

**IN THE MATTERS OF  
FAIRFIELD SENTRY LIMITED  
FAIRFIELD SIGMA LIMITED  
FAIRFIELD LAMBDA LIMITED  
(ALL IN LIQUIDATION)**

**Claim Numbers: 0136, 0139 and 0074 of 2009**

**Ninth Interim Consolidated Report of the Liquidator**

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**25 October 2013**

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## 1. Glossary of Terms

ABN Amro	ABN Amro Fund Service (Isle of Man) Nominees Limited - an investor of Sentry who is a defendant to a common law restitutionary claim for mutual mistake brought by the Liquidator in the BVI, one of the defendants seeking the Court's determination of the Preliminary Issues and the test case applicant awarded Summary Judgment
Act	the Virgin Islands Insolvency Act, 2003
Agreement	the settlement agreement entered into between the Liquidator and the US Trustee of BLMIS and effective 8 July 2011
Anwar Class	collectively the plaintiffs and putative class members who are shareholders of Sentry, Sigma, Greenwich Sentry, L.P. and Greenwich Sentry Partners, L.P. that suffered a net loss of principal invested in those funds
Atlanta	Atlanta Business Inc., a beneficial shareholder which obtained a conservatory attachment in the Dutch Court against moneys held in the Dublin Citco Account and brought substantive proceedings against Sentry [and the Liquidator]
Bankruptcy Court	United States Bankruptcy Court for the Southern District of New York
BLMIS	Bernard L. Madoff Investment Securities LLC
Brada Abeln	the Liquidator's counsel in the Netherlands (in respect to the defence of the substantive proceedings brought by Atlanta and SSPF in the Dutch Court)
Brown Rudnick	Brown Rudnick LLP, the Liquidator's US counsel
BVI	British Virgin Islands
Citco	collectively the Companies' former Administrator, Custodian and Depositary, respectively Citco Fund Services Europe B.V., Citco Global Custody and Citco Bank Nederland B.V. (Dublin branch)
Colima	Colima International Limited, a company involved in litigation against PwC in Holland
Committee	Sentry's ad-hoc committee of representatives of five registered shareholders
Companies	collectively Fairfield Sentry Limited, Fairfield Sigma Limited and Fairfield Lambda Limited (all In Liquidation)
Court	the High Court of Justice (Commercial Division) of the Eastern Caribbean Supreme Court
Court of Appeal	the Court of Appeal of the Eastern Caribbean Supreme Court

District Court	United States District Court for the Southern District of New York
Dublin Citco Account	Sentry's pre-liquidation bank account held with Citco Bank Nederland B.V. in its Dublin branch which is the subject of the Dutch conservatory attachments made by SSPF and Atlanta
Dutch Court	the District Court of Amsterdam
Farnum	Farnum Place LLC, the counterparty to a trade confirmation dated 13 December 2010 entered into by the Liquidator regarding a possible sale of Sentry's admitted SIPA claim. Farnum had commenced proceedings against Sentry in the Court seeking specific performance of the Trade Confirmation. The Liquidator has filed an application in the Bankruptcy Court seeking disapproval of the Trade Confirmation.
FGB	Fairfield Greenwich (Bermuda) Limited, the Companies' Investment Manager
FGG	Fairfield Greenwich Group, the ultimate parent company of FGB and the Marketer of the Companies
Forbes Hare	the Liquidator's counsel in the BVI
Harneys	Harney Westwood & Riegels, a BVI law firm which represents a number of defendants to claims brought by the Liquidator against current and former investors in the Companies for redemption monies paid to them by the Companies
Irish Court	High Court of the Republic of Ireland (Commercial Court)
KRyS Global	the trading name of KryS & Associates (BVI) Limited
Lambda	Fairfield Lambda Limited - In Liquidation
Last Report	the Eighth Interim Report of the Liquidator, dated 2 October 2012
Liquidator	the current Liquidator of the Companies, Kenneth M. KryS and where appropriate this term is also used to collectively describe the acts of the former jointly appointed liquidators, Joanna Lau and Christopher Stride
Maples and Calder	a law firm in the BVI which represents a number of defendants to claims brought by the Liquidator against current and former investors in the Companies for redemption monies paid to them by the Companies and represents SSPF in the Liquidator's claim for injunctive relief in the BVI
Morning Mist	plaintiffs in purported derivative action on behalf of Sentry against FGG (and its individual and entity affiliates), Citco and PwC

Non-BMLIS investments	investments made by Sentry into allegedly bona-fide investments, largely in "seedling" or start-up funds and non-SEC regulated entities
O'Neal Webster	a law firm in the BVI which represents a number of defendants to claims brought by the Liquidator against current and former investors in the Companies for redemption monies paid to them by the Companies
Preliminary Issues	the applications brought in the Court, (BVI) claim no. BVIHC (Com) 30/2010 known as <i>Fairfield Sentry Limited (in Liquidation) v Bank Julius Baer &amp; Co Ltd &amp; 33 others</i> and 7 other claims for determination whether certain common law claims brought by Sentry in relation to the recovery of redemption payments made to members prior to Sentry's liquidation were barred by reason of either a "good consideration" defence or because Sentry had "certified" the NAV upon which the redemptions were based in such a manner that the NAV (and thus the redemption price based upon the NAV) were binding upon Sentry or the "certification" issue
Philip Lee	the Liquidator's counsel in the Republic of Ireland
Privy Council	the Judicial Committee of the Privy Council, the court of final appeal in the BVI
PwC	collectively the Companies' former Auditors, respectively PricewaterhouseCoopers LLP (a Canadian entity) and PricewaterhouseCoopers Accountants N.V. (a Dutch entity)
PwC Canada	specifically PricewaterhouseCoopers LLP (a Canadian entity)
PwC Netherlands	specifically PricewaterhouseCoopers Accountants N.V. (a Dutch entity)
Rules	the Virgin Islands Insolvency Rules, 2005
SEC	US Securities and Exchange Commission
Second Circuit	US Court of Appeals for the Second Circuit
Section 175(1)(d)	"...with effect from the commencement of the liquidation of a company...unless the Court order, no share in the company may be transferred" (the Act)
Section 273	"A person aggrieved by an act, omission or decision of an office holder may apply to the Court and the Court may confirm, reverse or modify the act, omission or decision of the office holder." (the Act)
Sentry	Fairfield Sentry Limited - In Liquidation
Seward & Kissel	Seward and Kissel LLP, the former US legal advisors of the Companies

Sigma	Fairfield Sigma Limited - In Liquidation
SIPA	Securities Investor Protection Act 1970
SFCF	Stichting Fairfield Compensation Fund, a group involved in litigation against PwC in Holland
SSPF	Stichting Shell Pensioenfond, a registered shareholder which obtained a conservatory attachment in the Dutch Court against the moneys held in the Dublin Citco Account and brought substantive proceedings against Sentry [and the Liquidator]
Trade Confirmation	the document dated 13 December 2010 that sets forth the terms and conditions of the potential assignment of Sentry's admitted SIPA claim in the BLMIS liquidation proceedings to Farnum
US	United States of America
US Trustee	Mr. Irving Picard, the trustee appointed by the US Federal Bankruptcy Court pursuant to the SIPA provisions, in the liquidation of BLMIS

## 2. Introduction

2.1 This Report provides an update as to the status regarding the current position of the liquidations of the Companies and the work performed by the Liquidator since the Last Report.

