

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

PASHA S. ANWAR, *et al.*,

Plaintiffs,

v.

FAIRFIELD GREENWICH LIMITED, *et al.*,

Defendant.

Master File No. 09-cv-118 (VM)

This Document Relates To: All Actions

**DECLARATION OF HOWARD L. VICKERY  
IN SUPPORT OF PLAINTIFFS'  
OPPOSITION TO MOTIONS TO DISMISS OF  
PRICEWATERHOUSECOOPERS ACCOUNTANTS N.V.,  
PRICEWATERHOUSECOOPERS LLP, AND  
PRICEWATERHOUSECOOPERS INTERNATIONAL LIMITED**

# Exhibit 12

Fairfield Greenwich Group  
Attn. Mr Dan Lipton  
919 Third Avenue, 11th floor  
New York, New York 10022  
United States of America

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Accountants N.V.  
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7 February 2006

Reference: FG-1279u-el-00428220001

**Subject: Audit - year ended 31 December 2005**

Dear Mr Lipton,

In connection with our ongoing appointment as auditors of Fairfield Funds (as specified in appendix 1, hereinafter referred to as 'the Funds') we would like to set out the basis on which we are to act as auditors and summarise the respective areas of responsibility of the directors and ourselves.

## **1 Audit**

Our responsibility as auditors of the Funds is to examine the financial statements for the year ended 31 December 2005 with a view to expressing an opinion on the presentation of the financial position at such date and of the results of operations and cash flows for the year then ended, in accordance with International Financial Reporting Standards ('generally accepted accounting principles'). We will conduct our audit in accordance with International Standards on Auditing ('generally accepted auditing standards'). These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall position as presented by the financial statements.

Our audit procedures may include the following:

- consideration of the accounting and internal control systems;
- tests on the workings of the systems;
- assessment of the accounting principles used and methods applied;
- assessment of presentation of financial information to confirm compliance with legal and professional requirements;

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- tests of selected recorded transactions with documentation required by law and good business practice;
- tests of physical existence, ownership and recorded value of selected assets;
- tests of authenticity and conditions of selected liabilities;
- direct confirmation with selected third parties (e.g. banks, customers, suppliers) of amounts due to or by them and other relevant information;
- other procedures we consider necessary for the purpose of our forming an opinion.

The extent and nature of these procedures, which may vary from year to year, will depend on our evaluation of the internal control exercised by management, the business systems employed, the quality of record keeping and the results of such procedures. Where possible we will rely on the controls of the Funds' internal control system, which are intended to detect or prevent intentional and unintentional errors.

The financial statements are the responsibility of the management of the Funds. In this regard, management is responsible for safeguarding the assets of the Funds, maintaining proper accounting records and maintaining an appropriate system of internal control (including procedures regarding the reliability and continuity of computerised systems and the prevention and detection of fraud, other irregularities and errors and non-compliance with law or regulations).

Our audit is not designed to specifically detect fraud. Because of the nature of audit samples and other inherent limitations of an audit, together with the inherent limitations of any system of internal control, there is an unavoidable risk that some material misstatement may remain undiscovered.

We shall endeavour to plan our audit so that we have a reasonable expectation of detecting material misstatements in the financial statements or accounting records (including any material misstatements resulting from fraud, error or non-compliance with law or regulations). However, our examination should not and cannot be relied upon to disclose all such material misstatements or frauds, errors or instances of non-compliance as may exist.

We would like to bring to your notice that in the practice of our profession we are bound to the Rules of Conduct and Professional Practice issued by our profession and the Regulation on Reporting Fraud ('Verordening op de fraudemelding'). If, during the course of our audit, we become aware that an act of fraud has or may have been committed, we will report these matters to you immediately in accordance with the Regulation on Reporting Fraud.

