

**Fairfield Sentry Limited**  
**Fairfield Sigma Limited**  
**Fairfield Lambda Limited**  
**(All in Liquidation)**

**Fourth Interim Consolidated Report of the Liquidators**

11 April 2011

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## 1 Introduction

- 1.1 This Report provides an update regarding the current position of three related British Virgin Islands ("BVI") companies, Fairfield Sentry Limited ("Sentry") and two of its feeder funds, Fairfield Sigma Limited ("Sigma") and Fairfield Lambda Limited ("Lambda") (Sentry, Sigma and Lambda collectively, the "Companies").
- 1.2 Basis of Appointment
- 1.2.1 On 23 April 2009, Mr. Christopher Stride, then Managing Director of Krys & Associates (BVI) Limited was appointed by the Eastern Caribbean Supreme Court in the High Court of Justice of the British Virgin Islands (the "BVI Court") as Liquidator of Lambda pursuant to the provisions of the BVI Insolvency Act 2003 ("the Act").
- 1.2.2 On 21 July 2009, Messrs. Christopher Stride and Kenneth Krys, Managing Director of Krys & Associates Cayman Limited were jointly appointed by the BVI Court as Liquidators of Sentry and Sigma pursuant to the provisions of the Act.
- 1.2.3 Effective 8 September 2010 Mr. Christopher Stride resigned as Liquidator of the three funds and Ms. Joanna Lau, Managing Director of Krys & Associates (BVI) Limited, was jointly appointed by the BVI Court as liquidator of Sentry and Sigma with Mr. Krys; Ms Lau and Mr. Krys were jointly appointed by the BVI Court as liquidators of Lambda. The appointments were made in accordance with the resolutions passed by meetings of the Companies' creditors held on 6 September 2010.
- 1.2.4 Save where otherwise appears, references in this report to "the Companies" are to Sentry, Sigma and Lambda collectively and references to "the Liquidators" are to both Mr. Krys and Ms. Lau in their joint capacities as Liquidators of the Companies.
- 1.2.5 Effective 10 January 2011, Krys & Associates (BVI) Limited re-branded and the company is now trading as KRyS Global.

- 1.2.6 Each of the Companies was placed into liquidation in separate BVI proceedings: Claim No. 2009/0074 in the case of Lambda, Claim No. 2009/0136 in the case of Sentry and Claim No.2009/0139 in the case of Sigma.
- 1.2.7 The Liquidators recognize that each of the Companies is a separate legal entity. However, given the similarities among the Companies and their collective history, the Liquidators have determined that a single consolidated Report is appropriate. Where the contents of this Report relate to one specific entity, this is stated. The decision to have one report for all the Companies should not be deemed to imply or otherwise mean that the Liquidators have considered or made any decision on how they will deal with asset recoveries other than on an entity basis. Should a situation arise where there is a perceived conflict between the various Companies, the Liquidators have received the BVI Court's directions in relation to the appointment of a conflict liquidator for Sigma and/or Lambda to look into the specific matter which is the subject of the conflict.
- 1.3 This report should be read in conjunction with the First Interim Report dated 16 September 2009 (the "First Interim Report"), the Second Interim Report dated 29 March 2010 (the "Second Interim Report") and the Third Interim Report dated 30 September 2010 (the "Third Interim Report" or the "Last Report").
- 1.4 Duty to Report
- The Liquidators are not obligated, either under the provisions of the Act or the Insolvency Rules 2005 (the "Rules") or under any of the Orders pursuant to which they were appointed to provide a report on their acts and dealings and the conduct of the liquidation until the conclusion of the liquidations. Given the size and scope of the liquidations, however, the Liquidators wish to keep the creditors and the registered shareholders regularly apprised of the current status of the liquidations, and therefore expect to continue to provide Reports biannually.

1.5 Restrictions and Qualifications of the Report

1.5.1 The purpose of this Report is to provide an update to the BVI Court, creditors and shareholders on the work performed by the Liquidators since the Third Interim Report.

1.5.2 In performing their work, the Liquidators have relied upon the integrity and accuracy of the information and documents supplied. Although the Liquidators have attempted to corroborate the information and documents they have obtained from different sources, they have not independently verified all of the information and documentation they have relied upon in preparing this Report. In addition, the Liquidators have not performed an audit or review in accordance with International Auditing Standards and, consequently, no assurance is expressed in this regard.

