

# EXHIBIT 1



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February 20, 2009

Dear Customer,

Attached please find a letter that EFG International has prepared for its clients who have investments in the Fairfield Sentry Limited Fund.


After you have read and considered the information in the attached letter, if you have questions or need clarifications, please contact your Client Relationship Officer. EFG Capital will be glad to attempt to further answer your questions or respond to your needs.

Additionally, should you or your legal advisor have specific legal questions about the information in the attached document, please let us know and we will attempt to answer them or put you in contact with our legal counsel.

Sincerely,

A handwritten signature in black ink, appearing to read "Victor M. Echevarria", written over a horizontal line.

Victor M. Echevarria  
Chairman  
EFG Capital International Corp.

A member of the EFG  Bank Group

**Confidential**  
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**INFORMATION REGARDING FAIRFIELD SENTRY LIMITED FUND  
FEBRUARY 20, 2009**

In an effort to help our clients better understand the implications of the recent events related to Bernard L. Madoff (“Madoff”), we are providing you with this information and analysis. Please note that EFG has retained the law firm of Greenberg Traurig to advise it with respect to certain Madoff—related matters. We expect to issue additional update memoranda from time to time.<sup>1</sup>

As you may be aware, on December 11, 2008, the office of the United States Attorney for the Southern District of New York commenced a criminal action charging Madoff with securities fraud. That same day, the United States Securities and Exchange Commission (“SEC”) filed a Complaint against Madoff and an application for emergency preliminary relief against Madoff and Bernard L. Madoff Investment Securities, LLC (“BMIS”), a broker-dealer and investment advisor founded by Madoff. On December 15, the court in the SEC action appointed Irving H. Picard, Esq. as trustee pursuant to the Securities Investor Protection Act (the “SIPA Trustee”) for the liquidation of the business of BMIS and then determined that the liquidation proceeding should be heard in the Bankruptcy Court for the Southern District of New York.

Following are answers to some of the more common questions Fairfield investors have asked regarding the Madoff fraud and how it might affect them.

**1. WHO IS FAIRFIELD?**

Fairfield Greenwich Group (“Fairfield”) is an asset manager that manages its own hedge funds as well as various outside funds. Fairfield Greenwich Group describes itself as a “global family of companies” of which Fairfield Greenwich Limited, Fairfield Greenwich (Bermuda) Ltd., and Fairfield Greenwich Advisors LLC are members.

Fairfield Sentry Limited Fund (“Fairfield Sentry”) is a hedge fund managed by Fairfield Greenwich Group that invested with Bernard L. Madoff Investment Securities, LLC. (“BMIS”).

Fairfield Greenwich Limited served as Fairfield Sentry’s placement agent and oversaw the marketing of Fairfield Sentry’s shares.

Fairfield Greenwich (Bermuda) Ltd., is a wholly-owned subsidiary of Fairfield Greenwich Limited and served as Fairfield Sentry’s investment manager. As such,

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<sup>1</sup> Of course, the situation relating to Madoff and investments in Madoff-related funds is changing rapidly, and in potentially unpredictable ways. Although we believe that the information and analysis in this memorandum is correct as of its date, both the underlying information and the conclusions we draw may change. Although we expect to issue additional memoranda from time to time, we disclaim any obligation to update the memorandum and analysis contained herein.

Fairfield Greenwich (Bermuda) Ltd. was responsible for the management of Fairfield Sentry's investment activities, including the selection and monitoring of its investments.

Fairfield Greenwich Advisors LLC is an affiliate of Fairfield Greenwich Limited and Fairfield Greenwich (Bermuda) Ltd. and provided Fairfield Sentry with various administrative services and back-office support. Fairfield Greenwich Advisors LLC also assisted Fairfield Greenwich (Bermuda) Ltd. with its fund manager selection and due diligence process.

Fairfield Risk Services Ltd. is a wholly-owned subsidiary of Fairfield Greenwich Limited and was responsible for analyzing and monitoring Fairfield Greenwich Group's hedge fund managers and maintaining a risk infrastructure to support these activities.