### Appointment

2.2 Please refer to Section 2.2 - 2.5 of the Sixth Interim Consolidated Report of the Liquidator, dated 12 April 2012, for details of the appointment of Liquidators over Lambda, which entered Liquidation on 23 April 2009, and Sentry and Sigma, which both entered Liquidation on 21 July 2009. As at the date of this Report, Mr. Krys is the sole Liquidator of the Companies.

### Duty to Report

2.3 The Liquidator is not obliged, either under the provisions of the Act or the Rules or under any of the orders of the Court pursuant to which he was appointed, to provide a report on his acts and dealings and the conduct of the liquidations until their conclusions. Given the size and scope of the liquidations of the Companies, however, the Liquidator wishes to keep the Creditors and the Registered Shareholders of the Companies regularly apprised of the current status of the liquidations, and therefore expects to continue to provide reports biannually.

2.4 The Liquidator recognises that each of the Companies is a separate legal entity. However, given the similarities between the Companies and their collective history, the Liquidator has determined that a single consolidated report is appropriate. Where the contents of this report relate to one specific entity, this is stated. The decision to have one report for all of the Companies should not be deemed to imply or otherwise mean that the Liquidator has considered or made any decision on how they will deal with asset recoveries other than on an entity basis. Should a situation arise where there is a perceived conflict between the Companies, the Liquidator has received the Court's directions in relation to the appointment of a conflict liquidator for Sigma and/or Lambda to look into the specific matter which is the subject of the conflict.

2.5 This Report should be read in conjunction with the First Interim Report dated 16 September 2009, the Second Interim Report dated 29 March 2010, the Third Interim Report dated 30 September 2010, the Fourth Interim Report dated 11 April 2011, the Fifth Interim Report dated 30 September 2011, the Sixth Interim

Report dated 12 April 2012, the Seventh Interim Report dated 2 October 2012 and the Last Report dated 12 April 2013. These are available on the secure websites for ease of reference.

#### **Restrictions and Qualifications of the Report**

- 2.6 The purpose of this Report is to provide an update to the Court, creditors and registered shareholders on the work performed by the Liquidator since the Last Report.
- 2.7 In performing his work, the Liquidator has relied upon the integrity and accuracy of the information and documents supplied. Although the Liquidator has attempted to corroborate the information and documents he has obtained from different sources, he has not independently verified all of the information and documentation he has relied upon in preparing this Report. In addition, the Liquidator has not performed an audit or review in accordance with International Audit Standards and, consequently, no assurance is expressed in this regard.
- 2.8 The Liquidator reports solely on the information available to him at the time of this Report and he will update the Court, Creditors and Registered Shareholders in future reports, as new or additional information comes to light. The Liquidator has no duty to update information at any particular time and no duty to correct any misstatements, inaccuracies or omissions upon discovery of the same or at any time.
- 2.9 By receiving and reviewing this Report, the recipient expressly agrees, represents and warrants to the Liquidator that dissemination of this Report is restricted to its intended recipients only and nothing in this Report may be used in any manner in relation to any proceeding (including, without limiting the generality of the foregoing, proceedings or intended proceedings against the Companies or the Liquidator) or otherwise without the Liquidator's express written consent obtained in advance.

#### **Scope of Work Performed**

- 2.10 The powers of the Liquidator are in accordance with the provisions of Schedule 2 of the Act and these are set out in the orders issued by the Court dated 23 April 2009 (Lambda) and 21 July 2009 (Sentry and Sigma). The Act and the Rules are available to download from the British Virgin Islands Financial Services Commission website: [www.bvifsc.vg](http://www.bvifsc.vg).

#### **Sources of Financial Data and Information**

2.11 The Liquidator and his staff have had access to certain information and documentation obtained from the following sources, including but not limited to:

- Citco
- FGB and FGG
- the US Trustee
- the directors, Mr. Peter Schmid and Mr. Jan Naess. (Mr. Walter Noel Junior, the other director, has however not provided any documentation);
- the former attorneys, as detailed in the Last Report;
- the Registered Agent, Codan Trustees (BVI) Limited;
- the Anwar Class;
- PwC Canada; and
- some Registered Shareholders and beneficial investors.

2.12 In certain instances, the Liquidator may have received productions of information or documentation pursuant to confidentiality agreements prohibiting the Liquidator from disclosing the contents and, in some cases, the fact of the production of the documents or provisions of the information. Due to confidentiality restrictions, the Liquidator cannot make any disclosures regarding such information or documentation at this time.

#### **Performance of Duties**

2.13 In order to comply with his duties and obligations, the Liquidator has been assisted by personnel of KRYS Global, whose work has been performed under the direction of the Liquidator.

2.14 The Liquidator is advised by his legal counsel: Forbes Hare; Brown Rudnick; Brada Abeln and Simmons & Simmons in the Netherlands; Stikeman Elliot in Canada; Strock in the US; and Philip Lee, Michael McDonnell S.C. and Bernard Dunleavy, Barrister at Law, in the Republic of Ireland. In addition, the Liquidator has instructed and been advised by leading English counsel during the period including Mr. Gabriel Moss QC, Mr. Paul Girolami QC, Mr. Alan Maclean QC, Mr. Jonathan Crow QC, Mr Stephen Midwinter and Mr Andrew Westwood.

#### **Currency**

2.15 All references to \$ in this report refer to the US dollar unless otherwise specified.

### 3. Executive Summary

#### PwC

- 3.1 The Liquidator continues to progress his claims against PwC, the former auditors of the Companies. PwC Netherlands audited the Companies from 1999 to 2005. PwC Canada audited the Companies in 2006 and 2007.

#### *Netherlands*

- 3.2 PwC Netherlands submitted their Statement of Defence on 9 April 2013. Both the Liquidator and PwC requested the Dutch Court to allow an additional round of written submissions. The Dutch Court granted this request on 22 May 2013. On 11 September 2013, the Liquidator's Statement of Reply and Defence to Counterclaim was submitted.