1.5.3 The Liquidators report solely on the information available to them at the time of this Report and they will update the BVI Court, creditors and shareholders in future reports, as new or additional information comes to light. The Liquidators have no duty to update information at any particular time and no duty to correct any misstatements, inaccuracies or omissions upon discovery of the same or at any time.

1.5.4 By receiving and reviewing this Report, the recipient expressly agrees, represents and warrants to the Liquidators that dissemination of this Report is restricted to its intended recipients only and nothing in this Report may be used in any manner in relation to any proceeding (including, without limiting the generality of the foregoing, proceedings or intended proceedings against the Companies or the Liquidators) or otherwise without the Liquidators' express written consent obtained in advance.

1.6 Scope of Work Performed

1.6.1 The powers of the Liquidators are in accordance with the provisions of Schedule 2 of the Act and these are set out in the Order dated 23 April 2009 (Lambda) and the Orders dated 21 July 2009 (Sentry and Sigma). The Act and the Rules are available to download from the British Virgin Islands Financial Services Commission website: [www.bvifsc.vg](http://www.bvifsc.vg).

1.7 Sources of Financial Data and Information

1.7.1 As is discussed later in the report, the Liquidators have been provided with approximately 500,000 pages of documents from Companies' Administrator, Custodian, and Depository, respectively Citco Fund Services Europe B.V., Citco Bank Nederland B.V. and Citco Global Custody N.V. (together referred to as "Citco"). This is a material production, but does not represent the entirety of the records that Citco holds. The Liquidators and their staff are currently attending to those documents in the BVI.

1.7.2 The Liquidators have also received some information and documentation directly from investors.

1.7.3 Further the Liquidators have had access to information and documentation from one of the Companies' prior auditors, PricewaterhouseCoopers LLP Canada ("PwC Canada"). Consideration is being given to pursuing discovery against another of the Companies' prior auditors, PricewaterhouseCoopers Netherlands ("PwC Netherlands", and, together with PwC Canada, the "PwC Entities") – which served as auditor before PwC Canada – for disclosure of their documents, through proceedings in the Netherlands.

1.7.4 In addition to these parties the Liquidators and their staff have had access to information and documentation obtained from the following sources; including but not limited to

- The Companies' former attorneys, Conyers Dill & Pearman (BVI), Mr. Andrew Goldstein (USA), Seward & Kissel LLP (USA), and Loyens & Loeff N.V. (The Netherlands); and,
- The Companies' Registered Agent, Codan Trustees (B.V.I.) Limited.

1.7.5 At the date of this report, the Liquidators have had access to only limited documentation from the Companies' former Investment Manager, Fairfield Greenwich (Bermuda) Limited. No documents have been received from Walter Noel, the third director of the Companies.

1.8 Performance of Duties

1.8.1 In order to comply with their duties and obligations, the Liquidators have been assisted by personnel of Krys Global, whose work has been performed under the direction of the Liquidators.

1.8.2 The Liquidators are advised by their general counsel Forbes Hare in the British Virgin Islands. The Liquidators are also advised by Brown Rudnick in the USA with respect to US issues and have also retained counsel in the Netherlands, Canada, Ireland, England and other jurisdictions with respect to matters arising in or pertaining to those jurisdictions.

1.9 Currency

1.10 All references to \$ in this report refer to the US dollar unless otherwise specified.

## 2 Executive Summary

- 2.1 The Liquidators' recovery efforts are progressing. In recent months, the Liquidators have filed a significant number of claims worldwide, which include return of fictitious profits, restitution of redemption proceeds and statutory avoidance claims under the BVI Insolvency Act. As at 31 March 2011, the Liquidators had filed 500 claims worldwide for an approximate amount of \$7 billion. In addition, a further 200 redeemer claims have been identified as likely to pursue. The Liquidators have closely considered venue, taking into consideration local advice as to strength of each claim, potential defenses and enforceability. Each claim is considered independently and the claim is filed in the venue with the best likelihood of success and recoverability.
- 2.2 The Liquidators have been approached by redeemer defendants to discuss potential settlement. As at the date of this report, the Liquidators have negotiated settlements with several redeemers for proceeds of \$16 million. Steps to finalize these settlements are pending. In addition, the Liquidators are in settlement negotiations with another 46 redeemers.
- 2.3 An application has been made by a certain number of the redeemer defendants in the BVI Court proceedings to have certain preliminary issues concerning the Liquidators' restitutionary claims in those proceedings determined by the BVI Court. The application was granted and BVI proceedings have been stayed pending the hearing on the preliminary issues. The issues to be determined include whether determinations of the Funds' Net Asset Value were final and conclusive such that the Funds would be unable to recover redemptions paid out based on mistake.



