

21st November 2002

By Hand

Dear Mr. Elmer:

As a result of continuing security concerns at Julius Baer Cayman, the company is implementing a new security initiative involving certain key members of senior management, including yourself.

The initiative has been agreed in consultation with Julius Baer Zurich in response to recent breaches of security and client confidentiality, and in an effort to preserve the company's reputation, client base and employee morale. These matters are of the utmost importance to the company's business in the Cayman Islands.

Julius Baer has therefore determined that those persons holding certain positions within the company must now meet certain security requirements. Your position is one of those senior roles in respect of which the security measures are to be implemented. As a result, you must meet the new security requirements in order to be able to continue your duties. You will therefore be required to:

- (1) consent to the company undertaking such discreet background checks as it considers may be necessary to verify your prior employment history;
- (2) complete a statutory declaration confirming certain security and confidentiality issues; and
- (3) consent to and successfully complete a polygraph examination in relation to certain security issues.

These security measures are to be implemented immediately. The company expects that you will consent to the new process in recognition of your obligations to the company and the importance of your position and your role within it. The company would like to emphasise the following to you:

- (1) This decision has not been taken lightly. The new security measures are being taken in response to what the company considers to be a serious and endemic security issue.
- (2) You are being required to undergo the new security programme because of the position you hold within the company. This should not be taken by you to mean that the company believes you are responsible for, or involved in, the breaches of security which have led to this requirement. Your position is not the only one in respect of which the new security measures are being implemented.
- (3) The polygraph examination is a non-invasive process, and there will be opportunities for you to discuss any concerns you have about the examination or the questions you are asked.
- (4) The company considers that the position you currently hold is one which requires security clearance and that you must undertake the clearance process.

Although the company is sure that, in light of the continuing security concerns, its decision to take these steps will come as no surprise to you, company is conscious that you might have questions or concerns about what is being proposed. You are urged to discuss any questions or concerns with Charles Farrington as soon as possible.

Yours faithfully

A handwritten signature in cursive script, appearing to read 'C. Farrington', followed by a horizontal line extending to the right.

Julius Baer Bank and Trust Company Ltd

Employee Statement

As part of my duties and obligations to Julius Baer Bank and Trust Company Limited ("the Company") I hereby declare as follows:

1. I will voluntarily complete the Security Declaration attached to this statement.
2. I have voluntarily undergone a Polygraph Examination to confirm that I have not previously been involved in any breaches of security at the company.
3. I authorise the Company to conduct whatever background checks or investigations it considers appropriate to verify the answers given in response to the attached Security Declaration or the Polygraph Examination. In this regard I expressly consent to confidential information about my employment contract being provided to third parties as necessary for the purposes of conducting such checks or investigations.

I further declare and acknowledge that:

4. the Company may use any information it obtains pursuant to this declaration or the matters referred to herein for whatever reason relating to my employment or my ~~continued employment~~ that it sees fit.
5. I will co-operate with the Company in all matters arising from the performance of this declaration and provide such information as the Company may require from time to time for the purposes of its background checks and investigations.
6. the results of the Polygraph Examination and the Company's background checks or investigations into the matters raised by either the attached Security Declaration or the Polygraph Examination shall remain confidential, subject to the Company's discretion as to what, if anything, should be disclosed.

Signed this _____ day of November 2002

Name: _____

Signed for and on behalf of the Company

Name: CHARLES FARRINGTON

