EXHIBIT 14

From: Schonbachler Jerome <jerome.schonbachler@efggroup.com>
Sent: Monday, March 21, 2005 3:58 AM
To: CAMPANO, Sixto <SCampano@EFGCapitalMiami.COM>; Schonbachler Jerome <jerome.schonbachler@efggroup.com>
Subject: RE: Hedge Fund ????

Dear Sixto,

these are the current conditions of the managed account. Redacted charges 1.5% for this one on top of the 20%.

Please bear in mind that Redacted has been in existence for a long time...

Best,
J

-----Original Message-----
From: CAMPANO, Sixto
Sent: 17 March 2005 20:27
To: Schonbachler Jerome
Subject: RE: Hedge Fund ????

so it more expensive than Redacted ?
In Redacted the 1.0 is the only mgt charge and 20% is the only incentive between all the parties.
I dont believe Redacted charges 1.5 for themselves??

-----Original Message-----
From: Schonbachler Jerome
Sent: Thursday, March 17, 2005 10:19 AM
To: CAMPANO, Sixto
Subject: RE: Hedge Fund ????

Dear Sixto,

Redacted account is lik Redacted : 1.5 and 20.

We would add 1% on the feeder fund: 0.5% for the CRO, 0.5% for the risk manager and GIS.

Best,

J

-----Original Message-----
From: CAMPANO, Sixto
Sent: 17 March 2005 14:09
To: Schonbachler Jerome
Subject: RE: Hedge Fund ????

what would madoff charge? is aia in the monitoring fee?

-----Original Message-----
From: Schonbachler Jerome
Sent: Thursday, March 17, 2005 3:18 AM
To: CAMPANO, Sixto
Subject: RE: Hedge Fund ????

Dear Sixtgo,

I propose the pricing to be 1% per annum for the risk monitoring fee. 0.5% go to anyone who sales it and 0.5% goes for the risk management and fund administration.

You may also charge a performance fee as the managed account does not give any retro like Redacted today.

On the LV side, I would prefer you follow with Ivo and Lonnie as Lonnie was more than clear about this issue with me. Perhaps you will have better luck than me.

On the dd issue, I understand you spoke with Bassam and the follow up is in Lonnie's hands.

All the best,

Jerome

-----Original Message-----
From: CAMPANO, Sixto
Sent: 17 March 2005 04:33
To: Schonbachler Jerome
Subject: RE: Hedge Fund ????

I dont understand if we give LV on a stand alone to Redacted y in some cases only I guess. I believe that the LV should be at a minimum what we give Sentry, because in this there would be more transparency etc.

Dont you think?

HOw would the procing of this fund be?

How much mgt fee and how much incentive and how much od either of those wold be kept by EFG/AIA/Maddoff???

On the comment of feedback see my other email. I called Bassam, because when we asked for the AIA comments of Maddoff you responded "talk to Bassam" and I did, and he indicated that we should not get it and we got into the perennial discussion of who pays for what etc. So it was I who called Lonnie.

Let me know about the above questions please.
Thx

-----Original Message-----
From: Schonbachler Jerome
Sent: Wednesday, March 16, 2005 6:15 AM

To: CAMPANO, Sixto; Schonbachler Jerome
Cc: Salem Bassam
Subject: RE: Hedge Fund ????

Dear Sixto,

I spoke with Lonnie and he seems ok with it. He is nevertheless adamant about the fact that the fund will have 0% LV on itself and the credit guys will only give LV against a lombard portfolio.

Is it ok for you?

On another topic, we sent to Redacted all the dd that he requested. Lonnie came back to me saying that he/sbdy complained about the lack of informations. I find it very weird and did show all the emails I sent to him. He was more than puzzled.

We try to help and we get this sort of feedback...

Best,
jerome

-----Original Message-----
From: CAMPANO, Sixto
Sent: 10 March 2005 04:11
To: Schonbachler Jerome
Subject: RE: Hedge Fund ????

had a meeting today and the 10 million in 3-4 months shd be easy.
Would this be a sphinx fund?
What would be fees you think? It would need to be better that sentry either to the client or the CRO's

Thanks
Sixto

-----Original Message-----
From: Schonbachler Jerome
Sent: Wednesday, March 09, 2005 6:37 AM
To: CAMPANO, Sixto
Subject: RE: Hedge Fund ????

you re right.

montzhs

JH

-----Original Message-----
From: CAMPANO, Sixto
Sent: 09 March 2005 12:34
To: Schonbachler Jerome
Subject: RE: Hedge Fund ????

are you sure you meant years? or months?

-----Original Message-----
From: Schonbachler Jerome
Sent: Tuesday, March 08, 2005 11:44 AM
To: CAMPANO, Sixto
Subject: RE: Hedge Fund ????

Dear Sixto,

do you think you could have usd 10mm in the next 3-4 years?

best,

J

-----Original Message-----
From: CAMPANO, Sixto
Sent: 07 March 2005 14:25
To: Schonbachler Jerome
Subject: RE: Hedge Fund ????

I think we can come up with 20MM from our clients if we get more money and more transparency. Are you sure we can do this ?

Who woud we have to pay anything to besides the admin?

-----Original Message-----
From: Schonbachler Jerome
Sent: Sunday, March 06, 2005 12:11 PM
To: CAMPANO, Sixto
Subject: RE: Hedge Fund ????

Dear Sixto,

Redacted invested USD 50MM from their own money... Nothing that EFG is willing to do now.

If we can have a commitment of USD 20mm, we could create a feeder into the managed account. It has been reserved for EFG Focus before because of capacity constraint and also because we want to make money on the deal and not to give it for free to any client.

Please let me know what you think. Please bear in mind that the creation of a feeder costs USD 50k.

Jerome

Jerome v. Schonbachler — EFG Private Bank

Tel: +41 22 9067304 — Fax: +41 22 9067320

jerome.schonbachler@efgbank.com

-----Original Message-----
From: CAMPANO, Sixto
Sent: Friday, March 04, 2005 3:23 PM
To: Schonbachler Jerome
Subject: RE: Hedge Fund ????

so then Redacted has something we do not have?

why does it have to be reserved for focus only?
can we launch another focus feeding only into Redacted

-----Original Message-----
From: Schonbachler Jerome
Sent: Friday, March 04, 2005 8:53 AM
To: CAMPANO, Sixto; Schonbachler Jerome
Subject: RE: Hedge Fund ????

Dear Sixto,

the product is only reserved for focus. The fees are the same as Redacted

We have problems wit Redacted as we do not have full transparency.

best,
J

-----Original Message-----
From: CAMPANO, Sixto
Sent: 04 March 2005 14:25
To: Schonbachler Jerome
Subject: RE: Hedge Fund ????

i know. but can we add money just to that stategy and how do the fees of that portion only compare with Redacted

-----Original Message-----
From: Schonbachler Jerome

Sent: Friday, March 04, 2005 7:35 AM
To: CAMPANO, Sixto; Redacted
Cc: Schonbachler Jerome
Subject: RE: Hedge Fund ????

Dear all,

We already have a managed account with Redacted reserved for the EF Focus fund.

Best,

Jerome

-----Original Message-----
From: CAMPANO, Sixto
Sent: 24 February 2005 21:24
To: Redacted
Cc: Schonbachler Jerome
Subject: RE: Hedge Fund ????

thanks for the email. I will make sure Jerome and company reply and get back to you.

Thanks
Sixto

-----Original Message-----
From: Redacted
Sent: Thursday, February 24, 2005 3:15 PM
To: CAMPANO, Sixto; CAMPUZANO, Adrianna; Cabrera Romy (Geneva)
Subject: Fw: Hedge Fund ????

Dear All,

As you can see Redacted is dealing directly with Redacted and offering a Fairfield/Kingate type of fund priced at an extremely competitively condition (1.50% p.a. of management fee only) which puts Fairfield at completely a very disadvantegeous position. This is a strong indication that Mr. Redacted is seriously diversifying its list of distributors. Is not this the right time for EFG to call Mr Redacted and open a managed account with him ?

I look forward hearing from you.

Regards,

Redacted

EXHIBIT 15

From:	LEE Jim <Jim.Lee@efgbank.com>
Sent:	Monday, December 15, 2008 6:33 PM
To:	ECHEVARRIA, Victor <victor.echevarria@efgcapital.com>; CAMPANO, Sixto <sixto.campano@efgcapital.com>; GADALA-MARIA, Jacobo <jacobo.gadala@efgcapital.com>; Hein, Benjamin <Benjamin.Hein@prsint.com>; CHIU Albert <albert.chiu@efgbank.com>; CHIU Robert <robert.chiu@efgbank.com>; Williamson, John <john.williamson@efgl.com>; Catsiapis Georges <George.Catsiapis@efgbank.com>
Cc:	HOWELL Lawrence <Lawrence.Howell@efggroup.com>; Afzal, Mozamil <moz.afzal@efgam.com>; Sabby Mionis <smionis@bm.cm-advisors.com>
Subject:	FW: WSJ : The fund of hedge funds industry needed the Madoff scandal like a hole in the head.

Madoff could well be the atom bomb for the HF's and wealth management industries while Lehman was simply a tsunami for banks and investment banks. While it is comforting to note that our in-house specialists CMA and Moz Afzal's team did not accept the Madoff funds on DD grounds and EFG management (led by Lonnie principally) expressed strong doubts about Madoff as early as 2002 and took steps to mitigate our risks if clients sought to invest in his funds, Madoff's fraud nonetheless will effect the trust our clients will place with private bankers and wealth managers. I thought we had survived the Lehman debacle reasonably well but I am not so sure that recovering the trust of clients after Madoff will be accomplished until well after the losses have been forgotten.

I hope I am 200% wrong here.

-----Original Message-----
From: Sabby Mionis [mailto:smionis@bm.cm-advisors.com]
Sent: Tuesday, December 16, 2008 12:12 AM
To: LEE Jim
Subject: Fw: WSJ : The fund of hedge funds industry needed the Madoff scandal like a hole in the head.

Fyi.... Exactly what we were talking about...

----- Original Message -----
From: Marcos Camhis
To: Sabby Mionis; Angelos Metaxa; Yannis Procopis; Stavros Papastavrou
Cc: Matias Ringel; Alessandro Mauceri; CMA Investor Relations
Sent: Tue Dec 16 01:07:23 2008
Subject: WSJ : The fund of hedge funds industry needed the Madoff scandal like a hole in the head.

DECEMBER 15, 2008, 4:14 P.M. ET Funds of Funds' Madoff Problem By SIMON NIXON

The fund of hedge funds industry needed the Madoff scandal like a hole in the head.
Already reeling from the financial crisis, assets under management fell from $826 billion at the end of June to $685 billion by the end of October, according to Hedge Fund Research. The fact that so many leading industry names were duped by Madoff, including Man Group's RMF and Banco Santander's Optimal, will be another major blow to trust -- with consequences felt across the hedge fund industry.

