

New York City April 26, 2000

Mrs. Alison Dalglish  
Marsh & McLennan  
1166 Avenue of the Americas  
New York, NY 10036  
USA

Dear Mrs. Dalglish,

I would like to introduce myself. I use to work for Karen Horn at Bankers Trust (Deutsche Bank) and I contacted her per telephone last week. I called her to ask me if we could get buy some insurance from you.

Our company, EAM (Euro Asset Management) advises some institutional clients who invest in a number of hedge Funds through their Fund of Funds and bank accounts. One of their managers invests solely in a discretionary trading account with a US broker dealer. This broker dealer holds stock in its own name at the clearing house and issues statements to the manager (and other clients) detailing the amount held on their behalf. I understand the broker dealer has capital of \$300-\$400m. The discretionary account managed by the broker dealer totals \$3.5bn. Our client's holdings are about \$300mm.

Our concern is that there is no independent and substantial custodian to verify the statements produced by the broker dealer. We are interested in the cost of insuring the investors against the broker dealer fraudulently issuing statements to clients which do not reflect the actual stock held in the clearing house.

I am looking forward discussing it with you.

Regards,



Lancelot Frick  
President