

**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

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

AS AT 31 AUGUST 2021

	<u>Table of Contents</u>	<u>Page number</u>
1.	Introduction	3
2.	Highlights	3
3.	Financial Position	8
4.	Conclusion	9

Appendix A Receipts and Payments Account for the periods to 31 August 2021.

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 sixteen prior interim consolidated reports of the Liquidators, including the 16th Interim Report of the Liquidators dated 31 August 2020 (the “**Last Report**”), and these should be read in conjunction with this Report. These prior reports are available at www.fairfieldsentry.com, www.fairfieldsigma.com, www.fairfieldlambda.com. This Report adopts the terms, definitions and content of the previous sixteen 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 There were no additional distributions declared in the past year. Future distributions are dependent on the collection of proceeds from the redeemer litigation in the United States, which is dealt with in more detail in paragraph 2.5 onwards and/or the resolution of the FGG deferred fee liability claim described starting with paragraph 2.9.
- 2.2 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
Total	\$38.50	\$179,748,531.77

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

Fairfield Sentry Limited, Fairfield Sigma Limited and Fairfield Lambda Limited (All In Liquidation)
17th Interim Report of the Liquidators
31 August 2021

2.3 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 2021	
Sentry	\$109,521,618.06
Sigma	\$24,837,364.68

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

US Litigation

2.5 The Liquidators' remaining asset recovery strategy is 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.

2.6 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	Case No.	Event
14 December 2020	10-ap-03496-smb (lead case)	Issuing its decision on Defendants' Renewed Motion to Dismiss, the Bankruptcy Court denied the motion to dismiss for insufficient service of process, dismissed the BVI Avoidance claims on the basis of the §546(e) safe harbor, and denied dismissal of the Constructive Trust Claims on the basis of §546(e).
4 January 2021	19-ap-01122-smb	The Bankruptcy Court entered an order in the Citco entity action providing that the Court's 14 December 2020 decision also applies to that action
23 February 2021	10-ap-03496-smb	The Bankruptcy Court denied Defendants' letter motion for reconsideration (filed 17 February 2021).

Fairfield Sentry Limited, Fairfield Sigma Limited and Fairfield Lambda Limited (All In Liquidation)
17th Interim Report of the Liquidators
31 August 2021

25-26 February 2021	10-ap-03496-smb	The Bankruptcy Court entered orders in the redeemer actions implementing the Court's 14 December 2020 decision.
28 February 2021	10-ap-03496-cgm	The redeemer actions were reassigned to Judge Cecilia G. Morris.
3-18 March 2021	10-ap-03496-cgm	The Bankruptcy Court entered final judgments and partial final judgments in the redeemer actions with respect to the Court's 14 December 2020 decision.
17 March 2021	19-cv-03911-vsbs	The District Court lifted the stay applicable to interlocutory appeals and required parties to meet and confer about a further proposed appellate briefing schedule.
29-31 March 2021	10-ap-03496-cgm	The Liquidators filed notices of appeal in the redeemer actions, appealing the 14 December 2020 decision. Certain knowledge defendants filed notices of appeal of the 14 December 2020 decision.
21 April 2021	10-ap-03496-cgm	The Bankruptcy Court directed Liquidators to re-file their Motion to Amend and File the Further Proposed Amended Complaints in the Knowledge Actions; authorized limited discovery on the issue of service and set briefing schedules for the motion to amend and motions to dismiss for insufficient service.
10 May 2021	19-cv-03911-vsbs	The District Court granted the parties motion to consolidate Second-Round Appeals with 2019 Appeals. Lead Case: 19-cv-03911-vsbs.

Fairfield Sentry Limited, Fairfield Sigma Limited and Fairfield Lambda Limited (All In Liquidation)
17th Interim Report of the Liquidators
31 August 2021