- 3.3 As part of the 11 September 2013 filing, the Liquidator filed a motion requesting PwC Netherlands to produce documents discussed in their Statement of Defence and Counterclaim that were not exhibited. Once the motion is decided, the main proceedings will recommence. Counsel advises that the litigation will likely continue through to late 2014.

#### *Canada*

- 3.4 The Liquidator issued a statement of claim against PwC Canada on 28 May 2012. On 21 September 2012, the Liquidator served this claim on PwC Canada and on 24 September 2012 on the lead engagement partner for the Canadian audits.
- 3.5 The Statement of Defence was received from PwC Canada on 19 February 2013. The Statement of Defence received also contained a Counterclaim against the Companies for breach of contract and misrepresentation. The Liquidator disputes this Counterclaim.

**Farnum**

- 3.6 On 13 December 2010, the Liquidator entered into a Trade Confirmation with Farnum regarding the price and terms of a sale of Sentry's potential SIPA claim in the BLMIS estate. The Trade Confirmation was not a sale contract in itself, as at that time Sentry's potential SIPA claim had not been allowed as the negotiations between the US Trustee and the Liquidator were ongoing.
- 3.7 During the period, the Liquidator appealed the decision of the Bankruptcy Court approving the Trade Confirmation to the District Court. On 2 July 2013, the District Court heard the Liquidator's appeal of the Bankruptcy Court decision, and ruled against him.
- 3.8 Following the decision of the District Court, the Liquidator was advised that there was merit in appealing the decision of Judge Hellerstein to the Second Circuit. The Liquidator has taken steps to progress the Second Circuit Appeal and the matter is currently pending.

**Recovery efforts of the Funds held in the Dublin Citco Account**

- 3.9 The Liquidator continues to seek the recovery of the approximately \$71 million held in the Dublin Citco Account for the benefit of Sentry's creditors.

*Irish proceedings*

- 3.10 The Irish Supreme Court has not provided a date for the appeal hearing, however Irish counsel now expect that it is unlikely to be heard until early 2014.

*Anti-suit Injunction*

- 3.11 As noted in Section 4.34 of the Last Report, SSPF has been granted final leave as of right (in other words, not subject to a merits filter) to appeal the Anti-suit Order, which restrained SSPF from taking any further steps in the Dutch proceedings, to the Privy Council. The Liquidator also reported that the Court of Appeal had scheduled, for 6 May 2013, a hearing to hear an additional application filed by SSPF seeking a stay of the Anti-suit Order pending the appeal.

3.12 The current position is that the Anti-suit Order is stayed pending appeal on terms which have yet to be formally settled or (the Liquidator contends) performed by SSPF. The matter is likely to come up for hearing in January 2014 before the Court of Appeal. When it does come up for hearing the Court of Appeal will be asked to clarify its order staying the injunction and determine whether any stay is conditional on certain steps by SSPF.

## 4. Analysis and Work Performed to Date

4.1 Since the Last Report, the most significant tasks have been:

- [a] Progressing litigation against PwC, the former auditors of the Companies;
- [b] Defending litigation in relation to the potential sale of the SIPA claim belonging to Sentry;
- [c] Coordinating and managing the litigation in the Republic of Ireland, the Netherlands and the BVI and revisiting the legal strategy as developments occur to recover the funds held in the Dublin Citco Account;
- [d] Investigation, settlement and progression of the Redeemer Claims;
- [e] Complying with the Agreement between the Liquidator and the US Trustee;
- [f] Keeping the Court and (in the case of Sentry only) the Committee regularly apprised of the administration and conduct of the Liquidation(s); and
- [g] Collecting the proceeds on Non-BLMIS investments and reviewing information presently held in relation to same.

### **Claims brought against the former auditor of the Companies, PricewaterhouseCoopers**

4.2 As reported in the Last Report, the Liquidator has commenced proceedings in both the Netherlands and Canada against PwC, the former auditor of the Companies. PwC Netherlands audited the Companies between 1998 and 2005, while PwC Canada audited the Companies between 2006 and 2007.

### **PwC Netherlands**

4.3 As reported in the Last Report, the Liquidator served a Writ of Summons on PwC Netherlands and four individual partners on 30 May 2012.

4.4 PwC Netherlands submitted their Statement of Defence to the Liquidator's Dutch counsel on 9 April 2013. The Dutch Court initially ruled that the Liquidator and PwC Netherlands appear and present oral arguments. In consultation with the Liquidator's Dutch counsel, the Liquidator requested that the Dutch Court allow for an additional round of written submissions. PwC Netherlands made a similar request of the Dutch Court. On 22 May 2013, the Dutch Court approved the Liquidator's request and ordered that an additional filing be provided by the Liquidator and subsequently by PwC Netherlands. The Liquidator's Statement of Reply and Defence to Counterclaim was prepared and submitted to the Dutch Court on 11 September 2013.

- 4.5 In advance of filing the Liquidator's Statement of Reply and Defence to Counterclaim, the Liquidator instructed a Dutch audit expert to prepare written opinions concerning PwC Netherlands' audits of the Funds. The Liquidator met with the audit expert in Amsterdam to provide his instructions and background to the matter.
- 4.6 Also in advance of the filing, on around 18 July 2013, the Liquidator was provided with circa 100,000 additional documents relating to PwC Netherlands' audits of the Funds. These documents were produced by PwC Netherlands and obtained under the Liquidator's existing Rule 2004 subpoena in the US via the Anwar proceedings.
- 4.7 At the same time, also under the Liquidator's existing Rule 2004 subpoena, depositions of seven key PwC Netherlands partners and staff who were involved in the audit of the Funds were obtained, along with exhibits to the depositions. The depositions had been obtained as part of the Anwar class action proceedings. The depositions have been analysed by the Liquidator and a summary of the key exhibits prepared. .
- 4.8 As part of the Statement of Reply and Defence to Counterclaim, filed 11 September 2013, the Liquidator also filed a motion for PwC to produce certain documents discussed in their Statement of Defence and Counterclaim but not exhibited. The matter is outstanding at the date of this Report.
- 4.9 Following a decision on the motion, the main proceedings will recommence. PwC will be required to file their Statement of Rejoinder and Reply to Counterclaim, expected in late February 2014. At present, Dutch counsel anticipate that the Dutch Court will make a judgement on the matter in late December 2014, following personal appearances which are expected to be heard mid 2014.