- 2.4 The Liquidators have continued to progress settlement negotiations with the US Trustee appointed over Bernard L. Madoff Investments Securities LLC ("BLMIS") pursuant to the Securities Investor Protection Act, Mr. Irving Picard (the "SIPA Trustee"), through ongoing discussions and meetings. Unless otherwise directed, the Liquidators intend to make available or circulate a summary of the key aspects of an agreement with the SIPA Trustee to investors and creditors prior to approval applications being heard by the BVI Court and the U.S. Bankruptcy Court.
- 2.5 The Liquidators continue to maintain tolling arrangements with Citco and the two independent directors. With respect to PwC Canada and PwC Netherlands, discussions are ongoing to see if a settlement can be negotiated to avoid the initiation of legal proceedings. With the recent document production received from Citco, the Liquidators will explore with Citco whether it is the appropriate time to initiate settlement discussions. The Liquidators continue to liquidate the Companies' positions in non-BLMIS investments. Since the Last Report, an additional \$5.6 million had been collected from non-BLMIS investments.
- 2.6 In addition, the Liquidators' efforts to recover the funds held in an Irish bank account with Citco, which is subject to an order of attachment issued by the Dutch Court, is ongoing. A hearing on the question of jurisdiction took place in the High Court of the Republic of Ireland in early February. A decision is pending.
- 2.7 Recently, the Dutch Court rejected an application by the Liquidators seeking a ruling that the Dutch Court did not have jurisdiction to decide the statement of claims filed by two investors in the Dutch Court. The Liquidators subsequently sought an anti-suit injunction from the BVI Court against the continuation of the Dutch proceedings by Stichting Shell Pensioenfond ("SSPF"). The Liquidators were successful in being granted a temporary anti-suit injunction.

2.8 Pending a final determination, the temporary order of the BVI Court directs SSPF not to progress the proceedings in the Netherlands. If warranted, the Liquidators may consider whether to seek the recognition of the BVI Court order by, (and assistance of) the US Bankruptcy Court in this regard. Prior to the issuance of the temporary order, the Dutch Court directed the Liquidators to file a defense to the statement of claim from SSPF. It currently appears, however, that the Dutch proceedings may be deferred pending resolution of the issuance of the BVI temporary order.

2.9 Lastly, pursuant to a protocol agreement dated 14 July 2010, the Liquidators have kept the ad hoc Liquidation Committee of Sentry apprised of their strategy and the progression of the liquidation, by way of fortnightly task list updates, monthly telephone meetings and quarterly in-person meetings. In accordance with recent discussions with the Liquidation Committee, a revised protocol is being drafted by the Liquidation Committee for the Liquidators' consideration.

### 3 Analysis and Work Performed to Date

3.1 Since the Third Interim Report, the most significant tasks have been:

- [a] Investigation of and, where appropriate, filing of claims in appropriate jurisdictions for return of fictitious profits, restitution of redemption proceeds and/or statutory avoidance claims under the Act (together characterized as the "redeemer claims");
- [b] Progressing the negotiations and discussions with the SIPA Trustee regarding a potential settlement of his preference and other claims against the Companies;
- [c] Attending to various matters related to appeal against the recognition of the Sentry BVI liquidation proceedings pursuant to Chapter 15 of the US Bankruptcy Code;

- [d] Progressing the discussions with the PwC Entities, and related extensions of tolling arrangements with the PwC Entities and Citco;
- [e] Progressing recovery of the funds held in the Irish bank account of Citco and, relatedly, addressing the statement of claim filed by SSPF, including obtaining and enforcing a temporary anti-suit injunction against SSPF;
- [f] Collecting the proceeds on non-BLMIS investments
- [g] Seeking sanction from the BVI Court where necessary and keeping the BVI Court and (in the case of Sentry only) the ad hoc Liquidation Committee regularly apprised of the administration of the Liquidation(s).