14 May 2021	10-ap-03496-cgm	Liquidators filed Motion to Amend and File the Further Proposed Amended Complaints in the Knowledge Actions
21 May 2021	10-ap-03496-cgm	Defendants filed stipulation re: service or motions to dismiss for insufficient service of process.
4 June 2021	10-ap-03496-cgm	Defendants filed oppositions to Liquidators' Motion for Leave to Amend Complaints
11 June 2021	10-ap-03496-cgm	Liquidators filed reply in support of motion for leave to amend complaints
21 July 2021	19-cv-03911-vsب	Liquidators (as Plaintiffs-Appellants) filed opening brief in support of the Second-Round Appeals
26 July 2021	10-ap-03496-cgm	Liquidators filed oppositions to defendants' motions to dismiss for insufficient service of process.
2 August 2021	10-ap-03496-cgm	Defendants filed reply briefs in support of their motions to dismiss for insufficient service of process.
2 August 2021	10-ap-03800-cgm (Picard v. FGG)	The Bankruptcy Court in the <i>Picard v. FGG</i> action entered a case management order establishing discovery and case management deadlines.
5 August 2021	10-ap-03496-cgm	The Bankruptcy Court entered an order lifting the stay of the redeemer actions.
5 August 2021	10-ap-03496-cgm	The Bankruptcy Court granted Liquidators' Motion for Leave to Amend Complaints
12 August 2021	10-ap-03496-cgm	Liquidators filed amended complaints in the knowledge actions

Fairfield Sentry Limited, Fairfield Sigma Limited and Fairfield Lambda Limited (All In Liquidation)
17th Interim Report of the Liquidators
31 August 2021

18 August 2021	10-ap-03496-cgm	Hearing Held re: motions to dismiss for insufficient service. The Bankruptcy Court denied the motions and granted Liquidators' request to effect alternative service upon Defendants' U.S. counsel.
30 August 2021	20-1333, 20-1334 (2 nd Circuit) (Picard Appeal)	In the Picard actions, the Second Circuit issued a decision restoring the "good faith" pleading burden to defendants and holding that inquiry notice is sufficient to establish a lack of good faith in Picard's actions.
31 August 2021	10-ap-03496-cgm	The Bankruptcy Court entered orders denying defendants' motions to dismiss for insufficient service of process.

- 2.7 In summary the majority of the claims against the Defendants are now proceeding at pace with discovery being ordered and regular conferences being held, in front of the Bankruptcy Court. The Liquidators are also actively pursuing the appeal of the Bankruptcy Court's adverse rulings of December 2018 and December 2020 in the District Court.
- 2.8 The Liquidators are pleased that the increased importance the Bankruptcy Court is placing on progressing the proceedings, including the lifting of the stay on discovery and permitting the Liquidators to file the amended complaints. With the recent successful appeal by the US Trustee on 30 August 2021 (described above), the Liquidators have seen an increase in settlement overtures and negotiated settlements from Defendants in recent months. The Liquidators are cautiously optimistic that this recent settlement activity will gain momentum in the coming year.

Disputed Claim of FGG

- 2.9 There is only one claim that remains outstanding and that claim concerns deferred management and performance fees due to Fairfield Greenwich Bermuda Limited ("FGBL"). This is being addressed as a counterclaim in legal proceedings in the United States that the SIPA Trustee brought against FGBL and other parties following an assignment from Sentry. The Liquidators are participating in those proceedings to address specifically the disputed claim.

2.10 Judge Morris has also been allocated this claim. Following hearings held on 10 February 2021 and on 16 June 2021 where Judge Morris heard oral argument on certain FGG defendants' motion to dismiss the Trustee's claims, assigned by Sentry against FGG defendants and on defendant's motion to dismiss the SIPA Trustee's underlying assigned claims against FGG, Judge Morris denied in part the first motion and denied the second motion except as to one defendant in her individual capacity. The parties are now proceeding with discovery to the assigned claims.

3. FINANCIAL POSITION

3.1 Appendix A details the cash receipts and disbursements since the commencement of the liquidations. As at 31 August 2021 the Liquidators have achieved recoveries in Sentry, Sigma and Lambda of \$582 million compared with cash disbursements of \$144 million and Liquidators and legal fees of \$149 million.

3.2 There are net recoveries of \$289 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. \$74 million is currently set aside for disputed creditors or future costs.

3.3 Since the last report, the Liquidators received \$2,852,000 on its allowed claim of \$230 million in the BLMIS bankruptcy, bringing the total received to \$161 million (70% of the allowed claim). In addition, pursuant to the settlement sharing agreement with the US Trustee, Sentry has received \$1,564,660 from a settlement negotiated by the US Trustee. Combined interest of \$674,038, gross of charges and fees, has been realised and the Liquidators have recovered costs from the FGG parties referred to in the Last Report of \$434,832.

3.4 The Liquidators fees and expenses incurred since the last report, most of which relates to the redeemer litigation in the US, comprises \$2,219,322.

