

**IN THE MATTERS OF  
FAIRFIELD SENTRY LIMITED  
FAIRFIELD SIGMA LIMITED  
FAIRFIELD LAMBDA LIMITED  
(ALL IN LIQUIDATION)  
(Collectively “the Funds”)**

**CLAIM NUMBERS: 0136, 0139 AND 0074 OF 2009**

**SIXTEENTH INTERIM REPORT OF THE LIQUIDATORS TO THE CREDITORS AND REGISTERED  
SHAREHOLDERS**

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**31 AUGUST 2020**

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## 1. INTRODUCTION

- 1.1 This Report provides an update to creditors and Registered Shareholders on the current position of the liquidations of the Funds and the work performed by the Liquidators since the Last Report.
- 1.2 There have been fifteen prior interim consolidated reports of the Liquidators, including the 15<sup>th</sup> Interim Report of the Liquidators dated 31 August 2019 (the “**Last Report**”), and these should be read in conjunction with this Report. These prior reports are available at [www.fairfieldsentry.com](http://www.fairfieldsentry.com), [www.fairfieldsigma.com](http://www.fairfieldsigma.com), [www.fairfieldlambda.com](http://www.fairfieldlambda.com). This Report adopts the terms, definitions and content of the previous fifteen reports. Specific attention is directed to the Restrictions and Qualifications in the previous reports, which are also adopted in this Report.

## 2. HIGHLIGHTS

### Distributions to the Registered Shareholders

- 2.1 As at the date of this report, the following distributions have been declared to Registered Shareholders:

Sentry Distributions		
Date of Distribution	\$ per Share	Distribution(s) Declared
31 August 2017	\$15.00	72,167,280.78
15 December 2017	\$15.00	68,671,722.78
15 November 2018	\$8.50	\$38,909,528.21
<b>Total</b>	<b>\$38.50</b>	<b>\$179,748,531.77</b>

Sigma Distributions		
Date of Distribution	\$ per Share	Distribution Declared
15 November 2018	<b>\$10.00</b>	<b>\$30,139,288.52</b>

- 2.2 Included in the above figures are sums held in escrow for Registered Shareholders who are not eligible for distributions. The sums held in escrow are summarised below:

Escrow as at 31 August 2020	
Sentry	\$109,521,618.06
Sigma	\$24,837,364.68

- 2.3 Currently Lambda does not have sufficient funds to enable a distribution to be made to its eligible Registered Shareholders.

**US Litigation**

- 2.4 The Liquidators’ last remaining asset recovery strategy has been the pursuit of proceedings in the United States against Registered Shareholders and their underlying clients who redeemed from the Funds prior to the Funds going into liquidation.
- 2.5 Following the Bankruptcy Court’s 6 December 2018 decision the majority of the Liquidators’ US claims against Registered Shareholders who redeemed are proceeding. The following key filings and hearings (which include those pertaining to the SIPA Trustee’s litigation against Registered Shareholders who redeemed, as the Funds share in any recoveries pursuant to the Settlement Agreement with the SIPA Trustee) that have taken place since the Last Report are provided below:

Date	Event
10 December 2019	The Liquidators opening appeal briefs were filed in the US District Court.
15 January 2020	The Liquidators filed motions to amend and file further amended claims against defendants in the ongoing (i.e., non-dismissed) adversary proceedings in the Bankruptcy Court.
22 January 2020	The defendants filed a letter requesting that the Bankruptcy Court deny the motion for further leave to amend on an expedited basis.
25 February 2020	At a hearing, the Bankruptcy Court rejected the defendants’ request for an expedited denial of the motion for leave to amend and instead stayed the motion for leave; the Bankruptcy Court also directed the parties to brief the “divestiture” issue and to settle upon a schedule for the “omnibus” motion to dismiss briefing.
9 March 2020	The defendants’ opening appellate briefs were filed.
10 March 2020	The defendants filed briefs concerning the divestiture issue.
16 March 2020	After efforts between the Liquidators and the defendants concerning scheduling of the “omnibus” motion to dismiss briefing failed to find significant common ground with respect to scheduling and motion matters, the defendants filed omnibus motion to dismiss (and seven days later, individual briefs).
16 March 2020 through 23 March 2020	Certain defendants filed individual motion to dismiss briefs and joinders to the omnibus motion to dismiss
24 March 2020	The Liquidators filed opposition briefs concerning the divestiture issue.
31 March 2020	The defendants filed reply briefs concerning the divestiture issue
20 March 2020 and 14 April 2020	The Bankruptcy Court Judge Bernstein adopted the Liquidators’ approach on scheduling for the omnibus issues, picking one exemplar complaint for each issue. All individual/supplemental submissions preserved and held in abeyance.
6 April 2020	Citco entities filed a motion to dismiss, joining and further supporting the motions on the omnibus issues.