### 3.2 Redeemer Claims

3.2.1 A substantial aspect of the recovery strategy is pursuit of redeemer claims. As at 31 March 2011, 205 redeemer claims had been filed against redeemers in the US with an approximate total claim value of \$5.5 billion, 292 redeemer claims had been filed in the BVI with an approximate claim value of \$1.4 billion and a further three redeemer claims had been filed in the Cayman Islands with an approximate claim value of \$160 million.

3.2.2 The Liquidators have now completed the majority of their analysis on the remaining redemptions and have identified another 200 potential redeemer claims they wish to pursue. It is anticipated that these further claims will be filed on a rolling basis in the upcoming months, although their progress will be subject to developments in the BVI preliminary issues litigation referred to herein.

3.2.3 The Liquidators take great care in considering which claims to pursue, where and for what amount. Each case is reviewed individually and the Liquidators consider, amongst other things: the amount of redemptions received within the lifetime of the Companies, six year and two year period redemptions; net position; home jurisdiction; subscription documents and applicable consent to jurisdictions therein; likelihood of recoverability and enforceability of judgment.

- 3.2.4 Because the Liquidators have until recently been receiving documentation from Citco only on a piecemeal basis, and also as a result of revisions and updates in the legal advice received, the Liquidators strategy for specific investors has on occasion had to be revised to take into consideration the new information.
- 3.2.5 With respect to the redeemer claims filed in the US, as reported previously, the Liquidators sought to move existing redeemer claims from US State Court to US Bankruptcy Court and to the extent there were any new redeemer claims to be filed, to file them in the US Bankruptcy Court as well.
- 3.2.6 Certain defendants have filed motions to remand those matters back to State Court, primarily on the ground that the US Bankruptcy Court lacks appropriate jurisdiction to hear them. These matters were considered by the US Bankruptcy Court on 9 March 2011 and a decision is now awaited.
- 3.2.7 Generally, claims filed in the US are for restitution of redemptions received within the preceding six years. In the BVI, the Liquidators have also sought, as appropriate, return of lifetime redemptions, in addition to the six year redemptions.
- 3.2.8 In addition, in December 2010, the BVI Court authorized the Liquidators to assert avoidance claims under Sections 245 and 246 of the Act (the "BVI Avoidance Claims") in the United States. Soon thereafter, the Liquidators through their US Counsel amended the existing complaints in the US Bankruptcy Court to include the BVI Avoidance Claims. The BVI Avoidance Claims seek to avoid and recover redemption payments that the Companies made to certain shareholders within the applicable "vulnerability" period.
- 3.2.9 The Liquidators have also filed a motion seeking to have the two-year toll of statutes of limitation under the US Bankruptcy Code apply to the Chapter 15 cases. This matter was also considered by US Bankruptcy Court on 9 March 2011. The Liquidators are waiting for the Bankruptcy Court to issue decisions on those motions.

- 3.2.10 As mentioned above, a hearing will be held before the BVI Court to determine certain preliminary legal issues relating to the ability of the Funds to recover payments made based on mistaken calculations of Net Asset Value.
- 3.2.11 In addition to the above redeemer claims being pursued; the Liquidators have entered into a number of tolling agreements or standstill agreements with certain redeemers with a view to exploring a possible resolution or settlement of the Companies' potential causes of action in respect of redemptions.
- 3.2.12 The Liquidators have been approached by a number of defendant redeemers with a view to enter into settlement negotiations. The Liquidators feel that it is in the best interests of the estates that, where possible, settlements be pursued to avoid unnecessary litigation risks and costs. As such, the Liquidators have encouraged such discussions and make all reasonable efforts to meet and determine settlement possibilities with defendant parties. As at the date of this report, the Liquidators had negotiated settled terms involving payments of approximately \$16 million, with respect to 4 redeemer claims. Steps to finalize these settlements are pending. Further, the Liquidators are participating in settlement discussions with a further 46 parties with a total value of claims of \$2.35 billion.
- 3.2.13 An application has been made by a certain number of the redeemer defendants in the BVI Court proceedings to have certain preliminary issues concerning the Liquidators' restitutionary claims in those proceedings determined by the BVI Court. The application was granted and BVI proceedings have been stayed pending the hearing on the preliminary issues. The issues to be determined include whether determinations of the Funds' Net Asset Value were final and conclusive such that the Funds would be unable to recover redemptions paid out based on mistake.