4. CONCLUSION

- 4.1 The Liquidators' efforts since the Last Report have concentrated on progressing the claims against the Defendants and undertaking further settlement discussions with certain Defendants prompted by the recent successes in the Bankruptcy Court.
- 4.2 The Liquidators continue to be confident that the US Litigation will generate further recoveries for Registered Shareholders. Any future distributions to Registered Shareholders will be dependent on the collection of proceeds from the redeemer litigation in the United States which is explained starting with paragraph 2.5 and/or the resolution of the FGG deferred fee liability claim described starting with paragraph 2.9.

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



Greig Mitchell
Joint Liquidator

30 September 2021

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 2021

	SENTRY USD \$ 31-Aug-21	SIGMA USD \$ 31-Aug-21	LAMBDA USD \$ 31-Aug-21	TOTAL USD \$ 31-Aug-21
Cash Receipts				
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	33,043,895.94	41,532,739.92	-	74,576,635.86
Distributions on SIPA Claim in BLMIS	161,150,330.00	-	-	161,150,330.00
Third party service provider actions	2,091,531.07	724,718.24	26,484.72	2,842,734.03
Recovery of retainers	-	316,952.00	-	316,952.00
Interest received	6,603,497.82	4,814,110.23	-	11,417,608.05
Other income	6,042.39	-	-	6,042.39
Loan receivable	-	113,551.38	-	113,551.38
Distribution from Sentry	-	22,066,554.90	1,046,122.90	23,112,677.80
	<u>446,601,546.80</u>	<u>134,800,391.46</u>	<u>1,072,607.62</u>	<u>582,474,545.88</u>
Cash Disbursements				
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	996,311.16	10,135.54	-	1,006,446.70
Office rental expenses	13,200.00	18,800.00	-	32,000.00
Petitioner's costs	185,666.68	-	-	185,666.68
Interest paid	-	1,678,574.97	58,261.97	1,736,836.94
Bank charges and other costs	1,266,755.48	260,398.56	-	1,527,154.04
	<u>75,151,542.28</u>	<u>67,865,878.42</u>	<u>699,134.39</u>	<u>143,716,555.09</u>
Net Cash Before Liquidators Fees and Expenses and Distributions	<u>371,450,004.52</u>	<u>66,934,513.04</u>	<u>373,473.23</u>	<u>438,757,990.79</u>
Legal fees and expenses	76,201,500.31	13,851,722.14	474,629.95	90,527,852.40
Legal contingency Fees	5,853,508.26	7,586,912.41	-	13,440,420.67
Liquidators fees and expenses	35,339,722.10	2,829,630.77	523,056.13	38,692,409.00
Adverse costs net of costs recovered	5,380,318.95	-	-	5,380,318.95
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	512,810.89	10,245.24	(523,056.13)	-
	<u>124,560,150.47</u>	<u>24,325,720.57</u>	<u>373,473.23</u>	<u>149,259,344.27</u>
Net Cash Before Distribution to Creditors and Shareholders	<u>246,889,854.05</u>	<u>42,608,792.47</u>	<u>-</u>	<u>289,498,646.52</u>
Distribution to Trade Creditors	752,312.81	60,950.00	617,887.68	1,431,150.49
Payment of loan on behalf of Lambda	617,887.68	-	(617,887.68)	-
Payments to Unpaid Redeemers	3,727,564.43	-	-	3,727,564.43
Distributions to Registered Shareholders	70,278,716.81	5,301,923.84	-	75,580,640.65
	<u>75,376,481.73</u>	<u>5,362,873.84</u>	<u>-</u>	<u>80,739,355.57</u>
Net Cash Position	<u>171,513,372.32</u>	<u>37,245,918.63</u>	<u>-</u>	<u>208,759,290.95</u>
Net Cash Position Consists of:				
Unencumbered cash	61,991,754.26	12,408,553.95	-	74,400,308.21
Distributions held in Escrow	109,521,618.06	24,837,364.68	-	134,358,982.74
	<u>171,513,372.32</u>	<u>37,245,918.63</u>	<u>-</u>	<u>208,759,290.95</u>
Closing Balance made up of:				
General accounts	171,513,372.32	37,245,918.63	-	208,759,290.95
Cash Position as Per Bank	<u>171,513,372.32</u>	<u>37,245,918.63</u>	<u>-</u>	<u>208,759,290.95</u>

Notes

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