That's because funds of funds (FOFs) are responsible for nearly half of all investment in hedge funds. FOFs sold themselves to investors -- both institutional and retail -- on the basis they offered three important advantages: diversification, access to sought after managers and due diligence. The financial crisis had already done for the first two; Madoff may do for the third.

The case for FOFs as a means of diversification has been undermined by poor results. In the year to the end of October, the average FOF was down 19% -- worse than the average single manager hedge fund which was down 17.7%. Diversification has proved little use in a crisis where asset classes have tended to correlate. Losses have often been amplified both by the effects of leverage plus extra layers of fees. Investors must pay steep FOF charges as well as those on underlying funds.

Nor can FOFs expect to market themselves on the basis of privileged access to sought-after strategies. Before the market crash, many top managers had closed their funds to new investors. That's hardly a problem now. With most of the industry grappling with massive redemptions, new investors would be welcomed with open arms.

But what makes the Madoff scandal so toxic is that it strikes at the most important claim of all: that FOFs vigorously checked out the managers to whom they committed capital. True, Madoff was not a typical hedge fund, many leading FOFs spotted enough warning signs to give him a wide berth and many of Madoff's victims seem to have been exposed via private banks. Those will face reputational risk and potential costs from legal claims or making their clients whole.

But in an industry that depends on trust and confidence, the fact that so many respected names fell short is likely to lead to yet more redemptions across the sector. And that's not just a problem for FOFs. It's also a problem for the wider hedge fund industry.

Few investors – either institutional or retail -- have the time, expertise or scale to make do their own due diligence on individual hedge fund managers. The risk is that if they lose faith in FOFs, they will turn their back on the hedge fund industry altogether.

Write to Simon Nixon at simon.nixon@wsj.com

EXHIBIT 16

From: GADALA-MARIA, Jacobo <jacobo.gadala@efgcapital.com>
Sent: Tuesday, December 16, 2008 12:37 PM
To: LEE Jim <Jim.Lee@efgbank.com>
Subject: FW: Farfiled Sentry feeder fund

Jim,

This is one of those "quiet decisions" that is not obvious but which has in fact reduced the pain for PRS clients. I instructed this redemption in the 3rd Quarter of last year based on the negative image I had regarding Madoff products. Unfortunately I was not more assertive about the issue when UBP included the Madoff feeder recommendation for PRS products.

Jacobo Gadala-Maria, Jr.
Direct Phone: +1 305 459 5301

From: Alvarez, Jorge
Sent: Tuesday, December 16, 2008 12:33 PM
To: GADALA-MARIA, Jacobo
Subject: RE: Farfiled Sentry feeder fund

The redemption value date for Fairfield Sentry and Kingate was 11/30/07 with the redemption proceeds received on 12/19/07 for both funds by 4E.

Jorge Alvarez

From: GADALA-MARIA, Jacobo
Sent: Tuesday, December 16, 2008 12:17 PM
To: Alvarez, Jorge
Subject: RE: Farfiled Sentry feeder fund

Was 11/30/07 the redemption date? If so, when did 4E actually receive the cash from the two feeder funds?

Jacobo Gadala-Maria, Jr.
Direct Phone: +1 305 459 5301

From: Alvarez, Jorge
Sent: Tuesday, December 16, 2008 11:30 AM
To: GADALA-MARIA, Jacobo
Subject: RE: Farfiled Sentry feeder fund

Jacobo,

PRS ISF 4E 11/30/07 final NAV of $8,442,090 which included an investment in Fairfield Sentry of $6,855,352 and Kingate Global of $1,491,816.

Jorge Alvarez

From: GADALA-MARIA, Jacobo
Sent: Tuesday, December 16, 2008 10:55 AM
To: Alvarez, Jorge
Subject: Farfiled Sentry feeder fund

Jorge,

Please let me know exactly when the PRS feeder fund into Fairfield Sentry was liquidated and dissolved, and what was the size of the fund prior to the redemption that was instructed.

Jacobo Gadala-María, Jr.
Direct Phone: +1 305 459 5301

From:	GADALA-MARIA, Jacobo <jacobo.gadala@efgcapital.com>
Sent:	Thursday, December 18, 2008 11:49 AM
To:	GAERE Edward <ega@ubp.ch>
Cc:	REISS Laurent <rel@ubp.ch>; lberruti@hotmail.com; Hein, Benjamin <Benjamin.Hein@prsint.com>
Subject:	RE: Madoff

Thanks Edward. The FAQ's put out by UBP was a good document, but the emphasis on the SEC begs the question. If all we needed was the SEC's seal of approval to decide where to invest, why would PRS need to hire sub-advisors? Many banks around the world decided long ago that Madoff did not pass their DD, basically because the returns could not be reproduced, the trades could not be verified with Madoff counterparties, and the auditors Madoff used were no-names instead of reputable world-class firms.

At the end of the day PRS is unhappy with having M-Invest in its product funds, but much more unhappy about the SIZE of M-Invest in those accounts. If the exposure would have been 2% of lower, we would have a different feeling than having close to 5% in the Cezanne master fund, our flagship product.

Regards,

Jacobo Gadala-Maria, Jr.
Direct Phone: +1 305 459 5301

From: GAERE Edward [mailto:ega@ubp.ch]
Sent: Thursday, December 18, 2008 4:51 AM
To: GADALA-MARIA, Jacobo; Hein, Benjamin
Cc: lberruti@hotmail.com
Subject: FW: Madoff

Dear Jacobo and Benjamin,

Hope all is still well despite the Madoff situation, and the markets in general.

Please see below an internal communication that I believe will be of interest to us all. I will let you know asap when it is available, and we will discuss practicalities to make it available to you.

I remain fully available if you wish to discuss in more detail.

Best regards,

Edward

From: REISS Laurent
Sent: 18 December 2008 10:09
To: ARGI John; GAERE Edward; HANEIN Joseph; LANGENSKIOLD Fredrik; MUNSIF Ram
Subject: FW: Madoff

From: BRICHEUX Bertrand
Sent: jeudi, 18. décembre 2008 10:04
To: LEPREVOTS Dominique; DUMUID Olivier; LEHMANN Roger; MELLISH Terry; HAQUE Yusuf; BANUELOS Carmen; TSUDA Shingo; AZAR George; REISS Laurent
Cc: ALOYSIUS DUMONT Lynette; BERNARD Christophe; FROGG Jan Erik; GIGON André
Subject: Madoff

Dear All
We are currently putting together a manager file/book with SRA reports, qualitative, quant, press clippings, OM, audit reports, trade ticket, monthly statement . It will be a huge book and we will send 1 copy in each office so that "vocal" clients will be able to consult (no photocopies allowed) in UBP premises under the monitoring of a UBP representative. It will show despite what clients may claim that we have done a lot of home work and have not invested in Madoff a "naive" way. We are victims of a fraud as indicated in the Q&A.

C. Cox, chairman of the SEC has officially stated that the SEC has failed on its mission.

We are still waiting for some docs from NY and the SEC and given the holiday season and the printshop availability, we will aim to send a book in each office for the first week of January.

Best Regards

Bertrand Bricheux
Head of Marketing & Business Development
UBP Alternative Investments

Union Bancaire Privée
Tel. + 41 58 819 25 84
Fax. + 41 58 819 21 06
E-mail: bbr@ubp.ch

EXHIBIT 17

BARRON'S May 7, 2001

Don't Ask, Don't Tell

Bernie Madoff is so secretive, he even asks his investors to keep mum

By ERIN E. ARVEDLUND

TWO YEARS AGO, AT A HEDGE-fund conference in New York, attendees were asked to name some of their favorite and most-respected hedge-fund managers. Neither George Soros nor Julian Robertson merited a single mention. But one manager received lavish praise: Bernard Madoff.

Folks on Wall Street know Bernie Madoff well. His brokerage firm, Madoff Securities, helped kick-start the Nasdaq Stock Market in the early 1970s and is now one of the top three market makers in Nasdaq stocks. Madoff Securities is also the third-largest firm matching buyers and sellers of New York Stock Exchange-listed securities. Charles Schwab, Fidelity Investments and a slew of discount brokerages all send trades through Madoff.

But what few on the Street know is that Bernie Madoff also manages $6 billion-to-$7 billion for wealthy individuals. That's enough to rank Madoff's operation among the world's three largest hedge funds, according to a May 2001 report in MAR Hedge, a trade publication.

What's more, these private accounts, have produced compound average annual returns of 15% for more than a decade. Remarkably, some of the larger, billion-dollar Madoff-run funds have never had a down year.

When *Barron's* asked Madoff Friday how he accomplishes this, he said, "It's a proprietary strategy. I can't go into it in great detail."

Nor were the firms that market Madoff's funds forthcoming when contacted earlier. "It's a private fund. And so our inclination has been not to discuss its returns," says Jeffrey Tucker, partner and co-founder of Fairfield Greenwich, a New York City-based hedge-fund marketer. "Why *Barron's* would have any interest in this fund I don't know." One of Fairfield Greenwich's most sought-after funds is Fairfield Sentry Limited. Managed by Bernie Madoff, Fairfield Sentry has assets of $3.3 billion.

A Madoff hedge-fund offering memorandums describes his strategy this way: "Typically, a position will consist of the ownership of 30-35 S&P 100 stocks, most correlated to that index, the sale of out-of-the-money calls on the index and the purchase of out-of-the-money puts on the index. The sale of the calls is designed to increase the rate of return, while allowing upward movement of the stock portfolio to the strike price of the calls. The puts, funded in large part by the sale of the calls, limit the portfolio's downside."

Among options traders, that's known as the "split-strike conversion" strategy. In layman's terms, it means Madoff invests primarily in the largest stocks in the S&P 100 index—names like General Electric, Intel and Coca-Cola. At the same time, he buys and sells options against those stocks. For example, Madoff might purchase shares of GE and sell a call option on a comparable number of shares—that is, an option to buy the shares at a fixed price at a future date. At the same time, he would buy a put option on the stock, which gives him the right to sell shares at a fixed price at a future date.

The strategy, in effect, creates a boundary on a stock, limiting its upside while at the same time protecting against a sharp decline in the share price. When done correctly, this so-called market-neutral strategy produces positive returns no matter which way the market goes.

Madoff charges no fees for his money management services. Says he: "We're perfectly happy to just earn commissions on the trades."

Using this split-strike conversion strategy, Fairfield Sentry Limited has had only four down months since inception in 1989. In 1990, Fairfield Sentry was up 27%. In the ensuing decade, it returned no less than 11% in any year, and sometimes as high as 18%. Last year, Fairfield Sentry returned 11.55% and so far in 2001, the fund is up 3.52%.