#### **PwC Canada**

- 4.10 As reported in the Last Report, the Liquidator issued a statement of claim against PwC Canada on 28 May 2012. On 21 September 2012, the Liquidator served this claim on PwC Canada and on 24 September 2012 on the lead engagement partner for the Canadian audits.
- 4.11 The Liquidator's Canadian counsel received a Statement of Defence from PwC Canada on 19 February 2013. The Statement of Defence received also contained a Counterclaim against the Companies for breach of contract and misrepresentation. The Liquidator disputes this Counterclaim.

- 4.12 The Liquidator and his Canadian counsel are currently considering the options available to progress the litigation. No filing deadlines are currently agreed for submission of the Liquidator's Statement of Reply and Defence to Counterclaim.

**Sale of the SIPA Claim - Farnum Litigation**

- 4.13 As noted in the Last Report, the Liquidator entered into a Trade Confirmation with Farnum on 13 December 2010 for the sale of its SIPA claim in the BLMIS estate. Significant events occurring up to 12 April 2013 are detailed in Sections 4.43 to 4.49 in the Last Report.
- 4.14 On 22 January 2013, the Liquidator filed a notice of appeal of the Bankruptcy Court decision to the District Court, as the Liquidator and his counsel did not agree with the Bankruptcy Court's judgment. The Liquidator subsequently filed his opening appeal brief to the District Court on 5 April 2013 and his reply brief on 22 May 2013. In preparing these briefs, the Liquidator sought advice from both Brown Rudnick and Stroock & Stroock & Lavan LLP ("Stroock") a firm of New York attorneys. Stroock was engaged by the Liquidator to provide independent view of the merits of the appeal and an independent review of all filings made and received by the Liquidator.
- 4.15 On 2 July 2013, the District Court heard the Liquidator's appeal of the Bankruptcy Court decision. In a decision rendered orally at the hearing, and supplemented by a written summary order issued on 3 July 2013, Judge Hellerstein affirmed the Bankruptcy Court's decision. Judge Hellerstein assumed, for purposes of his ruling, that section 363 applied to the sale of the SIPA Claim, but ruled that the section 363 review should defer substantially to the decision of this Court approving the Trade Confirmation, and that events following the Liquidators' entry into the Trade Confirmation should not be considered.
- 4.16 Following the decision of the District Court, the Liquidator was advised that there was merit in appealing the decision of Judge Hellerstein to the United States Court of Appeals for the Second Circuit ("Second Circuit").
- 4.17 The Liquidator has taken proceedings in the BVI to obtain the requisite sanctions to pursue the US appeal to the Second Circuit. Interim sanction was granted in July 2013 to take certain preservative steps in the appeal to the Second Circuit Court of Appeal. The Second Circuit Court of Appeal proceedings were duly commenced on 2 August 2013. A further order was granted in the BVI proceedings on 23 October 2013 confirming that the Liquidator has sanction to file a written brief (and appendix thereto) in the Second Circuit

appeal. The BVI proceedings are ongoing and in due course fuller consideration of the matter in those proceedings (in which Farnum will be able to make submissions) will determine whether the Liquidator is granted permission to pursue the Second Circuit appeal to its conclusion.

**Recovery Efforts of the Funds held in the Dublin Citco Account: Irish recognition proceedings**

4.18 As detailed in the Last Report, Stichting Shell Pensioenfonds (“SSPF”) and Atlanta Business Inc (“Atlanta”) filed their submissions to the Irish Supreme Court in relation to Sentry’s appeal on 29 November 2012 and 3 December 2012, respectively.

4.19 The Irish Supreme Court has not provided a date for the appeal hearing, however Irish counsel now expect that it is unlikely to be heard until early 2014 at the earliest.

**Recovery Efforts of the Funds held in the Dublin Citco Account: Anti-suit injunction**

4.20 As noted in Section 4.30 to 4.42 of the Last Report, SSPF has been granted final leave as of right (in other words, not subject to a merits filter) to appeal the Anti-suit Order, which restrained SSPF from taking any further steps in the Dutch proceedings, to the Privy Council. The Liquidator also reported that the Court of Appeal had also scheduled, for 6 May 2013, a hearing on an additional application filed by SSPF seeking a stay of the Anti-suit Order pending the appeal.

4.21 The current position is that the Anti-suit Order is stayed pending appeal on terms which have yet to be formally settled or (the Liquidator contends) performed by SSPF. The matter is likely to come up for hearing in January 2014 before the Court of Appeal. When it does come up for hearing the Court of Appeal will be asked to clarify its order staying the injunction and determine whether any stay is conditional on certain steps by SSPF.

4.22 Prior to the Court of Appeal hearing, the Liquidator had taken steps to have the Anti-suit Order recognised under the provisions of Chapter 15 in the US. US recognition of the Anti-suit Order would provide additional protection in preventing SSPF from gaining an unfair priority over Sentry’s other creditors and in furthering the fair and equitable distribution of Sentry’s assets within the BVI’s liquidation regime. A hearing was initially scheduled to take place on 30 May 2013, however, at the Liquidator’s request, it was adjourned pending consideration of developments relating to the Court of Appeal’s judgment.

#### **Recovery Efforts of the Funds held in the Dublin Citco Account: Dutch proceedings**

- 4.23 Following the ECCA ruling on 17 September 2012 injunctioning SSPF from proceeding with the Dutch proceedings, the Dutch proceedings were placed on the sleeping docket until 3 April 2013. The matter has now been placed on the sleeping docket until 2 April 2014.
- 4.24 Given the ongoing litigation it remains inappropriate to comment further on the Liquidator's strategy in regards to these proceedings. The Liquidator is taking all necessary legal advice from his legal team and, insofar as is possible, keeping Sentry's Committee fully apprised of the developments in this matter.

#### **Claims brought against redeeming investors and settlements – general overview**

- 4.25 A substantial aspect of the Liquidator's recovery strategy is the pursuit of the Redeemer Claims. As at October 2013, 314 claims are pending against redeeming investors in the US with an approximate total claim value of \$6.2 billion (the "**US Redeemer Actions**"). Per Section 108 of the US Bankruptcy Code and the decision of the Bankruptcy Court on 23 May 2011, the statute of limitations for US claims was tolled for a two year period, until 22 July 2012.
- 4.26 In the BVI, 33 claims have been filed against redeeming investors with an approximate claim value of \$1.4 billion (the "**BVI Redeemer Actions**").
- 4.27 Each Redeemer Claim can involve a number of defendants. As such, the number of Redeemer Claims filed does not reflect the number of defendants being pursued, which is currently in excess of 900.
- 4.28 The Liquidator has been approached by a number of defendants and potential defendants in the US Redeemer Actions and beneficiaries of defendants in the BVI Redeemer Actions, with a view to entering into settlement negotiations. The Liquidator considers that it is in the best interests of the Companies' estates that, where possible, commercially reasonable settlements be pursued to avoid unnecessary litigation risks and costs. As such, the Liquidator has encouraged such discussions and makes all reasonable efforts to determine and achieve settlements with these parties.
- 4.29 As at the date of this Report, the Liquidator had negotiated settlements which have resulted or will result in payments to the Companies of approximately \$26.8 million. The Liquidator has also negotiated settlements

*in principle* with several additional defendants totalling approximately \$1.7 million. Steps to finalise these settlements are underway.