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Furthermore, we are bound by other laws and regulations, such as the 'Wet Identificatie bij Dienstverlening' ('WID', the Dutch Identification Act) and the 'Wet Melding Ongebruikelijke Transacties' ('Wet MOT', the Dutch act regarding Disclosure of Unusual Transactions). The WID requires us to identify each client before we can render any services to that client. If no changes have occurred in the year ended 31 December 2005, we will make use of the documents that have been received in the prior period. If, during the course of our work, there are indications of unusual transactions, it is possible, pursuant to the regulations of the Wet MOT, that we are required to report this to the 'Meldpunt Ongebruikelijke Transacties' (Unusual Transactions Reporting Office), without notifying you thereof.

During the audit and its conclusion we will discuss with appropriate members of management of the Funds certain aspects of the financial statements and in particular their judgements regarding collectibility of accounts receivable, the need for provisions and other matters not readily susceptible to objective determination. In order to ensure that we properly comprehend the results of our discussions we ask that these opinions be updated and confirmed to us in writing, in the form of a management representation letter, as of the date on which our auditors' report will be issued.

We shall not be treated as having notice, for the purposes of our audit responsibilities, of information provided to other representatives of PricewaterhouseCoopers other than those engaged on the audit.

We look forward to your and your administrator's staff's full co-operation and trust that they will make available to us whatever records, documents and other information we need for our audit.

## **2 Access to working papers**

All working papers and files, other materials, reports and work created, developed or performed by PricewaterhouseCoopers during the course of the audit are the property of PricewaterhouseCoopers. We may be required to give access to our audit working papers for regulatory purposes or because of other legal obligations.

## **3 Electronic communications**

We may from time to time communicate with you electronically. However, as you are aware, the electronic transmission of information cannot be guaranteed to be secure or error free and such information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete or otherwise be adversely affected or unsafe to use.

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Accordingly, while we will use commercially reasonable procedures to check for the then most commonly known viruses before sending information electronically and notwithstanding any collateral contract, warranty or representation, neither PricewaterhouseCoopers Accountants N.V. nor its partners, employees or agents shall have any liability to you on any basis, whether in contract, tort (including negligence) or otherwise, in respect of any error or omission arising from or in connection with the electronic communication of information to you and your reliance on such information and including (but not limited to) the acts or omissions of our service providers. Such exclusion of liability shall not apply to us in the event of such acts, omissions or misrepresentations which are in any case criminal, dishonest or fraudulent on the part of our partners, employees or agents.

We will be obliged if you could inform us should you wish us not to use electronic communications.

If the communication relates to a matter of significance on which you wish to rely and you are concerned about the possible effects of electronic transmission you should request a hard copy of such transmission from us. If you wish us to password protect all or certain documents transmitted could you please discuss this with us and we will make appropriate arrangements.

#### **4 Publication of documents bearing the name of PricewaterhouseCoopers**

Following our consent to publish your financial statements together with our auditors' report, any subsequent reproduction (other than the mere photocopying of the entire document) or publication of the Funds' financial statements or any document with which we are associated and/or on which we issue an auditors' report requires our prior written consent. This includes publication on an Internet website, the publication or forwarding of any financial report stating our name, as well as the use of our name in any other document (including an offering document) to be published or made available to third parties.

In all such cases you must provide us with a draft of the document on a timely basis to read, and obtain our written approval for inclusion of our auditors' report, before the document is finalised and distributed. Where our auditors' report is to be reproduced in any medium, the complete financial statements, including notes, must be presented. Any agreement on our part to perform work in connection with the above will be a separate engagement and subject to a separate engagement contract.

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## **5 Safeguarding service**

It is our desire to provide you at all times with high-quality service to meet your needs. If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with any aspect of our services, please raise the matter immediately with the partner responsible for that aspect of our services to you. If, for any reason, you would prefer to discuss these matters with someone other than that partner, please contact Mrs S. Barendregt-Roojers, Investment Management Leader for the Netherlands. In this way, we are able to ensure that your concerns are dealt with carefully and promptly. We undertake to look into any complaint carefully and promptly, and to do all we can to explain the position to you.