Those returns have been so consistent that some on the Street have begun speculating that Madoff's market-making operation subsidizes and smooths his hedge-fund returns.

How might Madoff Securities do this? Access to such a huge capital base could allow Madoff to make much larger bets—with very little risk—than it could otherwise. It would work like this: Madoff Securities stands in the middle of a tremendous river of orders, which means that its traders have advance knowledge, if only by a few seconds, of what big customers are buying and selling. By hopping on the bandwagon, the market maker could effectively lock in profits. In such a case, throwing a little cash back to the hedge funds would be no big deal.

When *Barron's* ran that scenario by Madoff, he dismissed it as "ridiculous."

Still, some on Wall Street remain skeptical about how Madoff achieves such stunning double-digit returns using options alone. The recent MAR Hedge report, for example, cited more than a dozen hedge

EXHIBIT
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PENGAD 800-631-6989
AEW 10/13/10

fund professionals, including current and former Madoff traders, who questioned why no one had been able to duplicate Madoff's returns using this strategy. Likewise, three option strategists at major investment banks told *Barron's* they couldn't understand how Madoff churns out such numbers. Adds a former Madoff investor: "Anybody who's a seasoned hedge- fund investor knows the split-strike conversion is not the whole story. To take it at face value is a bit naive."

Madoff dismisses such skepticism. "Whoever tried to reverse-engineer [the strategy], he didn't do a good job. If he did, these numbers would not be unusual." Curiously, he charges no fees for his money-management services. Nor does he take a cut of the 1.5% fees marketers like Fairfield Greenwich charge investors each year. Why not? "We're perfectly happy to just earn commissions on the trades," he says.

Perhaps so. But consider the sheer scope of the money Madoff would appear to be leaving on the table. A typical hedge fund charges 1% of assets annually, plus 20% of profits. On a $6 billion fund generating 15% annual returns, that adds up to $240 million a year.

The lessons of Long-Term Capital Management's collapse are that investors need, or should want, transparency in their money manager's investment strategy. But Madoff's investors rave about his performance—even though they don't understand how he does it. "Even knowledgeable people can't really tell you what he's doing," one very satisfied investor told *Barron's*. "People who have all the trade confirmations and statements still can't define it very well. The only thing I know is that he's often in cash" when volatility levels get extreme. This investor declined to be quoted by name. Why? Because Madoff politely requests that his investors not reveal that he runs their money.

"What Madoff told us was, 'If you invest with me, you must never tell anyone that you're invested with me. It's no one's business what goes on here,'" says an investment manager who took over a pool of assets that included an investment in a Madoff fund. "When he couldn't explain [to my satisfaction] how they were up or down in a particular month," he added, "I pulled the money out."

For investors who aren't put off by such secrecy, it should be noted that Fairfield and Kingate Management both market funds managed by Madoff, as does Tremont Advisers, a publicly traded hedge-fund advisory firm.■

Some folks on Wall Street think there's more to how Madoff (above) generates his enviable stream of investment returns than meets the eye. Madoff calls these claims "ridiculous."

HEDGE

EXHIBIT
5

M A R

Issue No. 89
May 2001

Madoff tops charts; skeptics ask how

By Michael Ocrant

Mention Bernard L. Madoff Investment Securities to anyone working on Wall Street at any time over the last 40 years and you're likely to get a look of immediate recognition.

After all, Madoff Securities, with its 600 major brokerage clients, is ranked as one of the top three market makers in Nasdaq stocks, cites itself as probably the largest source of order flow for New York Stock Exchange-listed securities, and remains a huge player in the trading of preferred, convertible and other specialized securities instruments.

Beyond that, Madoff operates one of the most successful "third markets" for trading equities after regular exchange hours, and is an active market maker in the European and Asian equity markets. And with a group of partners, it is leading an effort and developing the technology for a new electronic auction market trading system called Primex.

But it's a safe bet that relatively few Wall Street professionals are aware that Madoff Securities could be categorized as perhaps the best risk-adjusted hedge fund portfolio manager for the last dozen years. Its $6–7 billion in assets under management, provided primarily by three feeder funds, currently would put it in the number one or two spot in the Zurich (formerly MAR) database of more than 1,100 hedge funds, and would place it at or near the top of any well-known database in existence defined by assets.

More important, perhaps, most of those who are aware of Madoff's status in the hedge fund world are baffled by the way the firm has obtained such consistent, nonvolatile returns month after month and year after year.

Madoff has reported positive returns for the last 11-plus years in assets managed on behalf of the feeder fund known as Fairfield Sentry, which in providing capital for the program since 1989 has been doing it longer than any of the other feeder funds. Those other funds have demonstrated equally positive track records using the same strategy for much of that period.

Lack of volatility

Those who question the consistency of the returns, though not necessarily the ability to generate the gross and net returns reported, include current and former traders, 16►

HEDGE UPDATE

Michael Berger catches a jail break

New chapters have been written in the continuing saga of **Michael Berger's Manhattan Investment Fund**, with the admitted fraudster's apparently inevitable jail term deferred when his counsel quit. Meanwhile, the civil cases against the 'deep pockets' associated with Berger—his prime broker **Bear, Stearns**, his auditor **Deloitte** 2►

Did you know that Bernie Madoff may be the best risk-adjusted hedge fund portfolio manager?
Cover

Read one European pension fund investor's comments about its foray into hedge funds.
Page 13

Last year there was a huge spread between the winners and losers in the technology sector. What did the winners do right?
Page 14

◄1 other money managers, consultants, quantitative analysts and fund-of-funds executives, many of whom are familiar with the so-called split-strike conversion strategy used to manage the assets.

These individuals, more than a dozen in all, offered their views, speculation and opinions on the condition that they wouldn't be identified. They noted that others who use or have used the strategy—described as buying a basket of stocks closely correlated to an index, while concurrently selling out-of-the-money call options on the index and buying out-of-the-money put options on the index—are known to have had nowhere near the same degree of success.

The strategy is generally described as putting on a "collar" in an attempt to limit gains compared to the benchmark index in an up market and, likewise, limit losses to something less than the benchmark in a down market, essentially creating a floor and a ceiling.

Madoff's strategy is designed around multiple stock baskets made up of 30–35 stocks most correlated to the S&P 100 index. In marketing material issued by Fairfield Sentry, the sale of the calls is described as increasing "the standstill rate of return, while allowing upward movement of the stock portfolio to the strike price of the calls." The puts, according to the same material, are "funded in large part by the sale of the calls, [and] limit the portfolio's downside.

"A bullish or bearish bias can be achieved by adjusting the strike prices of the options, overweighting the puts, or underweighting the calls. However, the underlying value of the S&P 100 puts is always approximately equal to that of the portfolio of stocks," the marketing document concludes.

Throughout the entire period Madoff has managed the assets, the strategy, which claims to use OTC options almost entirely, has appeared to work with remarkable results.

Again, take the Fairfield Sentry fund as the example. It has reported losses of no more than 55 basis points in just four of the past 139 consecutive months, while generating highly consistent gross returns of slightly more than 1.5% a month and net annual returns roughly in the range of 15.0%.

> "This has been a good period to do this kind of stuff"

Among all the funds on the database in that same period, the Madoff/Fairfield Sentry fund would place at number 16 if ranked by its absolute cumulative returns.

Among 423 funds reporting returns over the last five years, most with less money and shorter track records, Fairfield Sentry would be ranked at 240 on an absolute return basis and come in number 10 if measured by risk-adjusted return as defined by its Sharpe ratio.

What is striking to most observers is not so much the annual returns—which, though considered somewhat high for the strategy, could be attributed to the firm's market making and trade execution capabilities—but the ability to provide such smooth returns with so little volatility.

The best known entity using a similar strategy, a publicly traded mutual fund dating from 1978 called Gateway, has experienced far greater volatility and lower returns during the same period.

The capital overseen by Madoff through Fairfield Sentry has a cumulative compound net return of 397.5%. Compared with the 41 funds in the Zurich database that reported for the same historical period, from July 1989 to February 2001, it would rank as the best performing fund for the period on a risk-adjusted basis, with a Sharpe ratio of 3.4 and a standard deviation of 3.0%. (Ranked strictly by standard deviation, the Fairfield Sentry funds would come in at number three, behind two other market neutral funds.)

Questions abound

Bernard Madoff, the principal and founder of the firm who is widely known as Bernie, is quick to note that one reason so few might recognize Madoff Securities as a hedge fund manager is because the firm makes no claim to being one.

The acknowledged Madoff feeder funds—New York-based Fairfield Sentry and Tremont Advisors' Broad Market; Kingate, operated by FIM of London; and Swiss-based Thema—derive all the incentive fees generated by the program's returns (there are no management fees), provide all the administration and marketing for them, raise the capital and deal with investors, says Madoff.

Madoff Securities' role, he says, is to provide the investment strategy and execute the trades, for which it generates commission revenue.

[Madoff Securities also manages money in the program allocated by an unknown number of endowments, wealthy individuals and family offices. While Bernie Madoff refuses to reveal total assets under management, he does not dispute that the figure is in the range of $6 billion to $7 billion.]

Madoff compares the firm's role to a private managed account at a broker-dealer, with the broker-dealer providing investment ideas or strategies and executing the trades and making money off the account by charging commission on each trade.

Skeptics who express a mixture of amazement, fascination and curiosity about the program wonder, first, about the relative complete lack of volatility in the reported monthly returns.

But among other things, they also marvel at the seemingly astonishing ability to time the market and move to cash in the underlying securities before market conditions turn negative; and the related ability to buy and sell the underlying stocks without noticeably affecting the market.

In addition, experts ask why no one has been able to duplicate similar returns using the strategy and why other firms on Wall Street haven't become aware of the fund and its strategy and traded against it, as has happened so often in other cases; why Madoff Securities is willing to earn commissions off the trades but not set up a separate asset management division to offer hedge funds directly to investors and keep all the incentive fees for itself, or conversely, why it doesn't borrow the money from creditors, who are generally willing to provide leverage to a fully hedged portfolio of to seven to one against capital at an interest rate of Libor-plus, and manage the funds on a proprietary basis.

These same skeptics speculate that at least part of the returns must come from other activities related to Madoff's market making. They suggest, for example, that the bid-ask spreads earned through those activities may at times be used to "subsidize" the funds.

According to this view, the benefit to Madoff Securities is that the capital provided by the funds could be used by the firm as "pseudo equity," allowing it either to use a great deal of leverage without taking on debt, or simply to conduct far more market making by purchasing additional order flow than it would otherwise be able to do.

And even among the four or five professionals who express both an understanding of the strategy and have little trouble accepting the reported returns it has generated, a majority still expresses the belief that, if nothing else, Madoff must be using other stocks and options rather than only those in the S&P 100.

