

## PAUL, WEISS, RIFKIND, WHARTON &amp; GARRISON LLP

1285 AVENUE OF THE AMERICAS  
NEW YORK, NEW YORK 10019-6064

TELEPHONE (212) 373-3000

LLOYD K. GARRISON (1946-1991)  
RANDOLPH E. PAUL (1946-1956)  
SIMON H. RIFKIND (1950-1995)  
LOUIS S. WEISS (1927-1950)  
JOHN F. WHARTON (1927-1977)

UNIT 3601, OFFICE TOWER A, BEIJING FORTUNE PLAZA  
NO. 7 DONGSANHUAN ZHONGLU  
CHAOYANG DISTRICT  
BEIJING 100020  
PEOPLE'S REPUBLIC OF CHINA  
TELEPHONE (86-10) 5828-6300

12TH FLOOR, HONG KONG CLUB BUILDING  
3A CHATER ROAD, CENTRAL  
HONG KONG  
TELEPHONE (852) 2846-0300

ALDER CASTLE  
10 NOBLE STREET  
LONDON EC2V 7JU, U.K.  
TELEPHONE (44 20) 7367 1600

FUKOKU SEIMEI BUILDING  
2-2 UCHISAIWAICHO 2-CHOME  
CHIYODA-KU, TOKYO 100-0011, JAPAN  
TELEPHONE (81-3) 3597-8101

TORONTO-DOMINION CENTRE  
77 KING STREET WEST, SUITE 3100  
P.O. BOX 226  
TORONTO, ONTARIO M5K 1J3  
TELEPHONE (416) 504-0520

2001 K STREET, NW  
WASHINGTON, DC 20006-1047  
TELEPHONE (202) 223-7300

500 DELAWARE AVENUE, SUITE 200  
POST OFFICE BOX 32  
WILMINGTON, DE 19899-0032  
TELEPHONE (302) 655-4410

MATTHEW W. ABBOTT  
ALAN J. ABRAMSON  
ROBERT A. ATKINS  
DAVID J. BALL  
JOHN F. BAUGHMAN  
LYNN B. BAYARD  
DANIEL J. BELLER  
CRAIG A. BENSON  
MITCHELL M. BERG  
MARK S. BERGMAN  
BRUCE BIRENBOIM  
H. CHRISTOPHER BOEHNING  
ANGELO BONVINO  
JAMES L. BROCHIN  
RICHARD J. BRONSTEIN  
DAVID W. BROWN  
SUSANNA M. BUERGEL  
PATRICK S. CAMPBELL\*  
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YVONNE Y. F. CHAN  
LEWIS R. CLAYTON  
JAY COHEN  
KELLEY A. CORNISH  
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ROSS A. FIELDSTON  
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BRAD J. FINKELSTEIN  
BRIAN P. FINNEGAN  
ROBERTO FINZI  
PETER E. FISCH  
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HARRIS B. FREIDUS  
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ERIC GOODISON  
CHARLES H. GOOGE, JR.  
ANDREW G. GORDON  
UDI GROFMAN  
NICHOLAS GROOMBRIDGE  
BRUCE A. GUTENPLAN  
GAINES GWATHMEY, III  
ALAN S. HALPERIN  
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GERARD E. HARPER  
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ROBERT M. HIRSH  
MICHELE HIRSHMAN  
MICHAEL S. HONG  
DAVID S. HUNTINGTON  
LORETTA A. IPPOLITO  
JAREN JANGHORBANI

MEREDITH J. KANE  
ROBERTA A. KAPLAN  
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PATRICK N. KARSNITZ  
JOHN C. KENNEDY  
ALAN W. KORBERG  
DANIEL J. KRAMER  
DAVID K. LAKHDHIR  
STEPHEN P. LAMB\*  
JOHN E. LANGE  
DANIEL J. LEFFELL  
XIAOYU GREG LIU  
JEFFREY D. MARRELL  
MARC V. MASOTTI  
EDWIN S. MAYNARD  
DAVID W. MAYO  
ELIZABETH R. MCCOLM  
MARK F. MENDELSON  
WILLIAM B. MICHAEL  
TOBY S. MYERSON  
CATHERINE NYARADY  
JANE B. O'BRIEN  
ALEX YOUNG K. OH  
BRAD R. OKUN  
KELLEY D. PARKER  
MARC E. PERLMUTTER  
VALERIE E. RADWANER  
ANDREW ROSEBERG  
WALTER G. RICCIARDI  
WALTER RIEMAN  
RICHARD A. ROSEN  
ANDREW ROSENBERG  
JACQUELINE P. RUBIN  
RAPHAEL M. RUSSO  
JEFFREY D. SAFERSTEIN  
JEFFREY B. SAMUELS  
DALE M. SARRO  
TERRY E. SCHIMEK  
KENNETH M. SCHNEIDER  
ROBERT B. SCHUMER  
JAMES H. SCHWAB  
JOHN M. SCOTT  
STEPHEN J. SHIMSHAK  
DAVID R. SICULAR  
MOSES SILVERMAN  
STEVEN SIMKIN  
JOSEPH J. SIMONS  
MARILYN SOBEL  
AUDRA J. SLOWAY  
SCOTT M. SONTAG  
TARUN M. STEWART  
ERIC ALAN STONE  
AIDAN SYMOTT  
ROBYN F. TARNOFSKY  
MONICA K. THURMOND  
DANIEL J. TOAL  
LIZA M. VELAZQUEZ  
MARIA T. VULLO  
ALEXANDRA M. WALSH\*  
LAWRENCE G. WEE  
THEODORE V. WELLS, JR.  
BETH A. WILKINSON  
STEVEN J. WILLIAMS  
LAWRENCE I. WITDORCHIC  
MARK B. WLAZLO  
JULIA MASON WOOD  
JORDAN E. YARETT  
KAYE N. YOSHINO  
TONG YU  
TRACEY A. ZACCONE  
T. ROBERT ZOCHOWSKI, JR.