10 April 2020	The Solicitor General opined that the appeal of the decision regarding the US Trustee's application of the US Bankruptcy Code to recover against non-U.S.-domiciled defendants should not proceed.
23 April 2020	The Liquidators filed the appellate reply briefs.
13 May 2020	The Court of Appeal handed down judgement dismissing the appeal by the FGG parties in relation to the two specific US proceedings not addressed in the July 2018 decision and Messrs. Noel and Tucker indemnity claim.
29 May 2020	The Liquidators filed their opposition to the Defendants' omnibus motion.
1 June 2020	The Supreme Court declined to certify the appeal in favor of the US Trustee.
10 June 2020	The Liquidators filed opposition to Citco entities' motion to dismiss
19 June 2020	The defendants filed consolidated reply in support of the omnibus motion to dismiss
9 July 2020	The US Trustee and FGG held a virtual mediation session, which produced no resolution; the mediation process remains ongoing but briefing in the FGG actions are to resume.
10 August and 18 August 2020	The Bankruptcy Court issued opinion and order denying the Liquidators' motion for leave to file further proposed amended complaints
21 August 2020	The Bankruptcy Court issued a press release announcing that Judge Bernstein's term will extend to March 31, 2021 or the date of the appointment of his successor.

- 2.6 As previously advised, the Privy Council decided in the Liquidators favour on 20 May 2019 regarding the ability of the Bankruptcy Court to decide the avoidance claims. The Liquidators recovered costs from the appellants in regard to the Section 273 proceedings in the BVI.

#### **Disputed Claim of FGG**

- 2.7 In the Last Report, we reported that FGG had appealed the adjudication of its claims by the Liquidators and that the following was outstanding in relation to the Section 273 application by FGG: (i) the appeal by the FGG parties in relation to the two specific US proceedings not addressed in the July 2018 decision; (ii) the appeal by Messrs. Noel and Tucker in relation to their indemnity claim; (iii) FGG's claim for deferred fees, which was stayed pending the determination of the SIPA Trustee's assigned claims against FGG in the US courts, it having been agreed to abide by any determination of the deferred fee issue reached in those US proceedings.
- 2.8 A hearing took place at the Court of Appeal on 15 July 2019 with regard to the first two outstanding items. The Court of Appeal's judgement was handed down on 13 May 2020 dismissing both elements of the Appeal. No further appeal was made by FGG or Messrs. Noel and Tucker, and accordingly these matters are now closed. The Liquidators are in the process of seeking costs from the appellants in this respect.

2.9 In July 2019 FGG filed a motion in Bankruptcy Court seeking summary judgment on the pleadings for the deferred fees. The Liquidators filed their response on 20 August 2019 and FGG replied. The Bankruptcy declined to grant summary judgment. The SIPA Trustee and FGG were in mediation regarding the SIPA Trustee's multiple claims against FGG, the resolution of which would likely also resolve the deferred fees claim, but those were unsuccessful and the litigation in Bankruptcy Court will now progress.

### **3. FINANCIAL POSITION**

3.1 Appendix A details the cash receipts and disbursements since the commencement of the liquidations. As at 31 August 2020 the Liquidators have achieved recoveries in Sentry, Sigma and Lambda of \$577 million compared with cash disbursements of \$144 million and Liquidators and legal fees of \$143 million.

3.2 There are net recoveries of \$290 million, of which \$81 million has been distributed to creditors and Registered Shareholders and \$134 million is held in escrow for Registered Shareholders who are currently not eligible for distributions. \$75 million is set aside for disputed creditors or future costs.

3.3 Since the last report, the US Trustee declared a further distribution of 1.975% of allowed claims. Sentry has an allowed claim of \$230 million and accordingly received a further distribution of \$4,542,465, bringing the total received to \$159 million (69% of the allowed claim). In addition, combined interest of \$1,767,636.34, gross of charges and fees, has been realised.

### **4. CONCLUSION**

4.1 The Liquidators' efforts since the Last Report have been to progress the US litigation, explore overtures for settlement where possible, and address appeals by FGG on disputed claims.

4.2 The Liquidators remain confident that the US Litigation will generate further recoveries for Registered Shareholders. Any future distributions to Registered Shareholders will be dependent on future recoveries.

Should you have any queries please do not hesitate to contact [fairfieldsentry@KRYS-Global.com](mailto:fairfieldsentry@KRYS-Global.com); [fairfieldsigma@KRYS-Global.com](mailto:fairfieldsigma@KRYS-Global.com); or [fairfieldlambda@KRYS-Global.com](mailto:fairfieldlambda@KRYS-Global.com), quoting your Holder and Account ID numbers.



