

# **Exhibit 29**

# PRICEWATERHOUSECOOPERS

Private and Confidential  
Fairfield Greenwich Advisors, L.L.C.  
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March 15, 2005

Reference: FG-0000-brf-42041705

Subject: Fairfield Sentry Ltd.

Dear Mr Lipton,

In our previous conference calls, we have informed you about the fact that PwC Bermuda had a meeting in December 2004 with Bernard L. Madoff Investments Securities LLC (hereafter 'BLM') in order to obtain and/or update PwC's understanding of the procedures in place at BLM. PwC Bermuda has shared with PwC Rotterdam their procedures program, notes of meetings and conclusions for the purpose of our audit of Fairfield Sentry Limited.

We are pleased to share this information with you and provide you with a brief summary of the procedures performed by PwC Bermuda and conclusions for your information purposes only. This summary is attached in Appendix 1.

The procedures performed by PwC Bermuda were only directed towards obtaining an understanding of certain procedures and organisation aspects of BLM for the purpose of gaining comfort thereon for the audits by several PwC offices of a number of funds having moneys managed by BLM. One of these funds is Fairfield Sentry Ltd. audited by PwC Rotterdam. Therefore, the procedures performed are not directed to the providing of assurance in respect of internal control, nor to the detection of fraud, errors or illegal acts. The procedures performed do not constitute an audit nor an investigation of the internal controls of/at BLM. The procedures consisted of gathering factual information through an



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interview with Mr Madoff (hereafter 'BM'). No testing of controls and procedures was performed.

This memo has been prepared solely for the use of the management of Fairfield Sentry Limited and may not be distributed to any other party. As a consequence we do not accept or assume any liability or duty of care to any other person to whom this report is shown or into whose hands it may come.

Should you have any questions, please do not hesitate to contact   
 from our Rotterdam office.

Yours faithfully,

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**Appendix 1- Summary of procedures performed at BLM**

By means of an interview with BM, the following controls and procedures were discussed in order to obtain a better understanding of the internal control framework at BLM.

- l) Investment Advisory (Front office) function
  - a) Segregation of the advisory/front office function from the broker, accounting and custodial departments;
  - b) Trading process for the strategy;
  - c) Security over the trading terminals and/or the rooms from which the traders operate;
  - d) Controls in place to ensure that trading levels are maintained within those prescribed in the brokerage agreement (i.e. the controls to ensure cash accounts are not margined);
  - e) Reporting to clients (copies of trade confirmations and blotters and what level of reports summarising investment transactions, receipts and disbursements, asset holdings, and income are provided on regular basis to the client)
  - f) Inquire about grouping or bunching of orders and the procedures for the Advisor authorising the order size for our clients, the Advisor's procedures for monitoring the allocation of bunched trades, and the monitoring in place at the trading department for ensuring accurate allocation of bunched orders
  - g) Monitoring of Advisory of the results of the Fund against expectations (roles and responsibilities)
  - h) Procedures in respect of review by the Advisor if own trading records matches with the broker-generated listing of daily trades (P&S), and monthly activity statements
  - i) Procedures in respect of reconciliation by the Advisor of open trade equity, cash and total fund equity to broker trade confirmations on a regular basis;
  - j) Procedures in respect of errors relating to the above matching and reconciling being resolved on a timely basis;
  - k) Procedures (and activity) regarding stock lending (if any is allowed on the Fund's account);

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- 2) Brokerage function
  - a) Procedures in respect of maintaining brokerage accounts in line with the customer/margin account agreement;
  - b) Controls in place to ensure trading orders accepted are in line with the account type held by the Fund;
  - c) Procedures in respect of pledging activities (that would require consideration under FAS 140)
- 3) Custodian function
  - a) What entity acts as custodian within Madoff's group of companies;
  - b) Are there any other sub-custodial or clearing arrangements;
  - c) Segregation of the custodian function from the Advisory and Brokerage functions, (both physically and through access);
  - d) Frequency of reconciliations (daily, weekly) performed with the sub-custodian; taking inventory of securities and subsequent reconciliation to stock and treasury holdings and reconciliation of activity reports to records maintained by depositories and subcustodians;
  - e) Follow-up procedures for exception reports;
  - f) Any liens or rights over the custody of the fund's assets;
- 4) Role of the Internal Audit function
- 5) Monitoring of fraud risk
- 6) Regulatory matters
- 7) Other
  - a) Organisation background
  - b) SOX
  - c) Role of BM in industry Committees

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## Facts gathered through the interview

For a number of procedures no changes as to prior years were noted. A number of controls and reconciliations are performed electronically and on a daily basis. The trading process for the strategy "split strike conversion" is also initiated by the system without trader intervention. Trades are bunched and allocated to the accounts on a prorata basis. In addition business continuity was addressed and PwC was informed of the various measures taken in order to safeguard the continuity (such as other sites in Queens and additional capacity in the London office). Trading levels have also been programmed.

Performance is reviewed by BLM Advisory by analyzing the programmed trading strategy and thereby reviewing the correlative factors. Management can require adjustments and will be responsible for such adjustments. PwC was informed that there is no stock lending or pledging activity.

The US regulated broker-dealer of BLM is acting as the custodian. There are agreements with other US custodians. PwC was informed that generally exceptions are resolved before settlement.

PwC was informed that there is an Internal Audit department that does periodic reviews of systems and reconciliation processes. There is frequent reporting to BM as well as to the audit committee of BLM.

Risk of fraud is being scrutinized closely. Monitoring of communications has been in place as well as blocking of outgoing email and messaging for traders.

PwC was informed that there have not been any regulatory matters impacting BLM. From a compliance point of view it has also been noted that BM has a seat in the Federal Reserve's Rate Committee and the SEC Advisory Committee on Market Information, Division of Market Regulation.

PwC was informed that SOX is not applicable to BLM.

For 2004 a standard clean letter of internal control was issued by BLM's auditors. PwC has received a copy of this letter. For 2004, according to BM a clean SEC Rule 17a report was issued in December 2004. PwC has not yet received a copy of this report.

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