**2. HAVE ANY LAWSUITS BEEN FILED AGAINST FAIRFIELD?**

Yes. To date, at least three class actions have been filed against Fairfield:

- ✓ Anwar v. Fairfield Greenwich Group, Civil Action No. 08-03769 (N.Y. Sup. Ct. Dec. 19, 2008) (class action comprising all persons who held or owned interests in Fairfield Greenwich on December 10, 2008) (on January 7, 2009, this case was removed to the S.D.N.Y.: Civil Action No. 09-00118) (Plaintiffs are represented by Lovell Stewart Halesian LLP)
- ✓ Inter-American Trust v. Fairfield Greenwich Group, Civil Action No. 09-00301 (S.D.N.Y. Jan. 12, 2009) (class action comprising all shareholders in the Fairfield Sentry Fund as of December 11, 2008) (Plaintiffs are represented by Boise, Schiller & Flexner LLP)
- ✓ Pacific W. Health Med. Ctr. Inc. Emps. Ret. Trust v. Fairfield Greenwich Group, Case No. 09-00134 (S.D.N.Y. Jan. 8, 2009) (class action comprising all persons who owned shares of Fairfield Sentry as of December 10, 2008) (Plaintiffs are represented by Wolf Popper LLP)

In addition, the following non-class action lawsuit has been filed by one of Fairfield Sentry's investors against the fund's administrator and auditors:

- ✓ Stephens v. Citgo Group Ltd., Civil Action No. 09-00716 (S.D.N.Y. Jan. 26, 2009) (individual lawsuit by limited partner in Fairfield Sentry L.P. against administrator and auditors of the Fund) (Plaintiff is represented by Deutsch, Metz & Deutsch LLP)

**3. WHAT IS A CLASS ACTION? HOW DOES A CLASS ACTION WORK?**

A class action is a form of lawsuit in which a large group of individuals or entities collectively bring a claim in court. The procedure for filing a class action is to file a lawsuit in which one or more named plaintiffs act on behalf of a proposed class, or group of individuals or entities, that have suffered a common injury or injuries.

After the complaint is filed, the plaintiffs must file a motion with the court to have the class certified as meeting the requirements for a class action. The defendants may then object to whether the proposed class meets the legal standard for class certification. In general, the legal standards, whether the issues are appropriately handled as a class action, whether the named plaintiffs are sufficiently representative of the class, and whether the plaintiffs have any improper relationship with the law firms handling the case. The court will also examine the ability of the law firms to prosecute the claim for the plaintiffs.

Once a class has been certified, due process requires in most cases that notice describing the class action be sent, published, or broadcast to all potential class members. The actual manner by which notice is provided to class members will depend on the unique facts and circumstances of each lawsuit and must be approved by the court. In most cases, however, notice is effected by mail. Potential class members are usually identified through public or corporate records (such as shareholder lists) and, as such, do not need to take any affirmative action to identify themselves. As part of the notice procedure, potential class members are typically given the opportunity to opt out of the class before a specified deadline. (If a class member wishes to proceed with his own litigation, he is entitled to do so only after he opts out of the class action.)

There is generally no requirement that class members be kept informed of developments in the class action prior to its final resolution. As a practical matter, however, class counsel will sometimes create a website through which class members can be updated on the progress of their lawsuit.

If there is a settlement agreement, it must be preliminarily approved by the court. As part of the preliminary approval, the court will direct class counsel to send a settlement notice to all of the members of the certified class informing them of the details of the proposed settlement and explaining the procedures for raising any objections to the proposed settlement agreement. This notice is also usually sent by mail. After the period for objections has passed, the court will hold a final approval hearing to consider the proposed settlement agreement and any objections that may have been filed.

Any attorneys' fees and charges incurred by the plaintiffs during the course of the class action will typically be deducted from the amount ultimately recovered by the plaintiffs. The plaintiffs' attorneys fees and costs must be approved by the Court.

#### **4. HOW ARE MOST CLASS ACTIONS RESOLVED?**

The vast majority of securities class actions result in dismissal or settlement. Only a tiny fraction of cases ultimately go to trial.

Of the 1,121 securities class actions filed in federal court between December 14, 2001 and December 14, 2006, 729 cases have since been resolved (392 class actions from this time period remain pending). Of those cases that have been resolved, 45% ended with a dismissal and 55% reached a settlement.

Similarly, of the federal securities class actions filed in 2000, 59% have reached final settlement, 1% have reached a partial settlement, and 33% have been dismissed. (7% of these 2000 filings either remain pending or have been abandoned by the plaintiffs.) Only four of the class actions filed in 2000 have gone to trial, and all ultimately settled with at least one defendant during the trial.