## **6 Fees**

Completion of our work is subject to, among other things:

- 1) appropriate cooperation from the Funds' personnel and from those third parties to whom management functions have been delegated, including timely preparation of necessary schedules;
- 2) timely responses to inquiries; and
- 3) timely communication of all significant accounting and financial reporting matters.

When and if for any reason the Funds are unable to provide such schedules, information and assistance, PricewaterhouseCoopers and the Funds will mutually revise the fee to reflect additional services, if any, required of us to complete the audit.

We estimate our fees for this audit engagement will be EUR 257,010 including out-of-pocket expenses.

When compared to last year our rates have been adjusted with 8% based on the increase in our cost of business for 2005, a mark-up for increased level of coordination, incorporation of certain US GAAS procedures and roll-forward of 2004 budget overrun.

As from 2005 PricewaterhouseCoopers will no longer assist in the preparation of the financial statements and the fees have been adjusted for the hours that are no longer needed to deliver this service to the Funds.

The amounts per Fund are specified in appendix 1. The following table shows the total movement in fees compared to last year:

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CURRENCY	EUR
Audit fee 2004 (Euro base)	215,595
Increased cost of business 8%	17,248
Mark-up for increased level of coordination	13,000
Mark-up for incorporation of certain US GAAS procedures	19,500
Roll-forward 2004 budget overrun	18,317
Deduction for assistance in preparation of financial statements	(26,650)
Audit fee proposal for the financial year 2005	257,010

Our fee estimate is based on the time required by the individuals assigned to the engagement. Individual hourly rates vary according to the degree of responsibility involved and experience and skills required and are denominated in Euro.

This estimate takes into account the agreed-upon level of preparation and assistance from Fund personnel; we will advise management should this not be provided or should any other circumstances arise which may cause actual time to exceed that estimate. Should we need to perform some extra work, this will be communicated to you in advance and will be billed separately.

You have requested us to prepare, send and follow up on the bank, broker and custodian confirmations and lawyers' letters with minimal involvement of the Fund administrator.

We will provide you with an invoice for 75% of the agreed fees at substantial completion of the fieldwork and the remaining 25% will be billed upon the completion of our audit of your final financial statements of the Funds.

Payment has to be made to us within the agreed periods but under no circumstances later than 15 days from the date of the invoice. The administrator will initiate timely payment in conformity with their payment delegation agreed with the Funds if such delegation is in place.

## 7 Independence

The NIVRA/NOvAA Rules of Conduct and Professional Practice, the NIVRA 'Nadere Voorschriften' (additional guidelines) in respect of the independence of auditors, applicable since 1 January 2005, applicable independence regulations of the regulators of the Dutch and foreign stock exchange markets (for example, the Securities & Exchange Commission - SEC - in the USA), as well as auditing standards generally accepted in other countries require us to maintain independence in our services to audit clients and restrict us from providing certain services to our audit clients.

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To enable us to ensure that we are, and will remain, independent from you, your shareholders and any group and affiliated companies, we request you to provide us with details of, and any changes to, your legal structure, including names of all direct and indirect shareholders and all other direct and indirect related group and affiliated companies of the Funds, indicating whether any of them are listed on a stock exchange. Changes in the organisation and organisation structure while we are carrying out our services could lead to a situation where we are obliged to withdraw from providing certain services to the Funds.

**8 Other matters**

The enclosed General Terms & Conditions are applicable to the work performed in the execution of this engagement by PricewaterhouseCoopers Accountants N.V. With regard to the limitation of liability with respect to the present engagement, article 13.1, paragraph c is applicable, except when prohibited by applicable law, regulation and/or regulatory practice, and article 13.1, paragraphs a, b and d are not applicable.

This engagement letter is also effective for years subsequent to 2005, until it is replaced by a new engagement letter, unless the engagement is terminated, either by the Funds or PricewaterhouseCoopers Accountants N.V.

If you have any questions, please call Mr H.F.M. Gertsen (PwC Rotterdam office) at + 31 10 407 6614. If the services outlined herein are in accordance with your requirements and if the above terms are acceptable to you, please have one copy of this letter signed in the space provided below and return it to us.