3.3 The SIPA Trustee

3.3.1 As previously reported, the Liquidators have been in discussions with the SIPA Trustee in an effort to find a possible compromise of his claims against the Companies, and the Companies' claims in the Madoff estate.

3.3.2 Significant progress has been made since the last report and an agreement in principle has been reached. The Liquidators and the SIPA Trustee are in the process of finalizing specific terms of the proposed agreement, which will be subject to the approval of the BVI Court and the US Bankruptcy Court. Unless otherwise directed, the Liquidators intend to make available or circulate a summary of the key aspects of the agreement to investors and creditors prior to the applications being heard by the two courts.

3.3.3 The Liquidators expect that they will convene a meeting of the Companies' investors and creditors at a location convenient to investors and creditors to present and explain the advantages and disadvantages of entering into the agreement, before seeking the BVI Court's formal approval. This has since been fixed for 9 May 2011 in London. The detail of the agreement itself will not be fully disclosed to preserve confidentiality. However, investors and creditors will be given an opportunity to make representations to the BVI Court upon the matter should they consider it appropriate to do so.

3.3.4 A related issue to the settlement with the SIPA Trustee is the provisional sale of Sentry's admitted SIPA claim (and what, if any, amount this may be). The intent of the Liquidators is to seek direction from the BVI Court on the provisional sale at the same time as they seek approval of the settlement with the SIPA Trustee.

3.4 Recognition Pursuant to Chapter 15

3.4.1 As has been previously reported, the Liquidators sought and, in July 2010, obtained recognition of the BVI liquidation proceedings in accordance with Chapter 15 of the US Bankruptcy Code.

- 3.4.2 An appeal to this decision has been made by the original objector, Morning Mist Holding Limited and Miguel Lomeli. The Liquidators through their US Counsel filed papers in reply in November 2010. A decision on the appeal is pending.
- 3.5 PwC and Citco
- 3.5.1 The Liquidators have entered into tolling agreements with the PwC Entities, Citco and the two independent directors of the Companies, Messrs. Jan Naess and Peter Schmid. The tolling agreements with the PwC Entities and Citco were due to expire since the date of the previous report, but these have been extended to allow the Liquidators further time to progress a possible settlement with these parties.
- 3.5.2 The Liquidators have had preliminary discussions with the PwC Entities regarding a possible settlement of the Companies' claims. These discussions are ongoing. Given the sensitivity of such discussions, it is inappropriate for the Liquidators to comment further.
- 3.5.3 The Liquidators' primary focus with respect to Citco has been directed to collecting information and documentation regarding the Companies' affairs and particularly subscription and redemption data. Citco has provided approximately 500,000 pages of documents. Subject to the approval of the BVI Court in relation to the issues to be addressed by the Liquidators, the Liquidators will need to review these documents and this process is anticipated to be a significant undertaking given the volumes of data provided.
- 3.5.4 In addition, the Liquidators are giving consideration as to whether or not it will assist them with their investigations to purchase the requisite software licenses to enable them to load shareholder data into the original software from which it has been extrapolated.

3.6 Fairfield Greenwich Group

3.6.1 As reported in the First Interim Report, prior to the Liquidators' appointment, a purported derivative action was filed on behalf of Sentry against the Companies' service providers, including the investment manager, Fairfield Greenwich Group ("FGG"). This action remains stayed as a consequence of the Companies' Chapter 15 recognition. The Liquidators are awaiting the decision from the Chapter 15 Appeal, following which they will determine next steps.

3.6.2 The Liquidators are pursuing a separate, direct action against FGG and related entities and individuals seeking recovery of investment management fees paid to such entities and individuals, and other damages. That action was commenced in New York State Court prior to the Liquidators' appointment and subsequently removed and referred to the US Bankruptcy Court following Chapter 15 recognition. The defendants' deadline to respond to the complaint in that action has been extended, and no issues are currently pending in connection with this action.

3.7 Recovery Efforts of the Funds held in Ireland

3.7.1 Prior to the commencement of the liquidations, two investors who had outstanding redemption requests obtained attachment orders from the Dutch Court against Sentry's bank account held with Citco despite that the funds are held in an account in an Irish branch of Citco. The current value of the funds attached by means of these orders amounts to approximately \$71.13 million.



