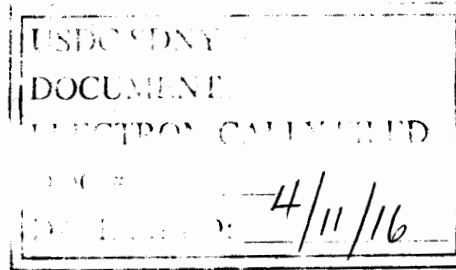


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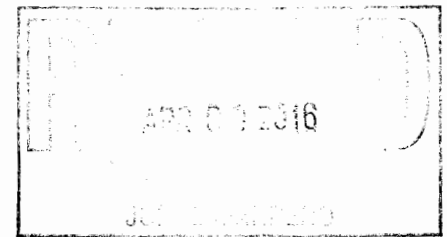
APR 11 2016

CLERK OF THE COURT
 UNITED STATES DISTRICT COURT
 SOUTHERN DISTRICT OF NEW YORK

Clerk of the Court
 United States District Court
 Southern District of New York
 United States Courthouse
 500 Pearl Street
 New York
 NY 10007-1312



Rumbles
 Shop Lane
 East Mersea
 Essex
 England CO5 8TR
 Tel +44 7710077299



Dear Sirs

Re. Settlement in Anwar et al v. Fairfield Greenwich Limited et al., Case No .08-cv-118

I refer to the proposed settlement by the PWC Defendants in the above action. I write to advise you that I object to the proposed settlement for the following reasons.

- The PWC Defendants were the auditors of the Fairfield Sentry fund and to the best of my knowledge issued "unqualified" audit reports in each of the years in which, between them, they audited the funds.
- In those audit reports the PWC Defendants (or some of them) stated, for example for the financial year ended 31 December 2007, that *"In our opinion. The accompanying balance sheet and the related income statement present fairly, in all material respects, the financial position of Fairfield Sentry Limited (the "Company") as of December 31 2007"*. In making that statement the PWC Defendants will have conducted an audit and carried out extensive tests of transactions, assets and liabilities to verify the accuracy of the Fairfield Sentry Profit and Loss and Balance Sheet statements and as they reported in their Audit Report dated 7 April 2008 *"We believe that our audit provides a reasonable basis for our opinion"*.
- Those audited balance sheets showed total net assets and hence a book value of the Fairfield Sentry Fund at 31 December 2007 of approximately \$7.147 Billion. Furthermore the same audited accounts for 31 December 2007 showed that \$6.953 Billion (or ninety six percent) of the \$7.277 Billion of total assets at that date comprised US Treasury Bills maturing within six months of the balance sheet date. US Treasury Bills are of course a short term claim on the Government of the United States and are perceived as one of the safest and most liquid of all investments and as a result are usually treated as "Cash" in most audited financial statements.
- When the fund collapsed less than a year later it has, I understand, been found that these Treasury Bills did not exist nor indeed had they existed in anything like the quantity expressed in the previous several years' financial statements and far from the accounts being a true and fair

picture of the assets and liabilities and profit and loss of the fund, the accounts were a completely fraudulent representation of the assets of the fund which instead of the \$ 7.147 Billion of net assets it was supposed to hold on behalf of the investors held negligible or very small amounts of any true assets.

- The PWC Defendants (or some of them) had a duty to verify the significant assets of the fund and to satisfy themselves that the assets a) existed and b) had a value at least equal to that stated in the audited financial statements. It is now clear that the fund did not own the Treasury Bills (or the vast bulk) of them as described in the audited financial statements.
- The PWC Defendants will or should have carried out extensive tests to verify the existence of the Treasury Bills and from the extraordinary losses suffered by the investors in the Fund it is now evident as described above that the Fund did not own the vast bulk of the Treasury Bills as described in the audited financial statements. To verify the existence and value of Treasury Bills is not a complex matter it is one of the simplest assets to audit as it effectively involves counting cash and ensuring it is genuine and equal to the amount stated in the financial statements. This is a simple counting of cash and not some complex valuation of illiquid derivatives or similar. To have failed to verify the existence and value of this most basic of assets implies a failure to apply the simplest of audit practices and processes.
- The PWC Defendants are not some firm of sole practitioners but one of the four largest audit firms in the world. They presumably applied the same audit practices and procedures as they do worldwide and were paid a handsome fee for their audit services. The investors relied on the audit report, which formed an integral part of the Fairfield Sentry audited financial statements, when deciding whether to invest in the fund or to remain invested in the fund.
- It appears clear to me that the PWC Defendants in failing to verify the existence and value of the assets of the fund failed in their most basic duty of care to the investors in the Fairfield Sentry fund.
- The proposed settlement offer of \$55 million by the PWC Defendants represents a wholly unrepresentative compensation to the investors for what I consider to be negligence or gross negligence on the part of the auditors. It represents less than one percent of the \$7.147 Billion of net assets which they audited at 31 December 2007 and on which they issued a clean audit report at 7 April 2008.
- This settlement offer will be further greatly reduced by the amount of the claimants' attorney fees and expenses. The amount of these deductions have unfortunately not been made known to me but this already paltry settlement sum will undoubtedly be very significantly reduced by the lawyers' fees and expenses.
- It has I understand been suggested that claiming a larger sum in settlement from the PWC Defendants would mean the defendants might go into bankruptcy and any amount awarded to the claimants by the Court might be difficult to recover. I oppose this argument. If an adverse finding was made against the PWC Defendants at trial as I think it would be for the reasons

given above amongst other reasons, then it is far better for the investors (and indeed for investors in other audited entities) that the defendants are held accountable for their alleged negligent or gross negligent actions. If this means the defendants go bankrupt and the PWC brand worldwide suffers the negative publicity associated with such an action so be it. In my opinion it is far better that such a result occur and future investors gain some degree of improved protection in future than to accept such a paltry offer as is currently being made to investors.

- Because of the paltry level of this settlement, in reality the only parties to gain anything material from this settlement will be the PWC Defendants and the lawyers of the respective parties.

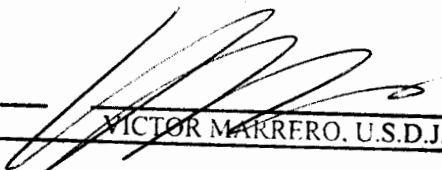
For the above reasons I oppose the level of settlement being proposed and note that this level of settlement has not been discussed with me previously and had it been done so I would have opposed it at that time for much the same reasons.

Yours faithfully



Alexander B. Richardson (Investor Claim No. 340)

P.S. A copy of this letter of objection has been sent to the Plaintiffs' Counsel Designee and the PWC Defendants' Counsel Designee as requested.

The Clerk of Court is directed to enter into the public record of this action the letter above submitted to the Court by <u>Alexander B. Richardson</u>	
SO ORDERED.	
<u>4-11-16</u> DATE	 VICTOR MARRERO, U.S.D.J.