Bernie Madoff is willing to answer each of those inquiries, even if he refuses to provide details about the trading strategy he considers proprietary information.

And in a face-to-face interview and several telephone interviews, Madoff sounds and appears genuinely amused by the interest and attention aimed at an asset management strategy designed to generate conservative, low risk returns that he notes are nowhere near the top results of well-known fund managers on an absolute return basis.

Lack of volatility illusory

The apparent lack of volatility in the performance of the fund, Madoff says, is an illusion based on a review of the monthly and annual returns. On an intraday, intraweek and intramonth basis, he says, "the volatility is all over the place," with the fund down by as much as 1%.

But as whole, the split-strike conversion strategy is designed to work best in bull markets and, Madoff points out, until recently "we've really been in a bull market since '82, so this has been a good period to do this kind of stuff."

Market volatility, moreover, is the strategy's friend, says Madoff, as one of the fundamental ideas is to exercise the calls when the market spikes, which with the right stock picks would add to the performance.

In the current bearish environment, when some market experts think the fund should have been showing negative returns, albeit at levels below the benchmark index, managing the strategy has become more difficult, says Madoff, although performance has remained positive or, as in February, flat.

The worst market to operate in using the strategy, he adds, would be a protracted bear market or "a flat, dull market." In a stock market environment similar to what was experienced in the 1970s, for instance, the strategy would be lucky to return "T-bill like returns."

Market timing and stock picking are both important for the strategy to work, and to those who express aston- 18►

◄17 lishment at the firm's ability in those areas, Madoff points to long experience, excellent technology that provides superb and low-cost execution capabilities, good proprietary stock and options pricing models, well-established infrastructure, market making ability and market intelligence derived from the massive amount of order flow it handles each day.

The strategy and trading, he says, are done mostly by signals from a proprietary "black box" system that allows for human intervention to take into account the "gut feel" of the firm's professionals. "I don't want to get on an airplane without a pilot in the seat," says Madoff. "I only trust the autopilot so much."

As for the specifics of how the firm manages risk and limits the market impact of moving so much capital in and out of positions, Madoff responds first by saying, "I'm not interested in educating the world on our strategy, and I won't get into the nuances of how we manage risk." He reiterates the undisputed strengths and advantages the firm's operations provide that make it possible.

Multiple stock baskets

Avoiding market impact by trading the underlying securities, he says, is one of the strategy's primary goals. This is done by creating a variety of stock baskets, sometimes as many as a dozen, with different weightings that allow positions to be taken or unwound slowly over a one- or two-week period.

Madoff says the baskets comprise the most highly capitalized liquid securities in the market, making the entry and exit strategies easier to manage.

He also stresses that the assets used for the strategy are often invested in Treasury securities as the firm waits for specific market opportunities. He won't reveal how much capital is required to be deployed at any given time to maintain the strategy's return characteristics, but does say that "the goal is to be 100% invested."

The inability of other firms to duplicate his firm's success with the strategy, says Madoff, is attributable, again, to its highly regarded operational infrastructure. He notes that one could make the same observation about many businesses, including market making firms.

Many major Wall Street broker-dealers, he observes, previously attempted to replicate established market making operations but gave up trying when they realized how difficult it was to do so successfully, opting instead to acquire them for hefty sums.

> "The strategy is the strategy and the returns are the returns"

[Indeed, says Madoff, the firm itself has received numerous buyout offers but has so far refused any entreaties because he and the many members of his immediate and extended family who work there continue to enjoy what they do and the independence it allows and have no desire to work for someone else.]

Similarly, he adds, another firm could duplicate the strategy in an attempt to get similar results, but its returns would likely be unmatched because "you need the physical plant and a large operation" to do it with equal success. However, many Wall Street firms, he says, do use the strategy in their proprietary trading activities, but they don't devote more capital to such operations because their return on capital is better used in other operations.

Setting up a proprietary trading operation strictly for the strategy, or a separate asset management division in order to collect the incentive fees, says Madoff, would conflict with his firm's primary business of market making.

Commissions suffice

"We're perfectly happy making the commissions" by trading for the funds, he says, which industry observers note also gives the firm the entirely legitimate opportunity to "piggyback" with proprietary trading that is given an advantage by knowing when and where orders are being placed.

Setting up a division to offer funds directly, says Madoff, is not an attractive proposition simply because he and the firm have no desire to get involved in the administration and marketing required for the effort, nor to deal with investors.

Many parts of the firm's operations could be similarly leveraged, he notes, but the firm generally believes in concentrating on its core strengths and not overextending itself. Overseeing the capital provided by the funds and its managed accounts, he says, provides another fairly stable stream of revenue that offers some degree of operational diversification.

Madoff readily dismisses speculation concerning the use of the capital as "pseudo equity" to support the firm's market making activities or provide leverage. He says the firm uses no leverage, and has more than enough capital to support its operations.

He notes that Madoff Securities has virtually no debt and at any given time no more than a few hundred million dollars of inventory.

Since the firm makes markets in only the most highly capitalized, liquid stocks generally represented by the S&P 500 Index, a majority of which are listed on the NYSE, as well as the 200 most highly capitalized Nasdaq-listed stocks, says Madoff, it has almost no inventory risk.

Finally, Madoff calls ridiculous the conjecture that the firm at times provides subsidies generated by its market making activities to smooth out the returns of the funds in a symbiotic relationship related to its use of the capital as a debt or equity substitute. He agrees that the firm could easily borrow the money itself at a fairly low interest rate if it were needed, and would therefore have no reason to share its profits. "Why would we do that?"

Still, when the many expert skeptics were asked by MAR/Hedge to respond to the explanations about the funds, the strategy and the consistently low volatility returns, most continued to express bewilderment and indicated they were still grappling to understand how such results have been achieved for so long.

Madoff, who believes that he deserves "some credibility as a trader for 40 years," says: "The strategy is the strategy and the returns are the returns." He suggests that those who believe there is something more to it and are seeking an answer beyond that are wasting their time. ■

EXHIBIT 18

From: CAMPANO, Sixto <cas@efg.com>
Sent: Wednesday, October 16, 2002 9:33 AM
To: Schonbachler Jerome <jerome.schonbachler@efggroup.com>
Subject: RE: Van Hedge Product - Fungible Tranche

thanks

The Sentry seeding of other funds is limited though to a small percentage of the fund. FFTW alone would work though.
let me know

-----Original Message-----
From: Schonbachler Jerome
Sent: Wednesday, October 16, 2002 2:05 AM
To: CAMPANO, Sixto
Subject: RE: Van Hedge Product - Fungible Tranche

Dear Sixto,

Thank you very much.

As of a guaranteed product around Fairfield Sentry and Fisher Francis, I have been asking different investment banks for a bit of time and they all refused to include Fairfield Sentry as Sentry is very opaque and now seeds other funds... For this one, I think it is unlikely anybody will do it.

Doing it on Fischer Francis alone may be easier as the returns are more transparent. I will come back to you asap.

Best,

Jerome

Jerome v. Schonbachler
Tel: +41 22 9067304
jerome.schonbachler@efgbank.com

EFG Private Bank
Fax: +41 22 9067320
www.navinvest.com

-----Original Message-----
From: CAMPANO, Sixto
Sent: Tuesday, October 15, 2002 8:51 PM
To: Schonbachler Jerome
Subject: RE: Van Hedge Product - Fungible Tranche

I have been inviting you for a while. I think it is imperative that you spend some time with the CRO's

On a different note, I have a request from an institution to see if we can assist them in wrapping a capital guarantee around a 50/50 investment in fairfield sentry and Fischer Francis.

Additionally, they would like to see if a capital guarantee can be wrapped around Fischer Francis alone.

Is this possible? Initial trade would be 10MM US.

Let me know your thoughts please as I have a meeting tomorrow morning Miami time.

Thanks
Sixto

-----Original Message-----
From: Schonbachler Jerome
Sent: Tuesday, October 15, 2002 12:11 PM
To: CARMELINO, Silvana; Schonbachler Jerome; CAMPANO, Sixto

Cc: Salem Bassam
Subject: RE: Van Hedge Product - Fungible Tranche

Silvana,

I will ask for the remaining amount to be reserved until the end of the week.

As of my Spanish, I understood the general meaning but I think I need to make a trip to Miami to improve it. I definitely need to speak to Bassam about it:-))).

Saludos,

Jerome

Jerome v. Schonbachler
Tel: +41 22 9067304
jerome.schonbachler@efgbank.com

EFG Private Bank
Fax: +41 22 9067320
www.navinvest.com

-----Original Message-----
From: CARMELINO, Silvana
Sent: Tuesday, October 15, 2002 6:00 PM
To: Schonbachler Jerome; CAMPANO, Sixto
Cc: Salem Bassam
Subject: RE: Van Hedge Product - Fungible Tranche

Jerome:

Leumi will call you tomorrow to confirm the $1MM. The additional $415K please reserve for Rami until Friday of this week. He will try and confirm it together with the other $1MM but if not he needs the rest of the week to complete. I think if everything goes well tomorrow then we can give him a little bit of time on the $415K.

I copied you on an e-mail to Rami. Hope your Spanish is improving.

Saludos,

Silvana I. Carmelino
EFG Capital International Corp.
777 Brickell Avenue, suite 1150
Miami, Florida 33131
Direct (305) 777-2418
Fax (305) 777-2600
<scarmelino@efgcapitalmiami.com>

-----Original Message-----
From: Schonbachler Jerome
Sent: Tuesday, October 15, 2002 11:58 AM
To: CARMELINO, Silvana; CAMPANO, Sixto
Cc: Salem Bassam
Subject: Van Hedge Product - Fungible Tranche

Dear all,

After discussion with BNP Paribas, they confirm they will issue a fungible tranche for USD 1,000,000 (or more if we have other subscriptions) on October 30th. The price will be confirmed on October 22nd and the DVP will happen on October 30th.

I also understand the client is willing to buy the remaining position which exists in the Nostro (i.e. USD 415,000).

Let me know if something is not ok.

Congratulations again.

Best,

Jerome

Navinvest.com

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EXHIBIT 19

From: Lee Jim <Jim.Lee@efgbank.com>
Sent: Tuesday, August 14, 2007 11:10 AM
To: ECHEVARRIA, Victor <victor.echevarria@efgcapital.com>
Subject: RE: Fairfield Sentry Ltd.: 2007 Semi-annual Update

If you have a range changes are some will be doing well like a broken clock is right twice a day. Just remember there is minimal disclosure. I wonder if GA has Fairfield (I think they said no because of non-disclosure). I also would like to know how they did so far performance-wise.