- 3.7.2 Both shareholders have filed statements of claims in the Netherlands. Given the possibility that, if successful, the shareholders would effectively gain a preferred position in relation to other shareholders in a similar position (the latter of whom have not sought to gain preferential treatment over other shareholders), the Liquidators initiated proceedings in Ireland for recognition of their appointment and a declaration that the funds held in the Irish branch of Citco were held to the Liquidators' order. A hearing to determine whether the Irish Commercial High Court had jurisdiction to determine the matter was held in February 2011. No decision had yet been made in this regard.
- 3.7.3 Whilst the Liquidators have been seeking the assistance of the Irish Court to protect the attached funds for the benefit of Sentry's liquidation; simultaneously the Liquidators filed motions in the Dutch Court seeking the dismissal of the attachments on the basis that the Dutch Court had no jurisdiction to hear the statement of claims.
- 3.7.4 On 23 February 2011, the Dutch Court rejected the Liquidators' jurisdictional arguments and set a date for the Liquidators to file their substantive defence. To the Liquidators' disappointment, the Dutch Court did not allow the Liquidators the right to appeal its decision, and gave only a short notice for the defence to be filed in respect of SSPF's statement of claim (the other shareholder has agreed to hold prosecution of its claim pending a decision of the Irish Court of the substantive issues). The period for filing a statement of defence has since been extended and Dutch Counsel is preparing a statement of defence to the claim.

3.7.5 Further, the Liquidators have strong concerns regarding the possible adverse consequences of the Dutch proceedings. To address these concerns, the Liquidators made an application of the BVI Court seeking an anti-suit injunction against SSPF, directing SSPF not to progress the proceedings in the Netherlands. The Liquidators also requested the BVI Court to sanction seeking the recognition of any order from the BVI Court by (and the assistance of) the US Bankruptcy Court should the BVI Court authorize the anti-suit injunction. The BVI Court declined the Liquidators' request, and the Liquidators sought leave to appeal, which was granted. The Court of Appeal recently heard the appeal and granted the Liquidators' application for a temporary anti-suit injunction against SSPF. The Liquidators intend to revert to the BVI Court for approval to seek, if and when appropriate, the US Bankruptcy Court's recognition and assistance in this regard.

3.8 Collection of Non-BLMIS Cash

3.8.1 The Liquidators continue to liquidate the remaining positions in the Non-BLMIS portfolio. From the date of the Last Report to 31 March 2011, a total of \$5,645,532 was collected. The estimated value of remaining Non-BLMIS investments, as reported by FGG, is \$31,409,864. From the date of the Liquidators' appointment, total monies received from the non-BLMIS portfolio are \$25,375,053.

3.8.2 The remaining positions, of value, are shown in the table below. The estimated value is the value reported by FGG as at March 2011.

Investment	Estimated Value	Comment
Fairfield Argenis	\$1,474,303	Illiquid
Wilshire Portable Alpha	\$19,839,756	The BLMIS Trustee has asserted a purported claim; the Liquidators are in discussion to allow redemption, subject to a nominal holdback amount.
Enhanced Guardian II	\$3,400,000	Partially invested in Fairfield Sentry
Chester Global Emerging Market	\$361,822	Being liquidated in installments
Chester Global Strategy	\$1,419,980	Being liquidated in installments
Chester Horizons	\$1,113,713	Remaining portion to be liquidated 2012
Fairfield Aerium International	\$873,614	Based on real estate; awaiting market turn
Fairfield Investment	\$371,713	Suspended. 20% invested in Fairfield Sentry.
Irongate Global Strategy	\$1,589,706	Partially liquidated for \$657,973.
<b>Total</b>	<b>\$30,444,607</b>	

3.9 BVI Court applications and communication with the Liquidation Committee

3.9.1 The terms of the Liquidators' appointment are such that they are obliged to seek approval from the BVI Court in respect of the commencement, continuance or defence of any legal action.

3.9.2 As a result, and due to multi-faceted nature of the liquidations, the Liquidators, through their BVI counsel, Forbes Hare, have had to make numerous applications to the BVI Court over the last six months.