**5. HOW LONG DO MOST CLASS ACTIONS LAST?**

There is no set time for resolving a class action. Some class actions settle within one year. Most, however, take considerably longer to resolve. For class actions filed from 1996 to 2002 and resolved by the end of 2008, the median time to resolution was 33 months, the median time to settlement was 37 months, and the median time to dismissal was 25 months. Notwithstanding these averages, it is not unheard of for some class actions to go on for five years or more.

**6. WHAT DO THE FAIRFIELD CLASS ACTIONS MEAN FOR FAIRFIELD INVESTORS?**

Those individuals who invested directly with Fairfield or one of its funds (such as Fairfield Sentry) could potentially become members of one or more of the three putative class actions identified above that were filed against Fairfield. (See Question No. 1.) In the event the courts certify those lawsuits as actual class actions, notice will be provided to Fairfield's investors in a form and manner approved by the courts. Upon receiving such notice, the investors would then likely be given the opportunity to opt out of the class if they chose to do so. As noted above, potential class members are usually deemed to be included in their respective classes unless they expressly opt out.



**In light of this general class action procedure, EFG believes that investors who might be potential class members should not be disadvantaged by waiting a reasonable period to see how those class actions proceed and, therefore, do not need to take any action at this time. Nevertheless, the manner in which you choose to respond to the Fairfield class actions in light of your specific Fairfield investments is a decision you should make only after taking into consideration your own personal circumstances and needs. EFG encourages its clients to discuss these issues with their legal and tax advisors before making a decision.**

**7. HOW MUCH TIME DO FAIRFIELD INVESTORS HAVE TO DECIDE WHETHER THEY WANT TO PARTICIPATE IN THE FAIRFIELD CLASS ACTIONS?**

If the courts certify any of the lawsuits identified above as class actions, they will identify a specific deadline by which Fairfield investors must opt out of the class if they chose to do so. Typically, the deadline will be set a reasonable period of time (e.g., 60-90 days) after the earlier of either: (i) when the class certification notice has been sent to the class members or (ii) when a settlement has been proposed and notice of the proposed settlement has been sent to the class members. The exact length of the deadline will

depend on the unique facts and circumstances of each lawsuit. As noted above, an investor is usually deemed to be a class member unless he opts out of the class.

**8. ARE FAIRFIELD INVESTORS PROTECTED BY THE SECURITIES INVESTOR PROTECTION CORPORATION ("SIPC")?**

Probably not. SIPC's primary purpose is to return specified funds and securities to investors if the broker-dealer holding those assets becomes insolvent. SIPC does not cover investment losses. SIPC generally protects only investors who directly invested with the insolvent company (i.e., BMIS) as opposed to indirect investors like those who invested with Fairfield and whose funds were subsequently invested by Fairfield with BMIS. It should be noted that one indirect investor in BMIS has recently asked the judge overseeing BMIS's bankruptcy proceeding to make an exception and extend SIPC's coverage to include indirect investors. To date, however, the judge has not made a ruling on this request.

Even if Fairfield's investors were protected by SIPC, SIPC coverage is limited to \$500,000 per customer, including up to \$100,000 for cash. SIPC's coverage is generally limited to registered securities, such as notes, stocks, bonds, mutual funds, and other investment company shares. SIPC does not cover instruments such as unregistered investment contracts, unregistered limited partnerships, fixed annuity contracts, currency, and interests in gold, silver, or other commodity futures contracts or commodity options. SIPC coverage is further limited to funds held by SIPC in reserve -- currently approximately \$1.5 billion.

On January 2, 2009, the court-appointed trustee overseeing BMIS's liquidation pursuant to the Securities Investor Protection Act (the "SIPA Trustee") mailed over 8,000 customer claim forms, (with detailed instructions for the completion and filing of the forms with the trustee) to investors who invested directly with BMIS (as opposed to investing indirectly through one of BMIS's feeder funds). The deadline for filing customer claims is March 4, 2009. Claim received by the SIPA Trustee after March 4, 2009 but on or before July 2, 2009 will be subject to delayed processing and to being satisfied on less favorable terms.

**9. SHOULD FAIRFIELD INVESTORS FILE A SIPC CLAIM?**

Before determining whether to file a SIPC claim, Fairfield investors should consider the following:

- ✓ It is currently unclear whether SIPC insurance will cover indirect investors in BMIS. The court has not made that determination; and if the court extends coverage, then you would most likely, though, of course, there can be no assuming as to what a court might do, be given the opportunity to file a claim at a later date.
- ✓ If you file a SIPC claim, you may be submitting to the jurisdiction of a United States court. As a result, you may expose

yourself to requests by the court for personal financial information as well as other personal information.