Yours truly,  
PricewaterhouseCoopers Accountants N.V.

  
H.F.M. Gertsen  
Partner Assurance

Appendices: 1. List of Funds  
2. General Terms & Conditions

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We confirm that the above letter from you correctly sets out the services required from you and the basis on which they are to be provided.

Signed on behalf of the Funds by

A handwritten signature in cursive script, appearing to read "David Skipton".

(Name) CFO of Fairfield Greenwich Group  
Director

2/13/06

(Date)

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**Appendix 1: List of Funds**

The following table shows the movement in fees compared to last year:

	2004 audit fee	Cost base increase 8%	Mark-up for increased level of coordination	Mark-up for incorpora- tion of certain US GAAS procedures	Roll-forward 2004 budget overrun	Deduction for assistance in preparation of financial statements	Proposed 2005 audit fee
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Fairfield Sentry Limited	64,300	5,144	1,000	1,500	1,409	(2,050)	71,303
Windward Capital LP	18,500	1,480	1,000	1,500	1,409	(2,050)	21,839
Arlington International	10,200	816	1,000	1,500	1,409	(2,050)	12,875
Fairfield Investment Fund	15,600	1,248	1,000	1,500	1,409	(2,050)	18,707
Fairfield NGA	13,000	1,040	1,000	1,500	1,409	(2,050)	15,899
Brazil Direct	11,400	912	1,000	1,500	1,409	(2,050)	14,171
Fairfield Sigma	12,750	1,020	1,000	1,500	1,409	(2,050)	15,629
Fairfield Lambda	10,200	816	1,000	1,500	1,409	(2,050)	12,875
FIF Advanced	15,200	1,216	1,000	1,500	1,409	(2,050)	18,275
Fairfield Investors EUR	11,400	912	1,000	1,500	1,409	(2,050)	14,171
Fairfield Investors CHF	11,400	912	1,000	1,500	1,409	(2,050)	14,171
Fairfield Investors JPY	11,445	916	1,000	1,500	1,409	(2,050)	14,220
MIF	10,200	816	1,000	1,500	1,409	(2,050)	12,875
	<b>215,595</b>	<b>17,248</b>	<b>13,000</b>	<b>19,500</b>	<b>18,317</b>	<b>(26,650)</b>	<b>257,010</b>

**1 GENERAL**

- 1.1 The following definitions apply to these General Terms and Conditions:
- 1.2 Client: the party commissioning the engagement.
- 1.3 Contractor: PricewaterhouseCoopers.
- 1.4 Contract: the agreement under which the Contractor undertakes to carry out the work for the Client.

**2 APPLICABILITY**

- 2.1 These General Terms and Conditions are applicable to any provision of services to the Client by the Contractor, except where provided otherwise in the Engagement Letter.
- 2.2 The Code of Professional Conduct\*\* for the Contractor form an integral part of the Contract. The Client undertakes to respect the Contractor's obligations ensuing from these Codes of conduct at all times.
- 2.3 The Contractor explicitly rejects the applicability of the Client's General Terms and Conditions.

**3 CONCLUSION OF THE CONTRACT**

- 3.1 The Contract consists of these General Terms and Conditions and the Engagement Letter and is concluded as soon as the Contractor has received the Engagement Letter duly signed by the Client and the Contractor. As long as the Contractor is not in possession of the Engagement Letter, it reserves the right to deploy its staff elsewhere. The Engagement Letter is based on the information provided by the Client to the Contractor at the time the Engagement Letter was drafted. The Engagement Letter is deemed to be a correct and complete representation of the Contract.
- 3.2 If the engagement was commissioned orally or the Contractor has not yet received the signed engagement Letter, the Contract is deemed to have been concluded under these General Terms and Conditions as soon as the Contractor has initiated the Contract at the Client's request.
- 3.3 The Contract supersedes and replaces any previous proposals, correspondence, agreements or other communications, whether orally or in writing.
- 3.4 The Contract is concluded for an indefinite period unless its contents, nature or effect imply that it was concluded for a definite period.