-----Original Message-----
From: ECHEVARRIA, Victor
Sent: 14 August 2007 16:10
To: Lee Jim
Subject: RE: Fairfield Sentry Ltd.: 2007 Semi-annual Update

No, but they have only had 4 or 5 negative months in 17 years and that sells well for them. On the other hand FGG's multi manager/multi advisor funds have done very well (Irongate and Chester).

Víctor M. Echevarría

From: Lee Jim
Sent: Tuesday, August 14, 2007 10:08 AM
To: ECHEVARRIA, Victor
Subject: RE: Fairfield Sentry Ltd.: 2007 Semi-annual Update

They do not seem to have done better in terms of performance nor vol than CMA Global Hedge so far this year?

-----Original Message-----
From: ECHEVARRIA, Victor
Sent: 14 August 2007 15:59
To: Lee Jim
Subject: RE: Fairfield Sentry Ltd.: 2007 Semi-annual Update

Jim,

Thank you. We also receive these reports regularly from FGG.

Víctor M. Echevarría

From: Lee Jim
Sent: Tuesday, August 14, 2007 8:27 AM
To: CAMPANO, Sixto; ECHEVARRIA, Victor; GADALA-MARIA, Jacobo; DONNELL, Michael; Afzal, Mozamil; King, Gyongyi; PALIN Michael; Schonbachler Jerome; Cabrera Romy; CADUFF Markus; STEIGER, Ivo; Camhis, Marcos
Subject: FW: Fairfield Sentry Ltd.: 2007 Semi-annual Update
Importance: High

-----Original Message-----
From: Maglio Silvio

Sent: 14 August 2007 08:03
To: Lee Jim; Baldin Olivier
Subject: FW: Fairfield Sentry Ltd.: 2007 Semi-annual Update
Importance: High

For your information, even if Fairfield is not involved with the subprime turmoil.

Regards
Silvio

-----Original Message-----
From: Mimi Pagsibigan [mailto:MPagsibigan@fggus.com]
Sent: Montag, 13. August 2007 15:45
Cc: Lakshmi Chaudhuri
Subject: Fairfield Sentry Ltd.: 2007 Semi-annual Update
Importance: High

Dear Shareholders and Interested Parties,

Please find enclosed a semi-annual update letter covering Fairfield Sentry Limited. This update discusses Sentry's overall performance, notes its lack of direct exposure to the subprime market's woes, and describes the progress of Sentry's seeding initiative as well as its strategic investments. Please let us know should you require any additional information.

Thank you for your continued interest in Fairfield Greenwich Group investment funds.

Kind regards,

Mimi Pagsibigan
International Client Relations
FAIRFIELD GREENWICH GROUP
919 Third Avenue, 11th Floor
New York, New York 10022
Phone: (212) 319 6060
Fax: (212) 319 0450
Website: http://www.fggus.com

EXHIBIT 20

From:	LEE Jim <Jim.Lee@efgbank.com>
Sent:	Monday, December 15, 2008 6:33 PM
To:	ECHEVARRIA, Victor <victor.echevarria@efgcapital.com>; CAMPANO, Sixto <sixto.campano@efgcapital.com>; GADALA-MARIA, Jacobo <jacobo.gadala@efgcapital.com>; Hein, Benjamin <Benjamin.Hein@prsint.com>; CHIU Albert <albert.chiu@efgbank.com>; CHIU Robert <robert.chiu@efgbank.com>; Williamson, John <john.williamson@efgl.com>; Catsiapis Georges <George.Catsiapis@efgbank.com>
Cc:	HOWELL Lawrence <Lawrence.Howell@efggroup.com>; Afzal, Mozamil <moz.afzal@efgam.com>; 'Sabby Mionis' <smionis@bm.cm-advisors.com>
Subject:	FW: WSJ : The fund of hedge funds industry needed the Madoff scandal like a hole in the head.

Madoff could well be the atom bomb for the HF's and wealth management industries while Lehman was simply a tsunami for banks and investment banks. While it is comforting to note that our in-house specialists CMA and Moz Afzal's team did not accept the Madoff funds on DD grounds and EFG management (led by Lonnie principally) expressed strong doubts about Madoff as early as 2002 and took steps to mitigate our risks if clients sought to invest in his funds, Madoff's fraud nonetheless will effect the trust our clients will place with private bankers and wealth managers. I thought we had survived the Lehman debacle reasonably well but I am not so sure that recovering the trust of clients after Madoff will be accomplished until well after the losses have been forgotten.

I hope I am 200% wrong here.

-----Original Message-----
From: Sabby Mionis [mailto:smionis@bm.cm-advisors.com]
Sent: Tuesday, December 16, 2008 12:12 AM
To: LEE Jim
Subject: Fw: WSJ : The fund of hedge funds industry needed the Madoff scandal like a hole in the head.

Fyi... Exactly what we were talking about...

----- Original Message -----
From: Marcos Camhis
To: Sabby Mionis; Angelos Metaxa; Yannis Procopis; Stavros Papastavrou
Cc: Matias Ringel; Alessandro Mauceri; CMA Investor Relations
Sent: Tue Dec 16 01:07:23 2008
Subject: WSJ : The fund of hedge funds industry needed the Madoff scandal like a hole in the head.

DECEMBER 15, 2008, 4:14 P.M. ET Funds of Funds' Madoff Problem By SIMON NIXON

The fund of hedge funds industry needed the Madoff scandal like a hole in the head.
Already reeling from the financial crisis, assets under management fell from $826 billion at the end of June to $685 billion by the end of October, according to Hedge Fund Research. The fact that so many leading industry names were duped by Madoff, including Man Group's RMF and Banco Santander's Optimal, will be another major blow to trust -- with consequences felt across the hedge fund industry.

That's because funds of funds (FOFs) are responsible for nearly half of all investment in hedge funds. FOFs sold themselves to investors -- both institutional and retail -- on the basis they offered three important advantages: diversification, access to sought after managers and due diligence. The financial crisis had already done for the first two; Madoff may do for the third.

The case for FOFs as a means of diversification has been undermined by poor results. In the year to the end of October, the average FOF was down 19% -- worse than the average single manager hedge fund which was down 17.7%. Diversification has proved little use in a crisis where asset classes have tended to correlate. Losses have often been amplified both by the effects of leverage plus extra layers of fees. Investors must pay steep FOF charges as well as those on underlying funds.

Nor can FOFs expect to market themselves on the basis of privileged access to sought-after strategies. Before the market crash, many top managers had closed their funds to new investors. That's hardly a problem now. With most of the industry grappling with massive redemptions, new investors would be welcomed with open arms.

But what makes the Madoff scandal so toxic is that it strikes at the most important claim of all: that FOFs vigorously checked out the managers to whom they committed capital. True, Madoff was not a typical hedge fund, many leading FOFs spotted enough warning signs to give him a wide berth and many of Madoff's victims seem to have been exposed via private banks. Those will face reputational risk and potential costs from legal claims or making their clients whole.

But in an industry that depends on trust and confidence, the fact that so many respected names fell short is likely to lead to yet more redemptions across the sector. And that's not just a problem for FOFs. It's also a problem for the wider hedge fund industry.

Few investors -- either institutional or retail -- have the time, expertise or scale to make do their own due diligence on individual hedge fund managers. The risk is that if they lose faith in FOFs, they will turn their back on the hedge fund industry altogether.

Write to Simon Nixon at simon.nixon@wsj.com

EXHIBIT 21

From:	CAMPANO, Sixto <cas@efg.com>
Sent:	Monday, February 24, 2003 4:34 PM
To:	Salem Bassam <bassam.salem@efggroup.com>; CADUFF Markus <markus.caduff@efggroup.com>
Cc:	ECHEVARRIA Victor <VEchevarria@EFGCapitalMiami.COM>
Subject:	RE: Navinvest: Mutual funds, Hedge funds

Gentlemen:

The reason we are sending a letter is because we have many clients with large positions in Fairfield that we would like to diversify away. Additionally, we think that given the market conditions, their strategy might not perform as well as in the past and we now have many alternatives.

However, the fund still meets all the quantitative and qualitative requirements that we have set in the past and we would not wish to recommend any removal at this point.

Thanks
Sixto

-----Original Message-----
From: Salem Bassam
Sent: Monday, February 24, 2003 11:25 AM
To: CADUFF Markus
Cc: ECHEVARRIA Victor; CAMPANO, Sixto
Subject: RE: Navinvest: Mutual funds, Hedge funds

Markus, as you know, Fairfield relationship is managed out of Miami and any changes in rating creates lots of " psychological issues".

Victor / Sixto, how about moving it from recommended list to approved list?

Best, Bassam

-----Original Message-----
From: CADUFF Markus
Sent: Monday, February 24, 2003 8:36 AM
To: Salem Bassam; LUESCHER Juerg
Cc: Schonbachler Jerome
Subject: RE: Navinvest: Mutual funds, Hedge funds

Hello there,

Bassam I disagree. We are currently working on another letter to encourage clients to sell Fairfield and we have a ceiling from the board

on assigning LV to it.
I think Fairfield should be removed from the recommended list.

Best regards, Markus

EXHIBIT
103
1/7/10 JLW

-----Original Message-----
From: Salem Bassam
Sent: 23 February 2003 22:19
To: LUESCHER Juerg
Cc: CADUFF Markus; Schonbachler Jerome
Subject: RE: Navinvest: Mutual funds, Hedge funds

Yes, Fairfield Sentry self custodise. Management at EFG has been aware of this risk for a long time and has accepted this risk given the good relationship with Fairfield and their willingness to open the books as and when needed. This relationship has been managed out of our Miami office.

If you or your client are not comfortable with this risk, I would suggest you look at the Van Market Neutral Index as an alternative. If you need more info, you would also find it on the navinvest website under structured products.

Best, Bassam

-----Original Message-----
From: LUESCHER Juerg
Sent: Friday, February 21, 2003 4:54 PM
To: Salem Bassam
Cc: CADUFF Markus
Subject: Navinvest: Mutual funds, Hedge funds

Hello Bassam,

The various third part funds on your page "Mutual funds" and "Hedge funds" look quite interesting to me.
Before eventually recommending them to my clients, I would like to know the criterias for putting these
funds onto each list.

On the Hedge Fund List, Intermediate Risk, I recognise the Fairfield Sentry Ltd. fund. To my knowledge,
this fund does not strictly separate fund managers from its depositary. I think such criterias should be
applied. What do you think?

Thanks for your kind attention and answer.

Best regards,
Jürg

EXHIBIT 22

From:	CAMPANO, Sixto <cas@efg.com>
Sent:	Friday, February 21, 2003 8:52 AM
To:	Schonbachler Jerome <jerome.schonbachler@efggroup.com>
Subject:	RE: URGENT - RE: **Fairfield Sentry Investment Fund Monthly Update**

what do you want to see exactly so I may ask them??