- ✓ In addition, you may also make yourself an easier candidate for any potential claw-back of assets to the extent that you have received distributions relating to your investment.
- ✓ Finally, it is still unclear whether you will be able to receive SIPC relief as well as claim tax losses. Filing a SIPC claim may preclude you from seeking other means of recovery.



**It is EFG's opinion that, in general, Fairfield investors should consider the potential benefits and detriments before filing a SIPC claim in light of the potential risks (e.g., potential exposure of personal information, potential exposure to claw-backs, unknown tax implications, etc.) and little likelihood of reward (because Fairfield investors will likely not be covered SIPC). Nevertheless, whether you choose to file a SIPC claim with regard to your specific Fairfield investment is a decision you should make only after taking into consideration your own personal circumstances and needs. EFG encourages its clients to discuss these issues with their legal and tax advisors before making a decision.**

**10. IF A FAIRFIELD INVESTOR WISHES TO SUBMIT A FILING OR CLAIM (INCLUDING A SIPC CLAIM) OR OPT OUT OF A CLASS ACTION, CAN HIS CUSTODIAN BANK OR ANOTHER AGENT DO THIS FOR HIM ON HIS UNDISCLOSED BEHALF?**

No. If a Fairfield investor wishes to submit a filing or claim (including a SIPC claim) or opt out of a class action, he must do so himself. An investor cannot protect his identity by having such filings and declarations made on his behalf by his custodian bank or another agent.





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October 16, 2009

### NOTICE TO CLIENTS REGARDING FAIRFIELD SENTRY LIMITED

We are writing to you concerning certain steps that EFG International AG ("EFGI"), the parent company of EFG Capital International Corp. ("EFG Capital") and EFG Bank, is taking with respect to Fairfield Sentry Limited Fund ("Fairfield Sentry" or the "Fund") since we last wrote to you on June 29, 2009. We refer to EFGI, EFG Capital and EFG Bank collectively as "EFG."

Over the past three months, EFG has been working closely with two U.S. law firms, Greenberg Traurig LLP and Thomas Alexander & Forrester LLP, to evaluate the possible sources of recovery of customer losses and to examine potential causes of action available to EFG on behalf of its clients against the Fund and/or other related entities.

With the advice from outside counsel, and after considerable deliberation, EFG has determined that participation in the consolidated U.S. class action against Fairfield Greenwich Group and its related entities and officers (collectively, "Fairfield") represents the best opportunity to maximize recovery of the lost assets of our clients.<sup>1</sup>

Outside counsel advised that EFG, by acting alone in litigating against Fairfield Sentry, would undoubtedly face numerous financial, procedural, and legal obstacles to any causes of action it could commence against the Fund, and the likelihood of success would be materially diminished. We believe that the consolidated class action against Fairfield presents the best challenge to the Fund and maximizes chances of recovery for EFG clients.

During this time EFG has been in regular, direct contact with Boise, Schiller & Flexner LLP, lead counsel for the master class action lawsuit against Fairfield Greenwich Group, to obtain regular updates on the progress of the litigation.

EFG Bank, as nominee shareholder of your investment in Fairfield Sentry, will act on your behalf and participate in the consolidated class action and any potential class settlement in order to attempt recovery of losses suffered due to the Madoff fraud. In the

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<sup>1</sup> On January 30, 2009, the various lawsuits brought against Fairfield Greenwich Group and/or its related entities and officers, including the three class actions that specifically named Fairfield Sentry as a defendant -- Bhatia, et al. v. Standard Chartered International (USA) Ltd., et al., 09-cv-02410 (S.D.N.Y.); Knight Services Holdings Limited, et al. v. Fairfield Sentry Limited, et al., 09-cv-02269 (S.D.N.Y.); and Zohar, et al. v. Fairfield Greenwich Group, et al., 09-cv-04031 (S.D.N.Y.) -- were consolidated under a single master class action lawsuit styled Anwar v. Fairfield Greenwich Group, Master File No. 09-cv-00118 (S.D.N.Y. Jan. 7, 2009).

event of any recovery, EFG Bank would distribute any funds recovered through the class action pro rata among those clients who held an interest in the omnibus account that invested with Fairfield Sentry.