#### **US Claims brought against redeeming investors - summary**

- 4.30 As at October 2013, there are 314 US Redeemer Actions. Generally, the actions filed in the US include:
- Common law claims for recovery of redemption monies, based on restitutionary and/or contract causes of action, received within the six year period prior to filing the complaint or, pursuant to the toll provided by Section 108 of the US Bankruptcy Code, the period running from 14 June 2004 to the date of filing, whichever is longer; and
  - Statutory avoidance claims under Sections 245 and 246 of the Act.
- 4.31 The US Redeemer Actions remain subject to the Bankruptcy Court's Stay Order, as detailed in Section 4.11 in the Last Report.

#### **US Claims brought against redeeming investors – Discovery of Unidentified Beneficiaries and Amendments to Complaints**

- 4.32 As noted in Section 4.13 in the Last Report, the Bankruptcy Court's 19 July 2012 order retained the Liquidator's right to amend those complaints that were amendable as of right. Brown Rudnick has amended 183 of the complaints that were amendable as of right to add common law causes of action based in contract law.
- 4.33 The remaining 129 complaints are not amendable as of right. The Liquidator instructed Brown Rudnick to seek to amend the remaining claims by approaching defendants and requesting them to enter into stipulations under which briefing on amendment issues is deferred and certain objections that they could raise to the amendment of these complaints are waived. The majority of defendants agreed to the stipulation requested.
- 4.34 At the date of this Report there have been no further developments of significance.

#### **BVI Claims brought against redeeming investors**

- 4.35 As discussed in the Last Report, on 2 April 2013 the Liquidator was granted leave by the Board of the Privy Council to appeal the Court of Appeal's decision on the *good consideration* point. The Notice of Intention to Proceed was filed with the Registry on 11 April 2013.
- 4.36 The redeeming investors received from the Court of Appeal final leave to appeal the *Article 11* point to the Privy Council on 6 May 2013.
- 4.37 The Liquidator agreed in principle with counsel for the redeemers to seek to prepare a joint Statement of Facts and Issues and Précis. The Record of Appeal was filed on 26 July 2013. The Statement of Facts and Issues and the Précis were filed on 13 September 2013.
- 4.38 The Privy Council has listed the matter for two days commencing 18 March 2014 to hear both the Liquidator's appeal and that of the redeeming investors.

#### **The US Trustee**

- 4.39 Since the Agreement between the US Trustee and the Liquidator became effective on 8 July 2011, the Liquidator and the US Trustee have continued to work closely to assist each other in pursuing claims for which recoveries are to be shared between the parties under the Agreement.
- 4.40 *Subsequent transferee claims brought against the Companies' redeeming investors*  
The US Trustee has filed claims against certain of the Companies' redeeming investors ("**subsequent transferees**") who were paid redemption proceeds in the six years prior to his appointment essentially seeking some of the same amounts claimed by the Companies under both New York state and federal bankruptcy laws.
- 4.41 There has been no change since the Last Report to the quantum of avoidance claims (133) and the total amount claimed (\$4.6 billion) filed by the US Trustee under the US Bankruptcy Code relating to the redemptions and profits received by investors from the Companies.
- 4.42 As part of the Agreement with the US Trustee, the Companies have agreed a sharing formula for any recoveries of redemption monies. Should these claims be successful the Companies will receive a share (between 40-85%) of the settlement proceeds in accordance with the provisions of the Agreement.

4.43 The US Trustee has faced several legal challenges to these claims since they were filed. In the period covered by the Last Report and the period since that Report, Judge Rakoff of the District Court has issued a further decision that significantly improves the viability of the US Trustee's subsequent transferee claims, thereby improving the Companies' position.

*Section 548 Value Defense*

4.44 In an opinion and order entered on 15 October 2013, Judge Rakoff held that defendants in fraudulent transfer actions under section 548 of the US Bankruptcy Code (covering 2 year redemptions) asserted by the US Trustee cannot successfully assert a "value" defense as to redemptions that exceed the amount of principal invested, or so-called "fictitious profits." This decision affirms that even a good faith redeemer will have liability to the BLMIS estate for the fictitious profit component of the redemptions at issue in the action.

*Distributions by the US Trustee*

4.45 Pursuant to the terms of the Agreement, Sentry's SIPA claim against the BLMIS estate was allowed at the amount of \$230 million, contingent upon the payment of \$70 million in cash to the US Trustee. Upon the Liquidator's initial payment of \$24 million of Sentry's cash, the SIPA Claim was allowed at an interim amount of \$78 million, pending payment of the remaining \$46 million. In connection with the US Trustee's payment in November 2012 of a second interim dividend of 33.556% to holders of allowed SIPA claims, the US Trustee applied the distributions due to Sentry to the unpaid \$46 million due to the US Trustee under the Agreement. As a result of those distributions, the \$46 million has now been paid in full and the SIPA claim is now allowed at the full amount of \$230 million.

4.46 On 13 March 2013, the Bankruptcy Court authorized the US Trustee to make a third interim distribution to holders of allowed SIPA claims, which, when combined with the first interim distribution of 4.602% on 5 October 2011 and the second interim distribution described above, brings the cumulative distribution to approximately 42.87%. On 2 April 2013, Sentry received the third interim distribution cheque in the amount of \$10,858,300, representing the additional distribution of 4.721%. Total cash distributions received total \$53.1 million.

**Chapter 15**

4.47 As previously reported, the Liquidator obtained formal recognition of the Companies' liquidation proceedings as "foreign main proceedings" in the Bankruptcy Court pursuant to Chapter 15 of the US Bankruptcy Code on 22 July 2010. On 16 September 2011 this decision, which was affirmed by the District Court that hears appeals from the Bankruptcy Court, was subject to a further appeal by Morning Mist to the United States Court of Appeals for the Second Circuit. The appeal was heard on 19 November 2012. On 16 April 2013, the Second Circuit issued a decision affirming the order of foreign main recognition, which is now a final order.

#### **Citco**

4.48 The Liquidator's primary focus with respect to Citco has remained unchanged since the Last Report, namely the continued collection of the Companies' books and records. The Liquidator extended the tolling agreement with Citco for a further year to 27 February 2014.

