

The NED

Independent intelligence on fund director issues

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Surprise investor reaction to Weaving

The results of The NED's research with investors on the Cayman Court of Appeals' February judgment were unexpected. They were also deeply depressing. The NED got in touch with investors in the UK and US to get their reaction to the February news from Cayman. A mixture of pension funds and fund of funds were contacted for this purpose.

The expectation, prior to conducting this small and informal piece of research, was that the Cayman Court of Appeals' judgement would have done serious damage to Cayman's governance reputation. Last month The NED quoted people in Cayman in its February issue that also made this point. But that does not appear to be the case, at least to date.

The big surprise was that a number of the investors were not even aware of the February judgement when they were contacted by The NED. But once informed of it most did express some level surprise at the news. However it was hardly overwhelming: most did not act as if they thought they were being told anything particularly earth-shattering. If truth be told it didn't seem as many of them were really all that bothered. Most of the pension funds that were contacted tended to be in this group, whereas the fund of fund managers were better informed.

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Madoff investors vs PwC and Citco

Directors are keeping a low profile

A US federal judge in New York has certified a class of investors who accuse PwC and Citco of misleading them over valuations and audit reports made for Fairfield Greenwich funds, Madoff feeders. The court agreed with evidence that the investors had allegedly relied on erroneous valuations and audit reports from Citco and PwC in choosing to invest in funds managed by Fairfield Greenwich, which were the largest of the many Madoff feeder funds. But where the directors?

These investors are reported to have lost about \$7.5 billion in Fairfield Greenwich funds that were invested with Madoff. US District Judge Victor Marrero accepted the investors' argument that their relationship with PwC and Citco was close enough to establish a "duty of care" under New York law.

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For more information on please e-mail [John Omoya](mailto:John.Omoya@ifi.com)

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By Cheque (£ Sterling only)

Make cheque payable to:
IFI Global Ltd.
10 Arthur Street
London EC4R 9AY

For additional information please contact Tamara Sims at sims@ifiglobal.com
IFI Global Ltd, 10 Arthur Street, London EC4R 9AY Tel: +44 (0) 207 220 9077

The NED is published by IFI Global Ltd, 10 Arthur Street,
London EC4R 9AY Tel: +44(0)207 220 9077

Editorial & research enquiries:
Simon Osborn e-mail: osborn@ifiglobal.com

Directory & event enquiries:
Tamara Sims e-mail: sims@ifiglobal.com
Subscription enquiries:
Alan Hallett e-mail: hallett@ifiglobal.com