  
2     and P&S.   At one point in time in one of our  
3     meetings Tom and I were talking about our  
4     investment, and he says, oh, hey, how do you do  
12:44:24 5     your statements, how do you do the statements.   I  
6     believe this was after Greg passed away.

7                 And I remember Tom looked at how we  
8     presented our statements, because we were just  
9     comparing notes.   It's just something you do if you  
12:44:38 10    have a like, you know, kind of business.   And we  
11    told him we always struggled about how to go ahead  
12    and come up with what the realized profit was.   So  
13    Tom says, let me take a look at it.

14                So Tom went ahead and said, I have a much  
12:44:58 15    simpler way to do that.   Greg had these long  
16    calculations like A plus B minus F, G, you know,  
17    times Z times two.   And Tom says, there's a  
18    template that I can make this much easier and you  
19    are going to save half of your time.

12:45:09 20                So Tom -- other than Tom introducing a  
21    template for us, Tom had nothing -- he still had  
22    nothing to do with the business whatsoever.

23           Q.     Was he compensated in any fashion --

24           A.     No.

12:45:21 25           Q.     -- for doing this?

1           denied, meaning you can leave without facing  
2           the wrath of the Court.

3           MR. WINDERMAN: That's not true. Anytime  
4           during the deposition we can bring a protective  
5           order. You know that. You know what the rule  
6           is. I don't need to explain that to you. It's  
7           become harassment, at this point.

8           (A recess was taken, after which the  
9           following proceedings were held:)

10          BY MR. SAMUELS:

11          Q.    Okay. Mr. Sullivan, where did S&P get the  
12          money from to use for it's own purposes? In other  
13          words, did the money come from Madoff, did it come  
14          from investors, you know, to pay it's bills and  
15          conducted business?

16          A.    From the partnerships.

17          Q.    From the partnerships. Where did the  
18          partnerships get that money from?

19          A.    From the investors.

20          Q.    From the investors. Okay.

21                  Have you spoken to Thomas Avellino since  
22          Madoff Ponzi scheme became public in December of  
23          2008?

24          A.    I did.

25          Q.    And what have you discussed with him?

1 A. Correct.

2 Q. And Mr. Bienes did not have a right to  
3 review your books and records, correct?

4 A. Well, he had a right if he wanted to come  
11:09:33 5 in. I wouldn't have had a problem showing him the  
6 books and records.

7 Q. Did he ever come in to ask to see your  
8 books and records?

9 A. Yes.

11:09:39 10 Q. He did?

11 A. Yes.

12 Q. When did he do that?

13 A. Couple times in the course of the --  
14 couple times -- sorry, sorry, sorry. Two or three  
11:09:49 15 times. If he was in the office or he came back  
16 from vacation, he would come in. And I think  
17 because Sandra Dydo was in there or somebody, he  
18 would ask to see them.

19 Q. What would he ask to see?

11:10:02 20 A. He asked to see, hey, how are the rates of  
21 return, how are things going. And just like  
22 anybody else, I didn't have a, you know, a problem.  
23 He had his housekeeper in there and his friends in  
24 there. So I did not have a problem showing him  
11:10:15 25 anything that he wanted to see.

1 Q. How often did Mr. Bienes come to your  
2 offices?

3 A. Around eight in the course of forever.

4 Q. Do you know whether the office that was --  
11:10:39 5 the Avellino and Bienes office that was in the same  
6 building --

7 A. Yes.

8 Q. -- do you know if that was a functioning  
9 office, or the business had sort of been stillborn  
11:10:47 10 by the time they moved down?

11 MR. SAMUELS: Object to form.

12 MR. WINDERMAN: Me too.

13 THE WITNESS: They were never in that  
14 office.

11:10:53 15 BY MR. ETRA:

16 Q. Michael Bienes likes to schmooze?

17 A. He is the -- he is, he is the king of  
18 schmoozing.

19 Q. Okay. And he liked to hang out with Susan  
11:11:05 20 Moss, say hello and talk to her?

21 A. Yes. Yes. He thought she was eye candy,  
22 yes.

23 Q. And they were both former --

24 A. IRS agents.

11:11:14 25 Q. You finished my question for me. They



## P&S Associates, General Partnership

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

Michael D. Sullivan

Telephone: 954-452-0088  
Fax: 954-938-0069

August 10, 2012

Dear Partner,

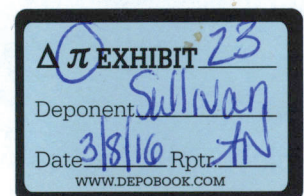
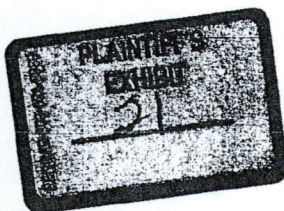
This letter is in response to the recent, undated letter from members of the group represented by Berger Singerman, LLP, (BS Group) regarding changing the Managing General Partner of S&P Associates and P&S Associates (together, the "Partnerships"). The BS Group letter makes slanderous and insupportable 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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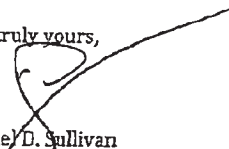
The BS Group goes on to say that many millions of dollars are unaccounted for in the partnerships, yet they offer no proof. And once again, Irving Picard has reviewed partnership records and verified our claim. Their solution is to change the General Managing Partner because of unproven allegations. 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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