3.9.3 The Liquidators consult with the ad-hoc Liquidation Committee (appointed in respect of Sentry only) on a number of recovery matters and also keep the Committee apprised as to their activities and strategies by way of bi-weekly written updates and numerous memoranda. The Liquidators hold conference calls with the Committee on a monthly basis and attempt to have face to face meetings with Committee on a quarterly basis. The Committee is also actively involved in reviewing and consulting on the Liquidators' fees and expenses (including those of the Liquidators' attorneys) and their views are brought to the attention of the BVI Court when it reviews and approves the Liquidators' fees and expenses.

3.9.4 The members of the Liquidation Committee are:

Liquidation Committee Member	Represented by	Firm
Bank Hapoalim (Suisse) SA	Ian Benjamin	Berwin Leighton Paisner LLP London, UK ian.Benjamin@bplaw.com
EVG Bank Limited	Sashi Bach Boruchow	Boies, Schiller & Flexner LLP Fort Lauderdale, USA sbach@BSFLLP.com
Natexis Banques Populaire CCF	Julie Engwirda	Walkers Road Town, BVI julie.engwirda@walkersglobal.com
Nordea Life and Pensions	Leif Raanes	Nordea Group Legal Oslo, Norway leif.raanes@nordea.com
UBP Luxembourg (various entities)	Meade Malone	Meade Malone & Co. Road Town, BVI mmalone@mwmabacus.com

#### 4 Financial Analysis

4.1 A comparative analysis of the Companies' financial position from the Last Report to the current estimated asset position follows. Please note that Lambda's sole tangible asset was and remains its investment in Sentry, and therefore Lambda is not included in the summaries.

4.2 These summaries do not provide for potential recoveries from redeemer claims and/or the service providers and/or Sentry's SIPA claim (should one be admitted in conjunction with the settlement with the SIPA Trustee).

4.3

##### Sentry

Assets	Position as at 21-Jul-09	Position as at 28-Sep-10	Position as at 31-Mar-11	Variance Sep-10 to Mar 11
Cash	\$71,126,716	\$111,180,982 <sup>1</sup>	\$106,671,010	(\$4,509,972)
<u>Other assets</u>				
Non-BLMIS <sup>2</sup>	\$79,506,337	\$28,115,787	\$24,714,059	(\$3,401,728)
Promissory Note	Nil	Nil	Nil	Nil
Fee deferral assets	\$21,000,000	\$7,803,213	\$6,695,805	(\$1,107,408)
Total	\$171,633,053	\$147,099,982	\$138,080,874	(\$9,019,108)

<sup>1</sup> There was an error in the Third Interim Report with regard to the cash position of Sentry as at 28 September 2010. The correct positions are now reflected.

Sigma

Assets	Position as at 21-Jul-09	Position as at 28-Sep-10	Position as at 31-Mar-11	Variance Sep-10 to Mar 11
Cash	\$62,411,835 € 185,873	\$62,672,807 € 185,997	\$62,250,947 € 186,139	(\$421,860) €142
<u>Other assets</u>				
Non-BLMIS	Nil	Nil	Nil	Nil
Promissory Note	€80,000	€80,000	€80,000	Nil
Fee deferral assets	Nil	Nil	Nil	
<b>Total</b>	<b>\$62,411,835</b>	<b>\$62,672,807</b>	<b>\$62,250,947</b>	<b>(\$421,860)</b>
	<b>€265,873</b>	<b>€ 265,997</b>	<b>€ 266,139</b>	<b>€ 142</b>

- 4.4 The above cash figures represent the monies held with banks at 31 March 2011. The amounts above do not include amounts received after 31 March 2011, for example settlements with redeemers. In addition, no adjustments have been made for the Liquidators' fees and expenses incurred, including those of legal counsel. The Liquidators estimate that the amount of Liquidators' fees and expenses incurred but not paid to be \$975,645. Further the figures above do not take into account, certain allocations which the Liquidators have determined it is appropriate to account for expenses incurred by US and BVI counsel which relates to Sigma but which has been charged to Sentry. The Liquidators propose to charge 11% of the legal expenses to date by Sentry to Sigma (or \$1,345,721) to account for this.
- 4.5 The estimated realizable values for the non-BLMIS securities are those provided by FGG. The Liquidators express no view as to whether this will be the actual amount recovered from these investments.