**4 COOPERATION BY THE CLIENT**

- 4.1 The Client undertakes to provide the Contractor with all information and documents which he later believes to be required for the timely and proper execution of the Contract, and to do so on time and in the desired form and manner.
- 4.2 The Client undertakes to inform the Contractor without delay of any facts and circumstances that might be relevant to the proper execution of the Contract.
- 4.3 Unless the nature of the Contract dictates otherwise, the Client is responsible for the accuracy, completeness and reliability of the information and documentation provided to the Contractor, even if they originate with or are acquired from third parties.
- 4.4 The Client undertakes to provide the Contractor with office space and any other facilities which the Contractor deems necessary or useful for the execution of the Contract. These facilities meet the relevant statutory requirements and include the use of computer, telephone and fax facilities. As far as computer facilities are concerned, the Client undertakes to ensure continuity by providing adequate back-up, security and virus-checking procedures, among other things. The Contractor will follow virus-checking procedures if it makes use of the facilities made available by the Client.
- 4.5 Unless the nature of the Contract dictates otherwise, the Client will deploy the staff deemed required by the Contractor or have this staff deployed in order to allow the Contractor to carry out the engagement. If specific staff are required, this will be agreed upon and laid down in the Engagement Letter. The Client undertakes to ensure that its staff is sufficiently skilled and experienced at the work to be carried out under the engagement.
- 4.6 Any additional costs and extra fees due to a delay in the execution of the Contract resulting from failure to make the requested information, documents, facilities and/or staff available, or to do so on time or in the proper fashion are for the Client's account.

**5 EXECUTION OF THE ENGAGEMENT**

- 5.1 Unless expressly stipulated otherwise, the Contractor will carry out all activities to the best of its knowledge and ability and in accordance with professional standards.
- 5.2 The Contractor determines the manner in which the Contract will be executed and by whom, with due observance of the wishes expressed by the Client where possible. If the name or names of a staff member or staff members are explicitly mentioned in the Engagement Letter, the Contractor will make an effort to ensure that the staff member or staff members in question are available for carrying out the work for the duration of the Contract. Despite this fact, the Contractor has the right to replace this staff member or these staff members in consultation with the Client.
- 5.3 The Contractor cannot carry out any activities in addition to those commissioned and bill these to the Client until the Client has given its prior consent. However, if the Contractor is required to perform such additional activities by virtue of its statutory obligation to provide reliable services, it is entitled to bill these to the Client, even if the Client did not explicitly give its prior consent to the performance of additional activities.
- 5.4 The Client cannot involve third parties in the execution of the Contract unless it has reached agreement with the Contractor about such involvement. This provision applies as outside-involvement in a Contract, whether directly or indirectly, may significantly affect the Contractor's opportunities for the proper execution of the Contract. The provisions of the preceding sentence apply to the Contractor mutatis mutandis.
- 5.5 The Contractor keeps working papers in relation to the Contract. This file, which contains copies of relevant documents, is the property of the Contractor.

**6 CONFIDENTIALITY**

- 6.1 Except where a statutory provision, regulation or other professional obligation to disclose information is in effect, the Contractor and its staff undertake to maintain confidentiality vis-à-vis third parties in respect of confidential information acquired from the Client. The Client may discharge the Contractor and its staff from this obligation.
- 6.2 The Contractor cannot use the information provided by the Client for any purpose other than for which it was obtained without the Client's written consent. By way of exception, this provision does not apply if the Contractor represents itself in disciplinary, civil or criminal proceedings in which this information may be relevant.
- 6.3 Except where a statutory provision, regulation, or other professional obligation to disclose information is in effect, or the Contractor has given its prior written consent to do so, the Client will not disclose to third parties the contents of reports, opinions or any other written or oral statements issued by the Contractor.
- 6.4 The Contractor and the Client will impose their obligations under this Article on any of its outside contractors.
- 6.5 The Contractor has the right to refer its clients and potential clients in general terms to the activities performed, provided that this only serves as a description of the Contractor's experience. This is not deemed contrary to the provisions of paragraphs 1 and 2 above.