I checked with Olivier and if it all goes to hell we only would be hit like 3mm.

Jerome:

I understand that we have all had some sort of discomfort w/ Fairfield for long. However, it seems to me that we are all going into a bit of a frenzy over this. Sofaer europe is down two consecutive months and more tha fairfield and I don't see us getting worked up.

Lets find out what we need to find out but lets not get too worked up yet!!!

Let me know your questions.

Regards
Sixto

-----Original Message-----
From: Schonbachler Jerome
Sent: Friday, February 21, 2003 4:27 AM
To: CAMPANO, Sixto
Subject: RE: URGENT - RE: **Fairfield Sentry Investment Fund Monthly Update**

Dear Sixto,

We are now talking about 2 flat months and 2 down months. I would not have a concern if we had more transparency or if EFG would not have lent so much money on this specific fund.

Do you think it would be a good time to ask Fairfield for more transparency??? I think so.

Best,

Jerome

Jerome v. Schonbachler EFG Private Bank
Tel: +41 22 9067304 Fax: +41 22 9067320
jerome.schonbachler@efgbank.com

-----Original Message-----
From: CAMPANO, Sixto
Sent: Thursday, February 20, 2003 6:13 PM
To: Schonbachler Jerome

EXHIBIT
109
1/7/10 JW

Subject: RE: URGENT - RE: **Fairfield Sentry Investment Fund Monthly
Update**

what does really concerned mean?? you have many funds that have been down two months in a row. also it is down less than 1%

-----Original Message-----
From: Schonbachler Jerome
Sent: Thursday, February 20, 2003 8:45 AM
To: CAMPANO, Sixto; Schonbachler Jerome
Subject: RE: URGENT - RE: **Fairfield Sentry Investment Fund Monthly
Update**

Dear Sixto,

I am getting really concerned now as February seems to be another loss of 40 bps.

Best,

Jerome

Jerome v. Schonbachler EFG Private Bank
Tel: +41 22 9067304 Fax: +41 22 9067320
jerome.schonbachler@efgbank.com

-----Original Message-----
From: CAMPANO, Sixto
Sent: Tuesday, February 18, 2003 11:59 PM
To: Schonbachler Jerome
Subject: FW: URGENT - RE: **Fairfield Sentry Investment Fund Monthly
Update**
Importance: High

J.
I will ask feedback. but I am sure that their strategy in a declining market, unlike the one we have had most of 2002 is not good for them

-----Original Message-----
From: CABRERA Romy
Sent: Tuesday, February 18, 2003 8:31 AM
To: CAMPANO, Sixto
Subject: FW: URGENT - RE: **Fairfield Sentry Investment Fund Monthly
Update**
Importance: High

-----Original Message-----
From: Schonbachler Jerome
Sent: Tuesday, February 18, 2003 4:28 AM
To: CABRERA Romy
Subject: URGENT - RE: **Fairfield Sentry Investment Fund Monthly Update**
Importance: High

Dear Romy,

As Miami does manage the relationship on behalf of all of us, do you think you could ask Fairfield about the Sentry fund recent performances.

I agree with some CROs and I am also getting nervous about the last months. This requires some clear explanations from Fairfield.

I am sure you agree with me that this is quite urgent.

All the best,

Jerome

Jerome v. Schonbachler EFG Private Bank
Tel: +41 22 9067304 Fax: +41 22 9067320
jerome.schonbachler@efgbank.com

-----Original Message-----
From: WONG Richard
Sent: Tuesday, February 18, 2003 8:02 AM
To: Schonbachler Jerome
Cc: CABRERA Romy
Subject: FW: **Fairfield Sentry Investment Fund Monthly Update**

Dear Jerome,

I received enquiry from CROs about the recent decline in Fairfield Sentry's prices. Will you call the fund house to obtain a more detailed explanation or letter update on what's going on? Thanks.

Best Regards,
Richard

QUOTE

As for the performance of Fairfield Sentry, it slowed down significantly for the past six months and some customer has already queried about is there any special reason related to the slow down of the performance, especially after its plan to invest 5% of their capital into some small selective funds.

Is it possible to ask for some official feedback from Fairfield's fund manager about the fund performance and especially, their view of the fund and market in coming months?

I think a lot of customer have the same query about it and would like to have some more idea about the fund's view and strategies in coming year.

UNQUOTE

EXHIBIT 23

From:	CAMPANO, Sixto <cas@efg.com>
Sent:	Friday, February 21, 2003 9:34 AM
To:	'Veronica Barco' <veronica@fggus.com>
Subject:	RE: URGENT - RE: **Fairfield Sentry Investment Fund Monthly Update**

thaks
veronica

ALso remind Lourdes of the opne issue we have with some retrocession payments for some accounts in switzerland
thanks

-----Original Message-----
From: Veronica Barco [mailto:veronica@fggus.com]
Sent: Friday, February 21, 2003 9:37 AM
To: CAMPANO, Sixto
Subject: RE: URGENT - RE: **Fairfield Sentry Investment Fund Monthly Update**

we will reply to you today.
Best regards,

Veronica Barco
FAIRFIELD GREENWICH GROUP
919 Third Avenue, 11th Floor
New York, New York 10022
Tel: (212) 319 6060
Fax: (212) 319 0450

-----Original Message-----
From: CAMPANO, Sixto [mailto:SCampano@EFGCapitalMiami.COM]
Sent: Friday, February 21, 2003 9:24 AM
To: Veronica Barco; Lourdes Barreneche
Cc: Schonbachler Jerome; Baldin Olivier; VENTURA, Ricardo
Subject: FW: URGENT - RE: **Fairfield Sentry Investment Fund Monthly Update**

Veronica and Lourdes:

Given the results and uncharacteristic underperformance in the last few months our product/risk management team in Geneva would like to have a conference call next week, any morning at your convenience, to talk about the questions detailed below.

Please let me know who can be on the call, from Fairfield and/or Madoff, and when.

Thanks
Sixto

-----Original Message-----
From: Schonbachler Jerome
Sent: Friday, February 21, 2003 9:22 AM
To: Schonbachler Jerome; CAMPANO, Sixto
Cc: Salem Bassam
Subject: RE: URGENT - RE: **Fairfield Sentry Investment Fund Monthly Update**

Dear Sixto,

In a nutshell, I would like to ask the following questions:

- explanations of the losses in December, January and February
- on which trades did they loose money
- what about stop losses
- what about leverage
- did they suffer because of extreme market volatilities
- what is the current allocation in the portfolio
- did they have a lot of redemptions in December? What about now?

Let me know when they would like to have this conference call. If this conference call is with Fairfield and not the manager (as I suspect), can they provide a copy of the most recent trades done by the fund in electronic format (even if we need to sign a Non Disclosure Agreement).

Have a nice we.

Best,

Jerome

Jerome v. Schonbachler EFG Private Bank
Tel: +41 22 9067304 Fax: +41 22 9067320
jerome.schonbachler@efgbank.com

EXHIBIT 24

From: CAMPANO, Sixto <cas@efg.com>
Sent: Monday, February 24, 2003 12:47 PM
To: Schonbachler Jerome <jerome.schonbachler@efggroup.com>
Subject: RE: Fairfield Sentry Fund

I will go myself. mats perhson is there today

-----Original Message-----
From: Schonbachler Jerome
Sent: Monday, February 24, 2003 12:12 PM
To: CAMPANO, Sixto
Subject: FW: Fairfield Sentry Fund

Dear Sixto,

I have no further question. What would be great is to have somebody in Miami to go and check the trades the next time you send somebody to NYK.

Best,

Jerome

Jerome v. Schonbachler EFG Private Bank
Tel: +41 22 9067304 Fax: +41 22 9067320
jerome.schonbachler@efgbank.com

-----Original Message-----
From: Veronica Barco [mailto:veronica@fggus.com]
Sent: Saturday, February 22, 2003 12:45 AM
To: Sixto Campano
Cc: Dan Lipton; Lourdes Barreneche; Jerome Schonbachler; Victor Echevarria
Subject: Fairfield Sentry Fund

Dear Sixto,

With regard to your email of today, we are forwarding the following responses from Mr. Dan Lipton. Please let us know should you have any further questions.

Best regards,
Veronica Barco
Fairfield Greenwich Group

Quote

Please forward the below.

Kind regards,

Dan

Daniel E. Lipton
Fairfield Greenwich Group
919 Third Avenue - 11th Floor
New York, NY 10022
212-991-5265 - Direct
212-319-6060 - General
212-319-0450 - Fax

1.- explanations of the losses in December, January and February

Response
FS made net +6bps in December 2002. There were no losses. In January Sentry put on the split strike conversion mid January and the markets moved against the trade, the puts kicked in and mitigated the losses in the portfolio thus generating -0 27bps for the month. Through February 20th, Sentry is estimated to be down -8bps. Sentry is still fully invested in the market.

2.- on which trades did they loose money

Response
see above

3.- what about stop losses

Response
The Fund has never used them

4.- what about leverage

Response
The Fund has never used it

5.- did they suffer because of extreme market volatilities

Response
With vols in the 40s the market was unable to sustain a long enough upward trend in order for the strategy to make money.

6.- what is the current allocation in the portfolio

Response
98% invested in the strategy, 2% invested in seedlings.

7.- did they have a lot of redemptions in December? What about now?

Response
December Sentry had a little below average redemptions and January and February the fund had average redemptions as compared to the last 2 years.

8.- Let me know when they would like to have this conference call. If this conference call is with Fairfield and not the manager (as I suspect), can they provide a copy of the most recent trades done by the fund in electronic format (even if we need to sign a Non Disclosure Agreement).

Response
I will be happy to have a conference call next week, just let me know what days and times are convenient for you. As for the

most recent trades: You are welcome to come to the NY office or the London office and review the last several months, but unfortunately we are not able to send out the brokerage statements.

Unquote

<<FSL Oct02.xls>> <<FSL Nov 02.xls>> <<FSL Dec 02.xls>> <<FSL Jan03.xls>>

EXHIBIT 25

From: CAMPANO, Sixto <cas@efg.com>
Sent: Monday, February 24, 2003 4:34 PM
To: Salem Bassam <bassam.salem@efggroup.com>; CADUFF Markus <markus.caduff@efggroup.com>
Cc: ECHEVARRIA Victor <VEchevarria@EFGCapitalMiami.COM>
Subject: RE: Navinvest: Mutual funds, Hedge funds

Gentlemen:

The reason we are sending a letter is because we have many clients with large positions in Fairfield that we would like to diversify away. Additionally, we think that given the market conditions, their strategy might not perform as well as in the past and we now have many alternatives.

However, the fund still meets all the quantitative and qualitative requirements that we have set in the past and we would not wish to recommend any removal at this point.