#### **Court applications and communication with the Committee**

4.49 The terms of the Liquidator's appointment are such that prior sanction from the Court in respect of the commencement, continuance or defence of any legal action must be sought. As a result, the Liquidator, through his BVI counsel, has had to make a number of applications to the Court since the Last Report.

4.50 The Liquidator consults with the Committee on a number of recovery matters relating to Sentry and also keeps the Committee apprised as to his activities and strategies by way of bi-monthly written updates and numerous memoranda. The Liquidator aims to hold conference calls with the Committee on a monthly basis and hold face to face meetings with the Committee on a quarterly basis. The frequency of these meetings depends upon the extent of developments to report on.

4.51 The Committee is actively involved in reviewing and consulting on the Liquidator's fees and Sentry's liquidation expenses (including those of the Liquidator's lawyers and other service-providers) and its views are brought to the attention of the Court when it reviews and approves the Liquidator's fees and expenses. The finalised protocol sets out the timetable for the Liquidator to present invoices for review and the deadline for queries to be raised by the Committee.

4.52 The members of the Committee have not changed since the date of the Last Report. See Section 4.65 of the Sixth Interim Report for details.

- 4.53 Three of the members of the Committee are themselves defendants to claims for redemption monies received prior to the commencement of the liquidation. As such, the Liquidator considers that those Committee members have a conflict of interest and therefore the Liquidator is unable to fully share with them his strategies, legal advice and related information in regard to the claims being pursued against the redeeming investors.
- 4.54 Since the Last Report, the Liquidator has held one meeting with the unconflicted members of the Committee to discuss the revised Redeemer Claim strategy. This commenced by teleconference prior to the July 2013 meeting of the entire Committee. At this meeting held on 9 July 2013, the Liquidator's legal counsel updated these members on the status of the litigation in the BVI, provided them with requested information and consulted on the litigation strategy going forward.

#### **Realisation of Non-BLMIS Investments**

- 4.55 Since the Last Report, the Liquidator has continued to liquidate the remaining investments in the Non-BLMIS portfolio. Since the date of the Last Report, \$696,502 has been received, being the final distributions from Fairfield Argenis Healthcare and Wilshire Portable Alpha funds. The estimated value of the remaining Non-BLMIS investments, as reported by FGG, is \$6,145,448.
- 4.56 From the date of the Liquidator's appointment, total monies received from the Non-BLMIS portfolio are \$76,982,949.
- 4.57 A schedule of remaining investments is provided quarterly, with the last statement received on 11 September 2013. The remaining investments, adjusted for receipts received in the intervening period, are detailed below:

<b>Investment</b>	<b>Estimated Value</b>	<b>Comment</b>
Enhanced Guardian II	\$3,400,000	Invested in Guardian II, which is attempting to recover funds through redeemer claims. Timing of payment of distribution will depend on time taken to complete claims.

Investment	Estimated Value	Comment
Irongate Global Strategy	\$935,322	A pending settlement should release cash reserves held at present totalling circa 55% of total NAV. Release of these funds should see payments to Sentry directly and through other Non-BLMIS Investments who are shareholders in Irongate Global Strategy (see below).
Chester Global Strategy	\$928,225	A pending settlement should release cash reserves held at present totalling circa 55% of total NAV. Once settlement is achieved, payment should be made to Sentry.
Fairfield Aerium International	\$510,188	Timing of further distributions is uncertain.
Fairfield Investment	\$371,713	Approximately 70 % of distributions have now been received. Finalisation of the liquidation is dependent on resolution of a number of redeemer claims made by the company.
<b>Total</b>	<b>\$6,145,448</b>	

#### **Anwar class action settlement**

- 4.58 In November, counsel for the Anwar class action announced the settlement of claims asserted on behalf of the Companies against former members, partners and associates of FGG. The Companies themselves are not parties to the class action, and cannot provide legal advice with regard to your participation in the settlement.
- 4.59 At present, the Liquidator has not sought or received from the Court directions on a distribution strategy, as the Liquidator is not currently in a position to estimate if and when a distribution to Shareholders might be made. Accordingly, the Liquidator is unable to advise what effect participating in the class action settlement will have on your claim in the liquidations.

#### **Requests to Transfer Shareholdings**

- 4.60 The Liquidator regularly receives requests to transfer shares held by investors in the Companies. In accordance with the provisions of Section 175(1)(d) of the Act, such transfers are prohibited unless leave of the Court is sought and obtained.

4.61 In relation to Sentry and Sigma only, the Court ordered, on 7 July 2011 and 26 March 2012 respectively, that the Liquidator now has a general discretion to register the transfer of shares in circumstances where there might be no adverse impact on the estates. As a result of the orders, registered shareholders may avoid the costs of making an application pursuant to Section 175(1)(d) of the Act, subject to the Liquidator's discretion. Any registered shareholder interested in transferring their shares should contact the Liquidator by sending an email to [fairfieldsentry@KRyS-Global.com](mailto:fairfieldsentry@KRyS-Global.com) or [fairfieldsigma@KRyS-Global.com](mailto:fairfieldsigma@KRyS-Global.com) for further information.

#### **Directors**

4.62 The Liquidator has a tolling agreement with Messrs. Jan Naess and Peter Schmid which is currently due to expire on 11 March 2014. The third director, Walter Noel Junior is already named as a co-defendant in Sentry's claim against FGG: this claim is due to be assigned to the US Trustee per the terms of the Agreement as discussed below.

#### **FGG**

4.63 As previously reported, prior to the Liquidator's appointment, Sentry had filed claims with an approximate value of \$920 million against FGG seeking recovery of investment management and performance fees paid to it.

4.64 Under the terms of the Agreement between the Liquidator and the US Trustee, the Liquidator is to assign this claim to the US Trustee. The assignment of this claim has been challenged by Morning Mist, which sought to withdraw the reference to the Bankruptcy Court as to this issue. Morning Mist's withdrawal motion is pending with the District Court. All activity on the FGG litigation has been extended by the Liquidator and the US Trustee, with approval by the Bankruptcy Court, to 22 November 2013.

## 5. Financial Analysis

- 5.1 A comparative analysis of the Companies' financial position from the Last Report to the current estimated asset position follows. Lambda has no tangible assets and therefore no analysis for Lambda is detailed.
- 5.2 These analyses do not provide for potential recoveries from claims against redeeming investors or former third party service providers.