**7 INTELLECTUAL PROPERTY**

- 7.1 The Contractor reserves all intellectual property rights in relation to products of the intellect it uses or has used and/or develops or has developed within the framework of the execution of the engagement, the copyrights or other intellectual property rights to which it holds or can exercise.
- 7.2 The Client is explicitly prohibited from reproducing, publishing or using for commercial purposes, whether alone or involving third parties, those products, including computer programs, systems designs, working methods, opinions, contracts and model contracts and other products of the intellect, all in the broadest sense of the word. These products cannot be reproduced and/or published and/or used for commercial purposes unless the Contractor has given its written consent. The Client has the right to reproduce the written documents for use within its own organisation where this is in line with the purpose of the engagement.

**8 FEE**

- 8.1 If pricing factors, such as salaries and/or rates are subject to change between the conclusion date of the Contract and the completion date of the Contract, the Contractor has the right to adjust the agreed fee accordingly.
- 8.2 The fee charged by the Contractor is exclusive of out-of-pocket expenses and expense claims filed by third parties commissioned by the Contractor.
- 8.3 All fees are exclusive of turnover tax and other government levies, if any.

**9 PAYMENT**

- 9.1 The Client is required to pay the fee charged without any deduction, discount or debt settlement no later than 15 days after the invoice date. Payments, which must be denominated in the currency indicated in the invoice, must be made by means of money transfer to a bank account designated by the Contractor. Objections to the amounts charged do not exempt the Client from its obligation to pay.
- 9.2 If the Client fails to pay within the period referred to in 9.1 above, it is in default by operation of law after having been reminded by the Contractor at least once that payment is due within a reasonable period. In that case, the Client is liable to pay statutory interest on the credit balance with effect from the date on which the payment became due until the date of payment. In addition, all collection costs incurred after the Client's default, both judicial and extrajudicial, are for the Client's account. The extrajudicial costs are set at at least 15% of the principal plus interest, without prejudice to the Contractor's right to collect the actual extrajudicial costs in excess of this amount. The judicial costs comprise all costs incurred by the Contractor, even if they exceed the statutory rate.
- 9.3 If the Contractor believes that the Client's financial position and/or payment performance justifies such action, the Contractor has the right to demand that the Client immediately furnish security or additional security in a form to be determined by the Contractor and/or make an advance payment. If the Client fails to furnish the desired security, the Contractor has the right, without prejudice to its other rights, to immediately suspend the further execution of the Contract, and that which the Client owes to the Contractor for whatever reason will become immediately due and payable.
- 9.4 If the event of a jointly commissioned engagement, the Clients have assumed joint and several liability for payment of the full invoice amount where the activities were performed for the Clients jointly.

**10 COMPLAINTS**

- 10.1 The Contractor must be notified in writing of complaints relating to the work carried out and/or the invoiced amount within 60 days of the date of dispatch of the documents or information in respect of which the Client is filing a complaint, or within 60 days of the discovery of the shortcoming, if the Client proves that the shortcoming could not have reasonably been discovered previously.
- 10.2 Complaints as referred to in the first paragraph do not exempt the Client from its obligation to pay.
- 10.3 If the Client filed a legitimate complaint, it has the option of adjusting the fee charged, having the rejected work rectified or repeated free of charge or terminating the Contract (or remaining work) in exchange for a refund proportionate to the fee already paid by the Client.

This document is a translation. In the event of any dispute to the interpretation of any of these conditions, the official Dutch language version shall prevail.  
 \* PricewaterhouseCoopers is the trade name of among others the following companies: PricewaterhouseCoopers Accountants N.V. (Chamber of Commerce 34180285), PricewaterhouseCoopers Belastingadviseurs N.V. (Chamber of Commerce 34180284) and PricewaterhouseCoopers Advisory N.V. (Chamber of Commerce 34180287). The General Terms &