Thanks
Sixto

-----Original Message-----
From: Salem Bassam
Sent: Monday, February 24, 2003 11:25 AM
To: CADUFF Markus
Cc: ECHEVARRIA Victor; CAMPANO, Sixto
Subject: RE: Navinvest: Mutual funds, Hedge funds

Markus, as you know, Fairfield relationship is managed out of Miami and any changes in rating creates lots of " psychological issues".

Victor / Sixto, how about moving it from recommended list to approved list?

Best, Bassam

-----Original Message-----
From: CADUFF Markus
Sent: Monday, February 24, 2003 8:36 AM
To: Salem Bassam; LUESCHER Juerg
Cc: Schonbachler Jerome
Subject: RE: Navinvest: Mutual funds, Hedge funds

Hello there,

Bassam I disagree. We are currently working on another letter to encourage clients to sell Fairfield and we have a ceiling from the board

on assigning LV to it.
I think Fairfield should be removed from the recommended list.

Best regards, Markus

-----Original Message-----
From: Salem Bassam
Sent: 23 February 2003 22:19
To: LUESCHER Juerg
Cc: CADUFF Markus; Schonbachler Jerome
Subject: RE: Navinvest: Mutual funds, Hedge funds

Yes, Fairfield Sentry self custodise. Management at EFG has been aware of this risk for a long time and has accepted this risk given the good relationship with Fairfield and their willingness to open the books as and when needed. This relationship has been managed out of our Miami office.

If you or your client are not comfortable with this risk, I would suggest you look at the Van Market Neutral Index as an alternative. If you need more info, you would also find it on the navinvest website under structured products.

Best, Bassam

> -----Original Message-----
> **From:** LUESCHER Juerg
> **Sent:** Friday, February 21, 2003 4:54 PM
> **To:** Salem Bassam
> **Cc:** CADUFF Markus
> **Subject:** Navinvest: Mutual funds, Hedge funds
>
> Hello Bassam,
>
> The various third part funds on your page "Mutual funds" and "Hedge funds" look quite interesting to me.
> Before eventually recommending them to my clients, I would like to know the criterias for putting these
> funds onto each list.
>
> On the Hedge Fund List, Intermediate Risk, I recognise the Fairfield Sentry Ltd. fund. To my knowledge,
> this fund does not strictly separate fund managers from its depositary. I think such criterias should be
> applied. What do you think?
>
> Thanks for your kind attention and answer.
>
> Best regards,
> Jürg

EXHIBIT 26

From: ECHEVARRIA Victor <veche@efg.com>
Sent: Monday, March 3, 2003 12:13 PM
To: CAMPANO, Sixto <SCampano@EFGCapitalMiami.COM>
Subject: FW: Meeting at Fairfield Greenwich Group New York (FGG)
Attach: Fairfield Memo.FGG.doc

FYI

-----Original Message-----
From: NUSSLE Isabel
Sent: Friday, February 28, 2003 5:28 AM
To: HOWELL Lawrence; CADUFF Markus; RANIERI Marco; ECHEVARRIA Victor
Subject: Meeting at Fairfield Greenwich Group New York (FGG)

Please see attached Memo from Mats Pehrsson

Thank you

Isabel Nussle

<<...>>

TO : FILE /FAIRFIELD SENTRY/DISCOVERY GROUP

FROM : MATS PEHRSSON

CC : LONNIE HOWELL, MARKUS CADUFF, MARCO RANIERI & VICTOR ECHEVARRIA

DATE : February 24, 2003

SUBJECT: Meeting at Fairfield Greenwich Group New York (FGG) with
- Discovery Group: Johan Sandberg and Jan Burén
- FGG: Gregory Bowes, Daniel Lipton, Jeffrey Tucker and John Wartman

1. **Purpose of Meeting**

- To introduce Sandberg and Burén to EFG
- To find out more about Fairfield Sentry

2. **Planned Offshore Fund (Sandberg & Burén)**

- Sandberg and Burén went through long questionnaire focusing mostly on Fairfield Sentry which currently captures 80% of FGG's AUMS.

- Sandberg wants to use Fairfield Sentry (50%) and 2 other of FGG Funds (with each 25%) as feeder funds for a new offshore fund (to be administered by and custodized with EFG Lux). We would split the the retro from FGG (25% of FGG's fees) with Sandberg on a ratio yet to be agreed.

3. **Fairfield Sentry (F.S.)**

- F.S. is a hedge fund with a comparatively conservative equity-based strategy and with a moderate equity-long bias. The fund has some USD 4 bln in assets and a 15-year live track-record.

- F.S., typically, takes a long position in 30-40 of the leading S&P 100 stocks (which as a group should have a 95% correlation with the index) and simultaneously hedges this long position fully (for the same USD amount) by buying S&P 100 Puts that are 2-3% out-of-the-money and expire after one month. These positions are normally taken when an up-move in US equities is expected. If not, the fund is 100% in cash (T-Bills). Shortly after taking the equity and put positions, S&P 100 2-3% out-of-the-money calls with the same expiry as the Puts are sold for an underlying amount corresponding to the USD-amount of the aggregate equity long position. Frequently, the calls are not done at the same time as the first 2 transactions but with a certain time delay to enhance the return in an upmoving equity market. In 2001 and 2002, F.S. was in cash 50% of the time, on average, on a month-to-month basis.

- F.S. is managed by Bernard L. Madoff Securities LLC, New York (=MS). Established in 1960 by Bernard Madoff, MS is a US Broker Dealer and one of the largest market-makers in US equities (S&P500 & 200 NASDAQ Stocks) with some USD 450 million in capital. The firm employs some 250 staff including Bernard's brother, Peter Madoff who joined in 1970, and other family members. It is located on Third Avenue, a few blocks away from FGG.

- The creation of a London affiliate, Madoff Securities International Ltd., in 1983 has enabled the firm to develop an increasingly important position in the global securities marketplace. Madoff International has become one of the largest dealers in listed and Nasdaq US equities in London.

- Bernie Madoff (61), founder and owner of Madoff Securities, started his equity strategy 35 years ago, initially for US high net worth individuals. The key to his success and the very stable performance of F.S., most likely lies in his market making function: FGG said "off-the-record" – that MS is "cheating" and that there is a "hole in the " Chinese wall" which is supposed to separate the market making from the fund managing function." Due to MS' role as a leading market maker, the firms sees the whole market and where it is heading (it sees the floors, stop-loss levels and other limits and therewith related volumes). If an upmove is imminent or a positive bias is being formed, they are the first to see it (and can be the first to act on it, as well).

- MS have often been criticized for front-running and for subsidizing Fairfield Sentry. Acccording to FGG, front-running would be detected by the firm's auditor and subsidizing is not a reality as Madoff Securities is contractually bound to a market price +/- 4 cents per share formula with FGG.

- MS has one of the most sophisticated disaster recovery facilities found anywhere in the securities industry. In addition to its offices in Manhattan, MS maintains a fully equipped and staffed facility located near LaGuardia Airport. This office duplicates all of the features of the primary MS offices. MS' disaster recovery facility is not just an alternative trading room, but rather a full-fledged office which is equipped to receive and transact orders and to handle the clearing and settlement process as well. Under the supervision of a facilities manager, this unique on-line facility is tested continuously to ensure that it is prepared to take over the firm's operations if any kind of disaster were to affect the Manhattan office. Members of the firm's staff are rotated through the facility and regularly perform their work from it. Thus, there is always staff on hand in case disaster strikes at the firm's main office. The disaster recovery facility is on a different electric power grid than the main office, and it is served by a different telephone central office. The facility also has its own electrical generator.

4. Other important activities of Bernard Madoff and Peter Madoff

Bernard L. Madoff has been a major figure in the National Association of Dealers (NASD), the major self-regulatory organization for US Broker/Dealer firms. This firm was one of the five Broker/Dealers most closely involved in developing the NASDAQ Stock Market. He has been chairman of the board of directors of the NASDAQ Stock Market as well as a member of the board of governors of the NASD and a member of numerous NASD committees. He has also served as a member of the board of directors of the Securities Industry Association.

Reflecting the growing international involvement of the firm, when MS opened a London office in 1983, it became one of the first US members of the London Stock Exchange. Bernard Madoff was also a founding member of the board of directors of the International Securities Clearing Corporation in London.

Peter B. Madoff has also been deeply involved in the NASD and other financial services regulatory organizations. He has served as vice chairman of the NASD, a member of its board of governors, and chairman of its New York region. He also has been actively involved in the NASDAQ Stock Market as a member of its board of governors and its executive committee and as chairman of its trading committee. He also has been president of the Security Traders Association of New York.

Bernard and Peter Madoff have both played instrumental roles in the development of the fully computerized Cincinnati Stock Exchange. Peter Madoff has been a member of its board of governors and has served on its executive committee. They have helped make the Cincinnati Exchange the fastest growing regional stock exchange in the US.

These positions of leadership not only indicate the deep interest MS has shown in the industry, they also reflect the respect the firm and its key individuals have achieved in the financial community.

5. The black-box problem at Fairfield Sentry
(and how FGG is handling it)

The Problem :

1. MS is investment advisor/manager and custodian and prime broker for the fund resulting in reduced transparency.

2. Fairfield's auditors (PWCL) rely largely on information provided by MS' auditors which is not one of the leading names.

Comments:

According to FGG, PWLC does also continuously perform random checks of MS trades done for Fairfield Sentry, directly at the source (not relying on MS auditors' input); i.e. at the premises of MS. If this applies, the second problem may be less of a problem. MP to check this with PWCL.

In addition, Jeffrey Tucker of FGG, who allegedly has known B. Madoff since 10(-15) years, has once spent about a week with MS to check that trades and positions were all a match between FS, MS and the DTC (clearing agent level). The result was fully satisfactory to FGG.

During my visit at FGG, I was shown account statements of FS' account with MS. It looked normal. I was not allowed to keep any copy.

6. Visit to Fischer Francis Trees L. Watts, Inc.

- Met with Stewart Russell (MD) and Blair Keller (Manager of Alternative Strategies) of this fixed-income manager which is partly controlled by BNP (40% control 60% money?).

- Fund is conservatively managed relying on a highly diversified exposure in a variety of global markets. The Fund takes long and short positions in investment grade paper, government bonds and asset-backed bonds.

- Procedures are all very transparent. Would be one of Sandberg's FGG funds.

7. Summary

Yes, Fairfield Sentry is and remains something of black box because of the concentration of all major functions with SM.

Yes, the black box structure undoubtedly also has a potential to benefit FS (quick reaction to emerging market changes).

Yes, MS role as major market-maker in exactly those equities that FS is invested in is a clear benefit to Fairfield Sentry, as it facilitates the timing aspect of each investment made by MS (MS "sees the entire market"). This could also explain much or all of Fairfield's stable and good track record.