**Greig Mitchell**  
**Joint Liquidator**  
31 August 2020

**Fairfield Sentry Limited, Fairfield Sigma Limited and Fairfield Lambda Limited – All In Liquidation**  
**Liquidators' cash receipts and disbursements statement**  
**For the period to 31 August 2020**

	SENTRY USD \$ 31-Aug-20	SIGMA USD \$ 31-Aug-20	LAMBDA USD \$ 31-Aug-20	TOTAL USD \$ 31-Aug-20
<b>Cash Receipts</b>				
Cash Held At Citco	70,099,114.70	62,411,835.00	-	132,510,949.70
Other Cash at Bank	-	260,264.82	-	260,264.82
Compromise Receipts	66,246,233.77	-	-	66,246,233.77
Non-BLMIS Investments	78,555,565.55	-	-	78,555,565.55
Pre-Liquidation Redemption Receipts	28,805,335.56	2,559,664.97	-	31,365,000.53
US Trustee Redemption Recovery Allocation	31,479,235.74	41,532,739.92	-	73,011,975.66
Distributions on SIPA Claim in BLMIS	158,298,330.00	-	-	158,298,330.00
Third Party Service Provider Actions	1,656,698.83	724,718.24	26,484.72	2,407,901.79
Recovery of retainers	-	316,952.00	-	316,952.00
Interest received	6,054,903.57	4,688,666.40	-	10,743,569.97
Other Income	1,604.52	-	-	1,604.52
Loan Receivable	-	113,551.38	-	113,551.38
Distribution from Sentry	-	22,066,554.90	1,046,122.90	23,112,677.80
	<u>441,197,022.24</u>	<u>134,674,947.63</u>	<u>1,072,607.62</u>	<u>576,944,577.49</u>
<b>Cash Disbursements</b>				
Payment Pursuant to Agreement	70,000,000.00	-	-	70,000,000.00
Payment Pursuant to Compromise	-	65,605,361.35	640,872.42	66,246,233.77
Allocation to Trustee of Redemption Receipts	2,689,608.96	292,608.00	-	2,982,216.96
Database & web fees	881,352.16	10,135.54	-	891,487.70
Office rental expenses	13,200.00	18,800.00	-	32,000.00
Petitioner's Costs	1,173,430.83	-	-	1,173,430.83
Interest Paid	-	1,678,574.97	58,261.97	1,736,836.94
Bank charges and other costs	786,644.69	180,872.40	-	967,517.09
	<u>75,544,236.64</u>	<u>67,786,352.26</u>	<u>699,134.39</u>	<u>144,029,723.29</u>
Net Cash Before Liquidators Fees and Expenses and Distributions	<u>365,652,785.60</u>	<u>66,888,595.37</u>	<u>373,473.23</u>	<u>432,914,854.20</u>
Legal fees and expenses	73,759,846.93	13,311,765.35	474,629.95	87,546,242.23
Legal Contingency Fees	5,853,508.26	7,586,912.41	-	13,440,420.67
Liquidators fees and expenses	33,622,598.19	2,441,014.81	409,473.49	36,473,086.49
Adverse Costs	4,392,554.80	-	-	4,392,554.80
Other professional fees	1,018,004.45	47,210.01	-	1,065,214.46
Liquidation committee expenses	153,128.79	-	-	153,128.79
Legal Fees Paid on behalf of Lambda	101,156.72	-	(101,156.72)	-
Liquidators fees paid on behalf of Lambda	399,228.25	10,245.24	(409,473.49)	-
	<u>119,300,026.39</u>	<u>23,397,147.82</u>	<u>373,473.23</u>	<u>143,070,647.44</u>
Net Cash Before Distribution to Creditors and Shareholders	<u>246,352,759.21</u>	<u>43,491,447.55</u>	<u>-</u>	<u>289,844,206.76</u>
Distribution to Trade Creditors	752,312.80	60,950.00	617,887.68	1,431,150.48
Payment of Loan on Behalf of Lambda	617,887.68	-	(617,887.68)	-
Due to/from Sentry	-	-	-	-
Due to Sentry	-	-	-	-
Payments to Unpaid Redeemers	3,727,564.43	-	-	3,727,564.43
Distributions to Registered Shareholders	70,226,913.71	5,301,923.84	-	75,528,837.55
	<u>75,324,678.62</u>	<u>5,362,873.84</u>	<u>-</u>	<u>80,687,552.46</u>
<b>Net Cash Position</b>	<u>171,028,080.59</u>	<u>38,128,573.71</u>	<u>-</u>	<u>209,156,654.30</u>
<b>Net Cash Position Consists of:</b>				
Unencumbered Cash	61,506,462.53	13,291,209.03	-	74,797,671.56
Distributions Held in Escrow	109,521,618.06	24,837,364.68	-	134,358,982.74
	<u>171,028,080.59</u>	<u>38,128,573.71</u>	<u>-</u>	<u>209,156,654.30</u>
<b>Closing Balance made up of:</b>				
General Accounts	171,028,080.59	38,128,573.71	-	209,156,654.30
<b>Cash Position as Per Bank</b>	<u>171,028,080.59</u>	<u>38,128,573.71</u>	<u>-</u>	<u>209,156,654.30</u>

**Notes**

The receipts and disbursements account reflects cash transactions since the liquidation date as approved by the Court