WRITER'S DIRECT DIAL NUMBER

212-373-3260

WRITER'S DIRECT FACSIMILE

212-492-0260

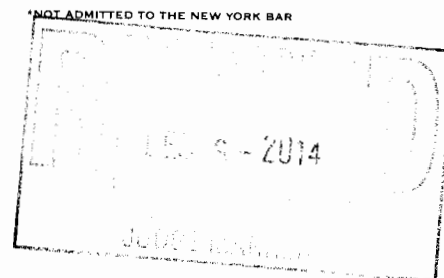
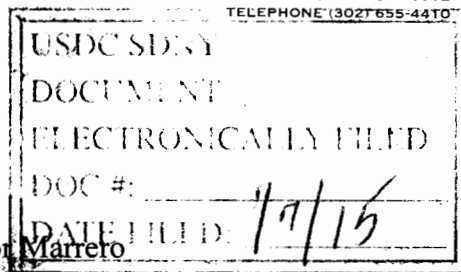
WRITER'S DIRECT E-MAIL ADDRESS

wrieman@paulweiss.com

December 2, 2014

By Hand

The Honorable Victor Marrero  
United States District Judge  
Daniel Patrick Moynihan  
United States Courthouse  
500 Pearl Street, Room 1040  
New York, New York 10007-1312



Anwar, et al. v. Fairfield Greenwich Limited, et al.,  
No. 09-cv-118 (S.D.N.Y.) (VM) (FM)

Dear Judge Marrero:

On behalf of the Citco Defendants, we are writing to respond to the portion of plaintiffs' letter dated November 20, 2014, that discusses the district court's decision in *Osberg v. Foot Locker, Inc.*, No. 07-cv-1358 (KBF), 2014 WL 5800501 (S.D.N.Y. Nov. 7, 2014), petition for perm to app. under Fed. R. Civ. P. 23(f) filed, No. 14-3748(L), ECF No. 42 (2d Cir. Nov. 25, 2014). *Osberg* does not alter the conclusion that plaintiffs' motion for class certification should be denied.

*Osberg* certified a class alleging claims for plan reformation under ERISA. Such claims, the *Osberg* court held, do not require proof of reliance. See *id.* at \*1. The *Osberg* court's discussion of reliance was consequently *dicta*. Here, in contrast,

The Honorable Victor Marrero  
United States District Judge


proof of actual and reasonable reliance is essential to the *Anwar* plaintiffs' claims. (See Citco Opp. Br. 2-17, ECF No. 1323.)<sup>1</sup>

In any event, *Osberg's dicta* concerning reliance have no application to *Anwar*. In *Osberg*, the court found that on the particular facts of that case, no reasonable juror could have accepted the defendant's position respecting reliance. See 2014 WL 5800501, at \*6. In the view of the *Osberg* court, the defendant there "ha[d] proffered not a shred of evidence" that reliance would require an individualized inquiry. *Id.*

Here, in contrast, the Citco Defendants have identified substantial evidence demonstrating—among other propositions—that the alleged misrepresentations were not made uniformly to the putative class members; that substantial individualized issues of fact exist concerning whether any particular putative class member received the alleged misrepresentations prior to making a decision to invest; and that actual and reasonable reliance similarly involve substantial individualized inquiries. (See Citco Opp. Br. 2-17.)


Plaintiffs suggest that they are exempt from the jurisprudence generally governing attempts at class certification of reliance-based claims, because, they say, "[i]t is inconceivable that any investor would knowingly invest in a Ponzi scheme." (Pls.' Ltr. 2.) That contention is merely a rephrased version of the so-called fraud-created-the-market theory, which is the theory "that but for the defendant's fraud, no market for the securities would have existed at all." *Pa. Pub. Sch. Emps.' Ret. Sys. v. Morgan Stanley & Co.*, No. 13-2095-cv(L), 2014 WL 5487666, at \*6 (2d Cir. Oct. 31, 2014). As our letter of November 17, 2014, explained, the Second Circuit's decision in *Pennsylvania Public School* rejected the fraud-created-the-market theory as a purported interpretation of New York law, and implicitly but unmistakably criticized that theory as a purported interpretation of the federal securities laws. See *id.* at \*6-7.

Respectfully submitted,



Walter Rieman

cc: All counsel in *Anwar* (by e-mail)

The Clerk of Court is directed to enter into the public record of this action the letter above submitted to the Court by	
<u>Citco defendants</u>	
SO ORDERED.	
<u>12-3-14</u>	
DATE	VICTOR MARRERO, U.S.D.J.

<sup>1</sup> Capitalized terms have the meanings set forth in Citco's letter to Your Honor dated November 17, 2014.