Yes, both FGG and the auditors of FS have performed (and the auditors continue to perform) random checks with MS directly, which lessens the dependency on MS own auditors somewhat.

EXHIBIT 27

From: Schonbachler Jerome <jerome.schonbachler@efggroup.com>
Sent: Friday, May 24, 2002 9:58 AM
To: ECHEVARRIA Victor <VEchevarria@EFGCapitalMiami.COM>; Scherer Pierre-Henri <pierre-henri.scherer@efgbank.com>
Cc: CAMPUZANO Adrianna <ACampuzano@EFGCapitalMiami.COM>; Baldin Olivier <olivier.baldin@efgbank.com>; Schonbachler Jerome <jerome.schonbachler@efggroup.com>; CAMPANO, Sixto <SCampano@EFGCapitalMiami.COM>; MOORHEAD Kenneth <kmoorhead@EFGCapitalMiami.COM>; CALDWELL Al <JACaldwell@EFGCapitalMiami.COM>
Subject: RE: REDACTED 0114

Victor,

I know that we have some holdings in Kingate and this is why I sent this message to you and all others CRO in the update of the recommended list. The issue concerns only the Kingate Global USD Shares and not other funds, nor does it concern Madoff Securities at all.

We use Societe Generale for managed accounts. Managed accounts see all transactions done by the fund and executed by the Prime Brokers at the difference of a fund, where you get only the NAV. SocGen was looking at the domiciliation of an Irish feeder and everything was ready for accepting Investments by end of this month.

As I mentioned them Al's decision to invest inside, they informed me they are experiencing some problems with the fund and the opacity of the fund manager who is not ready to disclose his trades any more. They conducted an inquiry and the fund manager is not willing to disclose not only his trades but in which strategies his good returns are coming from.

As Kingate Global USD fund becomes more and more like a black box, as Societe Generale does not get explanations on this opacity, I prefer to remove this fund from the recommended list. As soon as I know more not only from SocGen but also from the fund manager, I will let everybody know. In the meantime, I prefer to take a cautious approach (even if this is perhaps only the desire of the manager to keep his strategy secretive).

I am currently trying to get hold off the administrator and somebody from Kingate client servicing in order to get more informations.

Best,

-----Original Message-----
From: ECHEVARRIA Victor
Sent: Friday, May 24, 2002 3:10 PM
To: Scherer Pierre-Henri
Cc: CAMPUZANO Adrianna; Baldin Olivier; Schonbachler Jerome; CAMPANO, Sixto
Subject: RE: REDACTED 0114

Pierre-Henri,

In a conversation with Jerome this week, he mentioned there were some negative rumors regarding Kingate (not related to the underlying advisor, Madoff Securities). We are not aware of what these rumors may be nor the nature of them. It is also unclear if the rumor was related to Kingate Global or another Kingate sponsored fund. We also have not heard rumors at this end. If Jerome has a specific concern or rumor that he may want us to try to find additional information on, we would be glad to assist but would need additional details to proceed.

Adrianna is out on holiday today but I will also speak with her upon her return.

Regards,

Victor

-----Original Message-----
From: Scherer Pierre-Henri
Sent: Friday, May 24, 2002 2:03 AM
To: CAMPUZANO Adrianna
Cc: ECHEVARRIA Victor; Baldin Olivier; Schonbachler Jerome
Subject: RE: REDACTED 0114

Adrianna,

Prior to incurring any additional exposure to Kingate, we need to investigate a little bit on the management issue mentioned in the attached message. By the way, what is your opinion on this matter ?

Regards,

Pierre-Henri

<< Message: Kingate USD Hedge fund >>

-----Original Message-----
From: CAMPUZANO Adrianna
Sent: Thursday, May 23, 2002 21:40
To: Scherer Pierre-Henri
Subject: REDACTED 0114

Hello, Pierre-Henri.
Wouild like to ask you, there is a possibility of obtaining an allocation for Kingate (which is similar to Fairfield)
Can client REDACTED use the remaining $450M from his credit facility to purchase Kingate or is that out
of the question?
I'd asked Olivier upon his retum to assign margin value to AIG funds in his portfolio.

Let me know.
Regards,

EXHIBIT 28

From:	DISDIER Susan <sdr@efg.com>
Sent:	Thursday, October 31, 2002 12:11 PM
To:	CAMPANO, Sixto <SCampano@EFGCapitalMiami.COM>
Subject:	RE: Fairfield Sentry Availability - approx 42,000 for 31 Oct NAV

Sold, I bought it to increase one of my clients positions.

-----Original Message-----
From: CAMPANO, Sixto
Sent: Thursday, October 31, 2002 11:50 AM
To: *EFGBA All CRO; *EFGMIA All CROs
Subject: FW: Fairfield Sentry Availability - approx 42,000 for 31 Oct NAV

SOMEONE PLEASE BUY THIS!!!!!!!!!!!!!!!!!!!!!!

-----Original Message-----
From: CABRERA Romy
Sent: Thursday, October 31, 2002 11:47 AM
To: *EFGBA All CRO; *EFGMIA All CROs
Subject: Fairfield Sentry Availability - approx 42,000 for 31 Oct NAV

just sold 50,000.

-----Original Message-----
From: CABRERA Romy
Sent: Thursday, October 31, 2002 11:37 AM
To: *EFGBA All CRO; *EFGMIA All CROs
Subject: Fairfield Sentry Availability - approx 92,000 for 31 Oct NAV

Depending on the final NAV it may be a little more than 92,000. Please try to give me a ticket with a client who is flexible.

First come first serve basis.

π EXHIBIT
100
1/5/10 JW

Confidential
EFG_Cap_E-0006692

From: CABRERA, Romy <rcabr@efg.com>
Sent: Monday, December 22, 2003 3:40 PM
To: CAMPANO, Sixto <SCampano@EFGCapitalMiami.COM>
Subject: RE: account[redacted]8105,[redacted]8080

I think RIM has dips on this as ROE had already told him some time ago....I'll check how much he's taking....

ROE's amount is USD 3,430,000.00

I'll let you know...Rgds, RC

> -----Original Message-----
> **From:** CAMPANO, Sixto
> **Sent:** Monday, December 22, 2003 3:25 PM
> **To:** CABRERA, Romy
> **Subject:** FW: account[redacted]8105,[redacted]8080
>
> lets announce this so we do not loose the allocation
>
> > -----Original Message-----
> > **From:** ROSSI Elisa
> > **Sent:** Monday, December 22, 2003 3:11 PM
> > **To:** CAMPANO, Sixto
> > **Subject:** RE: account[redacted]8105,[redacted]8080
> >
> > Yes , right now and I am crying my way to the trading room!
> >
> > > -----Original Message-----
> > > **From:** CAMPANO, Sixto
> > > **Sent:** Monday, December 22, 2003 3:00 PM
> > > **To:** ROSSI Elisa
> > > **Subject:** RE: account[redacted]8105,[redacted]8080
> > >
> > > Elisa. are you selling this now??
> > >
> > > We have requests for Sentry here.
> > >
> > > > -----Original Message-----
> > > > **From:** ROSSI Elisa
> > > > **Sent:** Monday, December 22, 2003 10:37 AM
> > > > **To:** Lu Charles
> > > > **Cc:** CAMPANO, Sixto; ECHEVARRIA Victor
> > > > **Subject:** RE: account[redacted]8105,[redacted]8080
> > > >
> > > > Dear Charles,
> > > >
> > > > Yes we do. I am selling over 3.4 million of Fairfield and repaying the loan (principal + interest)
> > > >
> > > > thank you very much and have a very happy holiday season.

π EXHIBIT
99
1/7/10 JLW

Elisa

-----Original Message-----
From: Lu Charles
Sent: Monday, December 15, 2003 4:16 AM
To: ROSSI Elisa
Cc: Baldin Olivier
Subject: RE: account 8105 8080

Dear Elisa,

Do we have some answer from your client for Fairfield sentry concentration?

Best,

Charles

-----Original Message-----
From: Lu Charles
Sent: vendredi, 21. novembre 2003 15:31
To: ROSSI Elisa
Cc: Baldin Olivier; ECHEVARRIA Victor; CAMPANO, Sixto
Subject: RE: account 8105 8080

Dear Elisa,

Glad to know that your client had this in his mind and that you had divested some Fairfield.

In your message, you are talking about to discuss with your client before Christmas. I am a bit worried. Because I had a deadline from Lonnie to reduce the risk concentration of Fairfield by the end of year. And I had your request for extending the limit pending since 12-09-03. Do you think that you could discuss with your client a little earlier?

Thanks.

Charles

-----Original Message-----
From: ROSSI Elisa
Sent: jeudi, 20. novembre 2003 18:13
To: Lu Charles
Cc: Baldin Olivier; ECHEVARRIA Victor; CAMPANO, Sixto
Subject: RE: account 8105 8080

Dear Charles,

I was out on Monday - took a vacation day to visit NYC. Anyway, I've been talking to my client on a very constant basis. Actually, I spoke to him yesterday and we agreed to review his holdings, again, in December when I'll visit him in Curitiba.

I am aware of all your issues on concentration and diversification. My client is also very well informed on the subjects.

As of today or tomorrow, the total loan exposure will be below 4.2MM - since I sold US$310,000 of Fairfield shares NAV of Oct. 30th and the pending loan request is for US$690,000.

I appreciate you taking the time to send me the attachments and I certainly will (again) discuss the investment possibilities other than Fairfield with my client. We will have an answer before Dec. 20 (Curitiba's visit Dec. 14th to 20th) will that be acceptable to you?

Thanks.

Elisa

-----Original Message-----
From: Lu Charles
Sent: Thursday, November 20, 2003 11:57 AM
To: ROSSI Elisa
Cc: Baldin Olivier
Subject: account[redacted]8105,[redacted]8080

Dear Elisa,

I am looking at your Credit Request for joint account[redacted]8105-[redacted]8080. I tried to call you in your office, but only get the answer machine.

As you must know that both accounts have very high risk concentration on Fairfield sentry, we could not find out enough collateral to cover the line that you requested. Although total LV is almost USD 5,700,000, the haircut is USD 4,200,000 because of risk concentration. If you could discuss with your client and try to diversify the investment, this will certainly be the best way, as you know that Lonnie is considering to reduce Fairfield sentry concentration to 20% of total LVs for all EFG clients by the year end.

For a quick fix, I attached a spread sheet, where we provide two solutions. You could either try to sell USD 2,500,000 Fairfield and retire some loans. Or you could divest USD 4,000,000 from Fairfield and invest in two EFG recommended funds with 45% LV. I attached here a short list of LV for EFG recommended hedge funds for your information.

Best,

Charles

<< File: [redacted]8080-[redacted]8105.xls >> << File: LV for hedge fund - Distribution 1.xls >>