<b>SENTRY</b>				
<b>Assets</b>	<b>Position as at</b>	<b>Position as at</b>	<b>Position as at</b>	<b>Variance</b>
	<b>21-Jul-09</b>	<b>28-Feb-13</b>	<b>31-Aug-13</b>	<b>Feb 13 to Aug13</b>
Cash	\$71,126,716	\$132,058,138	\$142,907,038	\$10,848,900
Non-BLMIS investments	\$79,506,337	\$3,855,857	\$3,400,000	-\$455,857
Fee deferral assets	\$21,000,000	\$2,932,052	\$2,745,448	-\$186,604
SIPA claim receivable	\$Nil	-\$14,375,900	-\$25,234,200	-\$10,858,300
<b>Total</b>	<b>\$171,633,053</b>	<b>\$124,470,147</b>	<b>\$123,780,871</b>	<b>-\$651,861</b>

<b>SIGMA</b>				
<b>Assets</b>	<b>Position as at</b>	<b>Position as at</b>	<b>Position as at</b>	<b>Variance USD</b>
	<b>21-Jul-09</b>	<b>28-Feb-13</b>	<b>31-Aug-13</b>	<b>Feb 13 to Aug13</b>
Cash	\$62,411,835	\$63,470,687	\$63,414,011	-\$56,676
	€ 185,873	\$Nil	\$Nil	\$Nil
Promissory Note	€80,000	€80,000	€80,000	\$Nil
<b>Total</b>	<b>\$62,411,835</b>	<b>\$63,470,687</b>	<b>\$63,414,011</b>	<b>-\$56,676</b>
	<b>€ 185,873</b>	<b>€ Nil</b>	<b>€ Nil</b>	<b>€ Nil</b>

5.3 The following is a reconciliation of Sentry's cash balance:

Sentry Cash	Position as at	Position as at	Position as at
	21-Jul-09	28-Feb-13	31-Aug-13
Held by Liquidator	\$Nil	\$18,637,491	\$18,650,465
Received from US Trustee (see Section 4.60)	\$Nil	\$42,285,774	\$53,121,700
Dublin Citco Account (see Section 4.33)	\$71,126,716	\$71,134,873	\$71,134,873
<b>Total</b>	<b>\$71,126,716</b>	<b>\$132,058,138</b>	<b>\$142,907,038</b>

5.4 The following is a reconciliation of Sentry's SIPA claim receivable:

Sentry SIPA claim receivable/ (payable)	Position as at	Position as at	Position as at
	21-Jul-09	28-Feb-13	31-Aug-13
Total value of SIPA claim	\$Nil	\$230,000,000	\$230,000,000
Value of claim at 32.125%	\$Nil	\$73,887,500	\$73,887,500
Liability to US Trustee	\$Nil	\$Nil	\$Nil
Dividend received from US Trustee	\$Nil	-\$88,263,400	-\$99,121,700
<b>Total</b>	<b>\$Nil</b>	<b>-\$14,375,900</b>	<b>-\$25,234,200</b>

5.5 As detailed in Sections 4.60 to 4.61 of this Report, pursuant to the Agreement with the US Trustee, Sentry is entitled to an allowed SIPA claim of \$230 million in the estate of BLMIS. For the purpose of this financial analysis, the Liquidator has calculated the present value of the claim as 32.125% of its fully allowed amount, the price for the sale of the claim under the disputed Farnum Trade Confirmation (discussed in Sections 4.13 to 4.17 of this Report).

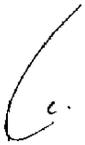
5.6 At 31 August 2013, the Liquidator has received from the US Trustee total distributions of \$99.1 million, of which \$53.1 million has been distributed in cash. This included a third dividend of \$10.9 million paid to the Liquidator in April 2013. While this cash is held in quarantine pending resolution of the Farnum matter, the Liquidator has included in his total cash balance the dividend received to date. While the Liquidator has applied to the Bankruptcy Court to have the sale of the SIPA claim to Farnum disapproved under applicable US bankruptcy law, should it not be disapproved it is expected that the Liquidator will have to distribute the surplus cash, being \$25.2 million, to Farnum. The reporting of the value of the SIPA claim as set forth above is without prejudice to the Liquidator's positions in the US proceedings. This is detailed in Section 5.4.

- 5.7 These calculations are provided as an estimate only. They are not binding on the Liquidator and should not be relied upon for any other purpose.
- 5.8 The above cash figures represent the monies held as at 31 August 2013. No adjustments have been made for the unpaid accrued Liquidator's fees, legal fees or other expenses. The Liquidator filed a fee application for payment of accrued fees and expense which total approximately \$2,184,588. The matter was considered by the Court on 16 October 2013 and at the date of this Report, a final Order of the Court has not been received.. The Liquidator notes that the amount of the Liquidator's fees and expenses invoiced as part of the 16 October 2013 fee application were \$752,302.
- 5.9 The estimated realisable values for the Non-BLMIS investments are those provided by FGG as at 10 September 2013 (adjusted to take account of funds received in the intervening period). The Liquidator expresses no view as to whether this will be the actual amount recovered from these investments. See Section 4.57 above for details of these investments.
- 5.10 The variance in assets between the Last Report and 31 August 2013 in Sentry is a decrease in asset position of \$689,276. This is due primarily to:
- An Increase in cash balances of \$10.8million due to (1) US Trustee cash dividend of \$10.9million, (2) redeemer settlements of \$0.8million, (3) redemptions of non BLMIS investments and (4) payment of the Liquidator's fees and expenses totalling \$1.58 million. The Liquidator's fees and expenses relate to all expenses and fees incurred, invoiced and approved by the Court. On 25 June 2013 the Court approved fees of \$1.58million that had been incurred for the period 1 January 2013 to 30 April 2013.
  - The decrease in the value of the residual Non-BLMIS investments and fee deferral assets of \$642,461 is discussed in section 4.57.
  - The increase in the value of the SIPA claim payable of \$10.9 million as detailed in Section 5.6.
- 5.11 The variance in assets between the Last Report and 31 August 2013 in Sigma is a decrease of \$56,676. This is primarily due to:
- The payment of Liquidator's fees and expenses totalling \$56,528; on 25 June 2013 the Court approved fees that had been incurred for the period 1 January 2013 to 30 April 2013; and
  - Bank charges of \$148.

- 5.12 Lambda had nil tangible assets at the date on which the Liquidator was appointed. Whilst the Liquidator has brought Redeemer Claims (with an approximate value of \$35m) against certain Lambda investors, no settlements have been received to date and there have been no realisations within the liquidation of Lambda specifically. Any fees and expenses of the liquidation of Lambda will only be recoverable in the event that Lambda realisations are achieved; the Liquidator has sought and obtained approval from the Court for the fees and expenses incurred.
- 5.13 In accordance with the provisions of the Act, the Liquidator's remuneration is based upon his time costs. The Liquidator's rates have remained unchanged since 1 June 2012. The current rates are fixed until 31 December 2013.