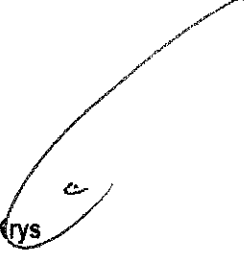
4.6 The variance in assets between the Last Report and 31 March 2011 in Sentry is a reduced asset position of \$9,019,108. This is due primarily to

- the payment of the Liquidators' fees and expenses totaling \$11,459,744 which related to expenses and fees incurred and approved by the BVI Court for the period 1 June 2010 through 31 January 2011;
- net settlements with redeemers and other miscellaneous revenue (including interest on cash held with banks) of \$1,351,572; and
- Increase in the value of the non-BLMIS securities of \$1,089,064 from their September 2010 balances.


4.7 The variance in assets between the Last Report and 31 March 2011 in Sigma is \$421,860 and €142. This is primarily due to the payment of Liquidators' fees and expenses of \$465,388 for the period 1 June 2010 through 3 January 2011. The rest of the variance is due to interest received.

**5 Conclusion**

5.1 The Liquidators intend periodically to provide further reports to the BVI Court, creditors and investors, updating them on the progress of the liquidations as and when appropriate or as directed by the BVI Court. The next interim consolidated report is scheduled to be issued in the fall of 2011. In the meantime, however, registered shareholders are advised to keep a regular check upon the secure website for further updates.



Kenneth Krys  
Liquidator



Joanna Lau  
Liquidator

11 April 2011

Fairfield Companies  
Liquidators' Cash Receipts and Disbursements Statement  
31 March 2011

Appendix A

	USD \$ SENTRY 31-Mar-11	USD \$ SIGMA 31-Mar-11	USD \$ LAMBDA 31-Mar-11	TOTAL 31-Mar-11
<b>Cash Receipts</b>				
Citco at liquidation date	70,099,115	62,411,835	-	132,510,950
Proceeds on liquidation of positions	54,223,047	-	-	54,223,047
Proceeds received from redeemers	1,332,030	-	-	1,332,030
Recovery of retainers	9,973	316,952	-	326,925
Interest received	51,358	161,937	-	213,295
	<u>125,715,523</u>	<u>62,890,724</u>	<u>-</u>	<u>188,606,247</u>
<b>Cash Disbursements</b>				
Legal fees and expenses	11,226,179	1,387,505	-	12,613,684
Liquidators fees and expenses	5,965,684	552,328	-	6,518,012
Other professional fees	157,353	36,906	-	194,259
Database & web fees	42,240	6,302	-	48,542
Liquidation committee expenses	108,686	-	-	108,686
Office rental expenses	9,256	1,144	-	10,400
Application costs and fees	185,667	-	-	185,667
Bank charges	3,727	1,313	-	5,040
	<u>17,698,792</u>	<u>1,985,498</u>	<u>-</u>	<u>19,684,290</u>
<b>Net Cash Position Before Adjustments:</b>	<u><b>108,016,731</b></u>	<u><b>60,905,226</b></u>	<u><b>-</b></u>	<u><b>168,921,957</b></u>
<b>Adjustments Required to Allocate Expenses</b>	(1,345,721) C	1,345,721 C	-	-
<b>Net Cash Position After Adjustments</b>	<u><b>106,671,010</b></u>	<u><b>62,250,947</b></u>	<u><b>-</b></u>	<u><b>168,921,957</b></u>
<b>Closing Balance made up of:</b>				
Citco	71,629,652 A	-	-	71,629,652
VP Bank	-	329,455	-	329,455
Clydesdale	16,709,389 B	58,921,546 B	-	75,630,935
Scolia Bank	18,331,969	2,999,946	-	21,331,915
	<u>\$ 106,671,010</u>	<u>62,250,947</u>	<u>-</u>	<u>168,921,957</u>

**Notes**

A - Sentry funds of \$71,126,716 with Citco are subject to a freezing order

B - Funds held at Clydesdale are held in a Brown Rudnick escrow account and the SIPA Trustee's approval is required for the funds to be utilised.

C - The Liquidators have determined it is appropriate to account for expenses incurred by US and BVI counsel which relate to Sigma but which have been charged to Sentry. The Liquidators propose to charge 11% of the legal expenses to date by Sentry to Sigma (or \$1,345,721) to account for this.