As we have explained in earlier communications, a class action is a form of lawsuit in which a large group of individuals or entities collectively bring a claim in court. In the context of Fairfield Sentry and the Madoff fraud, such a collective action provides a number of advantages for EFG clients in litigation compared to individual lawsuits or any lawsuit that EFG could potentially bring on behalf of its clients.

- **Strength in collective action.** A class action brings together a group of individuals or entities that have suffered a common injury or injuries under one representational lawsuit. By aggregating a large number of individualized claims for recovery, the collective action allows the plaintiffs to leverage their numerosity against the defendant(s). This ensures that a defendant who engages in widespread harm -- but does so minimally against one or more individual plaintiffs so that the losses are too small to justify the time, labor, and expense of filing separate lawsuits -- must compensate those individuals for their injuries if the action is successful.

In the case of the consolidated class action against Fairfield Greenwich Group, the proposed class would include individuals who held investments with Fairfield Sentry, Fairfield Sigma Limited, Greenwich Sentry, L.P., or Greenwich Sentry Partners, L.P. on December 11, 2008. The plaintiffs have specifically requested that four subclasses be designated, one for the investors in each of the Fairfield funds.

- **Class members automatically included in litigation.** In the event the court certifies one or more of the proposed subclasses in the consolidated class action against Fairfield, potential class members are usually deemed to be included in their respective subclass unless they expressly opt out. This creates fewer obligations on the part of the class members to be actively involved in the litigation compared to conventional lawsuits.

Once a class or subclass has been certified, due process requires in most cases that notice describing the class action be sent, published, or broadcast to all potential class members. The actual manner by which notice is provided to class members will depend on the unique facts and circumstances of the lawsuit and must be approved by the court. In most cases, however, notice is effected by mail. Potential class members are usually identified through public or corporate records (such as shareholder lists) and, as such, do not need to take any affirmative action to identify themselves.

As part of the notice procedure, potential class members are typically given the opportunity to opt out of the class before a specified deadline. Therefore, EFG

clients who might be potential class members should not be disadvantaged by waiting to see how the consolidated class action proceeds.

- **Equitable division of funds.** The consolidated class action against Fairfield ensures that, if successful, all class members will receive relief and that early-filing plaintiffs will not be able to raid the defendants of all their assets before other plaintiffs may be compensated. To that end, the consolidated class action centralizes all claims into one venue -- the U.S. federal court in the Southern District of New York -- where a court can oversee the proceeding and equitably divide the assets amongst all the plaintiffs if the action is successful.<sup>2</sup>
- **Legal expertise with direct contact to the Fund.** The plaintiffs in the consolidated class action against Fairfield will benefit from representation by plaintiff law firms that are highly experienced in securities and class action litigation.<sup>3</sup> These firms have ample financial and human resources that should enable them to address the numerous procedural and legal obstacles likely to arise in litigation. In addition, three different attorneys involved in the consolidated class action have been appointed to the Fairfield Sentry Liquidation Committee. As the committee plays an important role in coordinating the litigation strategy of the Fund with the Liquidators, the consolidated class action will benefit from the direct contact with the Fund.

We will communicate with you further once there is additional information available with respect to the consolidated class action. In the meantime, should you have any questions or require additional information, please contact your EFG Capital Client Relationship Officer.

#### **EFG CAPITAL INTERNATIONAL CORP.**

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<sup>2</sup> On September 8, 2009, two of the defendants in the consolidated class action, Fairfield Greenwich Advisors LLC and Fairfield Greenwich (Bermuda) LLC, settled the claims brought against them by the Enforcement Section of the Massachusetts Securities Division of the Office of the Secretary of the Commonwealth in In re Fairfield Greenwich Advisors LLC, Docket No. 2009-0028 (Mass. April 1, 2009). Pursuant to the terms of the settlement, the two Fairfield entities agreed to pay a US\$500,000 fine and return as much as US\$7.5 million to Massachusetts investors. Although the source of the funds to be paid by the settling Fairfield entities is unknown at this time, it is possible that these funds might be recoverable by the plaintiffs in the consolidated class action against Fairfield.

<sup>3</sup> On July 7, 2009, the law firms of Boise, Schiller & Flexner LLP, Wolf Popper LLP, and Lovell Steward Halebian LLP were appointed as co-lead class counsel.