## 6. Conclusion

- 6.1 The Liquidator intends periodically to provide further reports to the Court, creditors and investors, updating them on the progress of the liquidations as and when appropriate or as directed by the Court. The next interim consolidated report is scheduled to be issued in April 2014.
- 6.2 In the meantime, however, Registered Shareholders are advised to keep a regular check on the secure website for further updates. The secure websites include a list of Frequently Asked Questions which I ask you to check prior to contacting the Liquidator with any queries. If you do not have, or have lost your log-in credentials for the secure website, please email the Liquidator (quoting your Holder and Account ID numbers) at: [fairfieldsentry@KRyS-Global.com](mailto:fairfieldsentry@KRyS-Global.com); [fairfieldsigma@KRyS-Global.com](mailto:fairfieldsigma@KRyS-Global.com); or [fairfieldlambda@KRyS-Global.com](mailto:fairfieldlambda@KRyS-Global.com).



**Kenneth Kryz**

**Liquidator**

**25 October 2013**

Fairfield Sentry Funds Liquidation  
Liquidators' cash receipts and disbursements statement  
July 2009 to 31 August 2013

Appendix A

	USD \$ SENTRY 31-Aug-13	USD \$ SIGMA 31-Aug-13	USD \$ LAMBDA 31-Aug-13	TOTAL 31-Aug-13	
<b>Cash Receipts</b>					
Citco at liquidation date	70,099,115	62,411,835	-	132,510,950	
Clydesdale EURO at liquidation date	-	260,265	-	260,265	
Proceeds on liquidation of positions	76,982,949	-	-	76,982,949	
Proceeds received from redeemers	24,831,196	2,048,879	-	26,880,075	
Proceeds received from SIPA Trustee	99,121,700	-	-	99,121,700	
Recovery of retainers	-	316,952	-	316,952	
Interest received	83,623	279,260	-	362,882	
	<u>271,118,583</u>	<u>65,317,191</u>	<u>-</u>	<u>336,435,774</u>	
<b>Cash Disbursements</b>					
Legal fees and expenses	36,818,789	87,252	-	36,906,041	
Legal Contingency Fees	2,237,469	307,657	-	2,545,126	
Liquidators fees and expenses	15,739,364	1,117,118	-	16,856,482	
Payment - SIPA Trustee Payment	72,197,329	292,608	-	72,489,937	
Other professional fees	623,234	46,510	-	669,744	
Database & web fees	261,898	7,680	-	269,578	
Liquidation committee expenses	95,003	-	-	95,003	
Office rental expenses	13,200	18,800	-	32,000	
Application costs and fees	186,381	-	-	186,381	
Bank charges	14,052	2,621	-	16,673	
FX Loss	-	22,934	-	22,934	
Correction of bank error	24,826	-	-	24,826	
	<u>128,211,545</u>	<u>1,903,180</u>	<u>-</u>	<u>130,114,725</u>	
<b>Net Cash Position</b>	<b><u>142,907,038</u></b>	<b><u>63,414,011</u></b>	<b><u>-</u></b>	<b><u>206,321,049</u></b>	<b>A</b>
<b>Closing Balance made up of:</b>					
Held by Liquidator or at the Liquidator's discretion	18,650,465	63,414,011	-	82,064,475	
Received from US Trustee	53,121,700	-	-	53,121,700	<b>B</b>
Dublin Citco Account	71,134,873	-	-	71,134,873	<b>C</b>
	<u>142,907,038</u>	<u>63,414,011</u>	<u>-</u>	<u>206,321,049</u>	

**Notes**

A - The receipts and disbursements account reflects cash transactions since the liquidation date as approved by the BVI Court.

B - Sentry funds of \$53.12million were received from the US Trustee. See Section 5 of the report.

C - Sentry funds of \$71million with Citco are subject to a freezing order. See Section 5 of the report.

Fairfield Sentry Funds Liquidation  
Liquidators' cash receipts and disbursements statement  
July 2009 to 28 February 2013

Appendix B

	USD \$ SENTRY 28-Feb-13	USD \$ SIGMA 28-Feb-13	USD \$ LAMBDA 28-Feb-13	TOTAL 28-Feb-13	
<b>Cash Receipts</b>					
Citco at liquidation date	70,099,115	62,411,835	-	132,510,950	
Clydesdale EURO at liquidation date	-	260,265	-	260,265	
Proceeds on liquidation of positions	76,286,447	-	-	76,286,447	
Proceeds received from redeemers	24,031,196	2,048,879	-	26,080,075	
Proceeds received from SIPA Trustee	88,263,400	-	-	88,263,400	
Recovery of retainers	-	316,952	-	316,952	
Interest received	77,888	279,260	-	357,148	
	<u>258,758,046</u>	<u>65,317,191</u>	<u>-</u>	<u>324,075,236</u>	
<b>Cash Disbursements</b>					
Legal fees and expenses	36,062,539	87,252	-	36,149,792	
Legal Contingency Fees	2,237,469	307,657	-	2,545,126	
Liquidators fees and expenses	15,033,731	1,060,749	-	16,094,481	
Payment - SIPA Trustee Payment	72,197,329	292,608	-	72,489,937	
Other professional fees	619,229	46,510	-	665,739	
Database & web fees	242,801	7,521	-	250,322	
Liquidation committee expenses	95,003	-	-	95,003	
Office rental expenses	13,200	18,800	-	32,000	
Application costs and fees	186,381	-	-	186,381	
Bank charges	12,225	2,473	-	14,698	
FX Loss	-	22,934	-	22,934	
	<u>126,699,907</u>	<u>1,846,504</u>	<u>-</u>	<u>128,546,411</u>	
<b>Net Cash Position</b>	<b><u>132,058,138</u></b>	<b><u>63,470,687</u></b>	<b><u>-</u></b>	<b><u>195,528,825</u></b>	<b>A</b>
<b>Closing Balance made up of:</b>					
Held by Liquidator or at the Liquidator's discretion	18,637,491	63,470,687	-	82,108,177	
Received from US Trustee	42,285,774	-	-	42,285,774	<b>B</b>
Dublin Citco Account	71,134,873	-	-	71,134,873	<b>C</b>
	<u>132,058,138</u>	<u>63,470,687</u>	<u>-</u>	<u>195,528,825</u>	

**Notes**

A - The receipts and disbursements account reflects cash transactions since the liquidation date as approved by the BVI Court.

B - Sentry funds of \$42.26million were received from the US Trustee. See Section 5 of the report.

C - Sentry funds of \$71million with Citco are subject to a freezing order. See Section 5 of the report.